INTERCONTINENTALEXCHANGE INC
Form 424B1
July 18, 2006

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Filed Pursuant to Rule 424(b)(1)
Registration No. 333-135060

8,000,000 Shares

Common Stock

This is a public offering of common stock of IntercontinentalExchange, Inc.

The selling shareholders are offering 7,975,000 shares in the offering and we are offering an additional 25,000 shares. We will not receive any proceeds from the sale of the shares being sold by the selling shareholders.

Our common stock is listed on the New York Stock Exchange under the symbol ICE. On July 17, 2006, the last reported sale price of our common stock on the New York Stock Exchange was $58.11 per share.

Investing in our common stock involves significant risks. See Risk Factors beginning on page 12 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$ 56.00	$ 448,000,000
Underwriting discount	$ 2.16	$ 17,280,000
Proceeds, before expenses, to IntercontinentalExchange, Inc.	$ 53.84	$ 1,346,000
Proceeds, before expenses, to the selling shareholders	$ 53.84	$ 429,374,000

To the extent that the underwriters sell more than 8,000,000 shares of our common stock, the underwriters have the option to purchase up to an additional 1,200,000 shares from the selling shareholders at the public offering price less the underwriting discount.

The underwriters expect to deliver the shares of common stock in New York, New York on July 21, 2006.

Goldman, Sachs & Co. **Morgan Stanley**

UBS Investment Bank **William Blair & Company** **Sandler O Neill + Partners, L.P.**

Societe Generale

Prospectus dated July 17, 2006

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. Before making an investment decision, you should read the entire prospectus carefully, including the section entitled Risk Factors and our consolidated financial statements and related notes included elsewhere in this prospectus. Unless otherwise indicated, the terms IntercontinentalExchange , we , us , our , our company and our business refer to IntercontinentalExchange, Inc. or IntercontinentalExchange, LLC, as applicable, together with our consolidated subsidiaries. Due to rounding, figures in tables may not sum exactly.

BUSINESS

Overview

We operate the leading electronic global futures and over-the-counter, or OTC, marketplace for trading a broad array of energy products. Currently, we are the only marketplace to offer an integrated electronic platform for side-by-side trading of energy products in both futures and OTC markets. Through our electronic trading platform, our marketplace brings together buyers and sellers of derivative and physical energy commodities contracts. Our electronic platform increases the accessibility and transparency of the energy commodities markets and enhances the speed and quality of trade execution. The open architecture of our business model meaning our ability to offer centralized access to trading in regulated futures markets and in OTC contracts on a cleared or bilateral basis through multiple interfaces allows our participants to optimize their trading operations and strategies. We conduct our OTC business directly, and our futures business through our wholly-owned subsidiary, ICE Futures. ICE Futures is the largest energy futures exchange outside of North America, as measured by 2005 traded contract volumes. We also offer a variety of market data services for both futures and OTC markets through ICE Data, our market data subsidiary.

For the three months ended March 31, 2006, 36.6 million contracts were traded in our combined futures and OTC markets, up 86.9% from 19.6 million contracts traded for the three months ended March 31, 2005. For the year ended December 31, 2005, 104.1 million contracts were traded in our combined futures and OTC markets, up 56.5% from 66.5 million contracts traded for the year ended December 31, 2004. Our revenues consist of transaction fees, market data fees and other revenues. On a consolidated basis, for the three months ended March 31, 2006, we generated $50.3 million in revenues (representing a 58.0% increase compared to $31.8 million for the three months ended March 31, 2005) and $19.7 million in net income (representing a 121.7% increase compared to $8.9 million for the three months ended March 31, 2005). On a consolidated basis, we generated $155.9 million in revenues for the year ended December 31, 2005 (representing a 43.8% increase compared to $108.4 million for the year ended December 31, 2004) and $40.4 million in net income for the year ended December 31, 2005 (representing a 84.1% increase compared to $21.9 million for the year ended December 31, 2004). The financial results for the year ended December 31, 2005 include $4.8 million in expenses incurred relating to the closure of our open-outcry trading floor in London and a $15.0 million settlement expense related to a payment made to EBS Dealing Resources, Inc., or EBS, to settle litigation.

Our History

Our company was formed in May 2000 with the goal of developing a platform to provide a more transparent and efficient market structure for OTC energy commodities trading. Our predecessor company, Continental Power Exchange, Inc., which was wholly owned by Jeffrey C. Sprecher, our chairman and chief executive officer, contributed to us all of its assets in May 2000, which consisted principally of electronic trading technology, and its liabilities, in return for a minority equity interest in our company. In June 2001, we expanded our business into futures trading by acquiring ICE Futures Holdings Plc (formerly known as IPE Holdings Plc), the owner of ICE Futures (formerly known as the International Petroleum Exchange), which, at the time, was operated predominantly as a floor-based, open-outcry exchange. The International Petroleum Exchange had been seeking to expand its electronic trading capabilities since the late 1990s following the emergence of the industry trend toward electronic trade execution. At the time, we were seeking to expand our product offerings and to gain access to clearing and settlement services. Based on the complementary nature of our businesses, we acquired the International Petroleum Exchange to develop a leading platform for energy commodities trading that would offer liquidity in both the futures and OTC markets. The International Petroleum Exchange, as a regulated futures exchange, had both established liquidity and an established brand in global energy markets. Prior to our acquisition of the International Petroleum Exchange, we offered trading only in OTC markets. The International Petroleum Exchange was formed in 1980 by a group of energy and futures companies. The Brent Crude futures contract, its benchmark contract, was launched in 1988.

Our Business

Our marketplace is globally accessible, promotes price transparency and offers participants the opportunity to trade a variety of energy products. Our key products include contracts based on crude or refined oil, natural gas and power. Our derivative and physical products provide participants with a means for managing risks associated with changes in the prices of these commodities, asset allocation, ensuring physical delivery of select commodity products, speculation and arbitrage. The majority of our trading volume is financially, or cash, settled, meaning that settlement is made through cash payments based on the value of the underlying commodity, rather than through physical delivery of the commodity itself.

We operate our business in three distinct markets: futures markets, OTC markets and market data markets. We operate our futures markets through our regulated subsidiary, ICE Futures, a Recognized Investment Exchange based in London, which gained recognition from the Financial Services Authority, the regulatory authority that governs, among other things, commodities futures exchanges in the United Kingdom, in accordance with the terms of the Financial Services and Markets Act of 2000. Futures markets offer trading in standardized derivative contracts and OTC markets offer trading in over-the-counter, or off-exchange, derivative contracts, including contracts that provide for the physical delivery of an underlying commodity and contracts that provide for financial settlement based on the prices of underlying commodities. All futures and cleared OTC contracts are cleared through a central clearinghouse. We offer OTC contracts that can be traded on a bilateral basis and certain OTC contracts that can be traded on a cleared basis. Bilateral contracts are settled between counterparties, while cleared contracts are novated to a clearinghouse, where they are marked to market and margined daily before final settlement at expiration. We do not take proprietary trading positions in derivatives contracts on commodities and other financial instruments in our markets. We also offer a variety of market data services for both futures and OTC markets through ICE Data, our market data subsidiary.

We operate our futures and OTC markets exclusively on our electronic platform. We believe that electronic trading offers substantial benefits to our market participants. In contrast to alternate means of trade execution, such as telephones and trading floors, market participants executing trades electronically on our platform are able to achieve price improvement and cost efficiencies through greater transparency and firm posted prices, reduce trading errors and eliminate the need for market intermediaries. In addition to trade execution, our electronic platform offers a comprehensive suite of trading-related services, including electronic trade confirmation, access to clearing services and risk management functionality. Our trading-related services are designed to support the trading operations of our participants. Through our electronic platform, we facilitate straight-through processing of trades, with the goal of providing seamless integration of front-, back- and mid-office trading activities.

Our Competitive Strengths

We have established ourselves as the leading electronic marketplace for combined global futures and OTC energy commodities trading by leveraging a number of key strengths, including:

- highly liquid global markets and benchmark contracts;
- leading electronic energy trading platform;

integrated access to futures and OTC markets;

highly scalable, proven technology infrastructure;

transparency and independence; and

strong value proposition.

Highly Liquid Global Markets and Benchmark Contracts

We offer liquid markets in a number of the most actively traded global energy commodities products. We operate the leading market for trading in Brent crude futures, as measured by the volume of contracts traded in 2005.

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The ICE Brent Crude futures contract that is listed by ICE Futures is a leading benchmark for pricing light, sweet crude oil produced and consumed outside of the United States. Similarly, the ICE Gas Oil futures contract is a leading benchmark for the pricing of a range of refined oil products outside the United States. We also operate the leading market for trading in cleared OTC Henry Hub natural gas contracts, with 13.9 million contracts traded for the three months ended March 31, 2006 and 42.8 million contracts traded for the year ended December 31, 2005, compared to 3.6 million and 10.4 million cleared OTC Henry Hub natural gas contracts traded by our nearest competitor during the same periods. The Henry Hub natural gas market is the most liquid natural gas market in North America. We believe that our introduction of cleared OTC products has enabled us to attract significant liquidity in the OTC markets we operate.

Leading Electronic Energy Trading Platform

Our leading electronic trading platform provides centralized and direct access to trade execution for a variety of energy products. We operate our futures and OTC markets exclusively on our electronic platform. Our electronic platform has enabled us to attract significant liquidity from traditional market participants as well as new market entrants seeking the efficiencies and ease of execution offered by electronic trading. We have developed a significant global presence with thousands of active screens at over 1,000 OTC participant firms and over 450 futures participant firms as of March 31, 2006.

Integrated Access to Futures and OTC Markets

We attribute the growth in our business in part to our ability to offer qualified market participants integrated access to futures and OTC markets. Our integrated and electronic business model allows us to respond rapidly to our participants needs, changing market conditions and evolving trends in the markets for energy commodities trading by introducing new products, functionality and increased access for energy market participants.

Highly Scalable, Proven Technology Infrastructure

Our electronic trading platform provides rapid trade execution and is, we believe, one of the world s most flexible, efficient and secure systems for commodities trading. We have designed our platform to be highly scalable meaning that we can expand capacity and add new products and functionality efficiently at relatively low cost and without disruption to our markets. Our platform can also be adapted and leveraged for use in other markets, as demonstrated by the decision of the Chicago Climate Exchange to operate its emissions-trading market on our platform. We believe that our commitment to investing in technology to enhance our platform will continue to contribute to the growth and development of our business.

Transparency and Independence

We offer market participants price transparency, meaning a complete view of the depth and liquidity of our markets and transactional data, through our electronic platform. This is in contrast to the lack of transparency of traditional open-outcry exchanges and voice-brokered markets. All orders placed on our platform are executed in the order in which they are received, ensuring that all participants have equal execution priority. In addition, our transparent electronic markets facilitate regulation through increased market visibility, and our systems generate and maintain complete and confidential records of all transactions executed in our markets.

Our board of directors is structured to be independent from our participants and trading activity on our electronic platform, which allows our board to act impartially in making decisions affecting trading activity. In contrast, many of our competitors are governed by their members or other market participants. We believe that our governance structure promotes shareholder value and the operation of fair and efficient markets. We also believe that it provides us with greater flexibility to introduce new products and services, and to evaluate and pursue growth opportunities while ensuring impartial treatment for our participants. In addition, we do not participate as a principal in any trading activities, which allows us to avoid potential conflicts of interest that could arise from engaging in trading activities while operating our marketplace.

Strong Value Proposition

We believe that, by using our electronic platform, market participants benefit from price transparency and can achieve price improvement over alternate means of trading. Electronic trade execution offers time and cost efficiencies by providing firm posted prices and reducing trade-processing errors and back office overhead, and allows us to accelerate the introduction of new products on our platform. The combination of electronic trade execution and integrated trading and market data services facilitates automation by our participants of all phases of trade execution and processing from front-office to back-office, and ranging from trading and risk management to trade settlement. In addition, in our futures business, eligible participants who become members may trade directly in our markets by paying a maximum annual membership fee of approximately $11,000 per year. In contrast, on the New York Mercantile Exchange, or NYMEX, which is our principal competitor, participants are required to purchase a seat on the exchange before they are eligible to trade directly on or gain membership in the exchange, the cost of which is substantial (approximately $1.2 million based on a June 6, 2006 NYMEX seat sale price). While a seat conveys a right of ownership and other benefits to its member, it poses a significant barrier to gaining direct access to certain futures exchange markets that are owned by members.

Selected Risk Factors

We face risks in operating our business, including risks that may prevent us from achieving our business objectives or that may adversely affect our business, financial condition and operating results. You should consider these risks before investing in our company. Risks to our business include:

Competition. We face intense competition from exchanges, voice brokers and other electronic platforms, some of which are larger than we are and have greater financial resources, broader product offerings, more participants, less regulation and longer operating histories. Competition in the market for commodities trading could increase if new electronic trading platforms or futures exchanges are established, or if existing platforms or exchanges that currently do not trade energy commodities products decide to do so. NYMEX announced in April 2006 that it had entered into a definitive technology services agreement with the Chicago Mercantile Exchange, or CME, pursuant to which CME, through CME Globex, will become the exclusive electronic trading services provider for NYMEX s energy futures and options contracts. Our business depends on our ability to compete successfully.

Dependence on Trading Volumes, Market Liquidity and Price Volatility. Our business is primarily transaction-based, and declines in trading volumes and market liquidity will adversely affect our profitability. Trading volume is driven primarily by the degree of volatility the magnitude and frequency of fluctuations in prices of commodities. In particular, our revenues depend heavily on trading volumes in the markets for our ICE Brent Crude and ICE Gas Oil futures contracts and our OTC North American natural gas and power contracts, which represent a significant percentage of our revenues.

Dependence on LCH.Clearnet. We currently do not own our own clearinghouse and must rely on LCH.Clearnet to provide clearing services to trade futures and cleared OTC contracts in our markets. We cannot continue to operate our futures markets or offer cleared OTC contracts without clearing services.

Regulation. We operate our OTC markets in the United States as an exempt commercial market under the Commodity Exchange Act, and we operate our futures markets through a regulated Recognized Investment Exchange subject to regulation by the United Kingdom s Financial Services Authority, or FSA. In the United States, our futures products are not regulated by the Commodity Futures Trading Commission, or CFTC, and are offered to customers pursuant to a series of CFTC no-action letters. Recently, the CFTC announced that it intends to re-examine its use of the no-action letter process and held a public hearing on June 27, 2006 to consider what constitutes a foreign board of trade that is not subject to CFTC jurisdiction and regulation. Our ability to offer new futures products under our existing no-action relief could be impacted by the pendency of the CFTC s policy review and any actions taken by the CFTC as a result of its policy review. We cannot predict what level of additional regulation our futures business and futures products may be subjected to as a result of this CFTC policy review. If we are unable to offer additional products, or if our offerings of products are subject to additional regulatory constraints, our business could be adversely affected. In addition, our failure to comply with existing regulatory requirements, and possible future changes in these requirements, could adversely affect our business.

Litigation. We are subject, from time to time, to claims that we are infringing on the intellectual property rights of others, which can result in litigation. For example, our principal competitor, NYMEX, filed suit against us alleging we infringed its intellectual property rights. Our motion for summary judgment was granted by the federal district court in September 2005, and on October 13, 2005 NYMEX filed a notice of

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appeal. If NYMEX is successful in its appeal and the matter is determined adversely to us after a trial, our business would be materially and adversely affected. Unfavorable outcomes of litigation could adversely affect our business.

For a discussion of the significant risks associated with operating our business, our industry or investing in our common stock, you should read the section entitled Risk Factors beginning on page 12 of this prospectus.

Our Growth Strategy

We seek to advance our leadership position by focusing our efforts on the following key strategies for growth:

Attract New Market Participants

In recent years, our participant base has expanded and diversified due to the emergence of new participants in the energy commodities markets. These new participants range from producers and consumers of commodities to financial services companies, such as investment banks, hedge funds, proprietary trading firms and asset managers that are increasingly seeking hedging, trading and risk management strategies within the energy sector. Many of these participants have been attracted to the energy markets in part due to the availability of electronic trading. We intend to continue to expand our participant base by targeting these and other new market participants and by offering electronic trade execution and processing capabilities that meet the risk management requirements of a broad range of market participants.

Increase Connectivity to Our Marketplace

Our participants may access our electronic platform for trading in our futures markets through our own Internet-based front-end or through the front-end systems developed by any of 12 independent software vendors. These represent a substantial portion of the independent software vendors that serve the commodities futures markets. Furthermore, participants in our futures markets can access our platform directly through their own proprietary interfaces or through a number of member brokerage firms. Qualified participants may access our OTC markets through our Internet-based front-end or, in the case of some of our most liquid markets, through a recognized independent software vendor. We intend to extend our initiatives in this area by continuing to establish multiple points of access with our existing and prospective market participants.

Expand Our Market Data Business

We will continue to leverage the value of the market data derived from our trade execution, clearing and confirmation system by developing enhancements to our existing information services and creating new market data products. We also publish daily transaction-based indices for the North American spot natural gas and power markets based on data collected from trading activity on our platform. In addition, we sell real-time and historical futures quotes and other futures market data through over 40 data vendors that distribute this information, directly and through various sub-vendors, to tens of thousands of subscribers around the world. We believe that the database of information generated by our platform serves as the single largest repository of energy market data. As a result of the breadth of our global data offerings, we believe that we are well positioned to meet the growing demand for increased availability of energy market data.

Develop New Trading Products and Services

We continually develop and launch new products designed to meet market demand and the needs of our participants. In February 2006, we successfully launched the ICE West Texas Intermediate, or WTI, Crude futures contract. The addition of WTI crude futures to ICE Futures suite of energy futures and options contracts brings the world s two most significant light, sweet crude oil benchmarks together on our trading platform. WTI is the leading benchmark for crude prices in the United States, and Brent is the leading benchmark for pricing crude and refined products produced and consumed outside of the United States. The ICE WTI Crude futures contract has achieved significant volumes since its launch in February 2006, reaching a record high of 178,960 contracts traded on July 13, 2006 out of a record total of 497,656 futures contracts traded on our platform on that date. In February 2006, we announced plans to introduce more than 50 additional cleared contracts on our OTC markets in 2006. To date, we have launched over 50 of these planned cleared contracts and plan to launch additional cleared contracts in the near future. We have also launched two new cash-settled futures products, the ICE New York Harbor Unleaded Gasoline Blendstock, or RBOB, futures contract and the ICE New York Harbor Heating Oil futures contract.

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Pursue Select Strategic Opportunities

We are actively exploring and evaluating strategic acquisitions and alliances to strengthen our current business and grow our company. We intend to pursue strategic transactions and may acquire other businesses, products or technologies to expand our products and services, advance our technology or take advantage of new developments and potential changes in our industry. Strategic transactions may involve acquiring or making a strategic investment in an existing clearinghouse to provide services directly to participants in our futures and OTC markets or establishing our own clearinghouse, or acquiring or entering into agreements with businesses complementary to our market data business or businesses that offer risk management or other complementary services. Any such transactions could happen at any time, could be material to our business and could take any number of forms. There are risks associated with such transactions, including risks associated with the level of required financing, the impact on our stock price and the demands on our management.

Recent Developments

Subject to final review and closing of our quarterly financials, we expect to report the following revenues for our second quarter. For the three months ended June 30, 2006, we expect to report consolidated revenues of approximately $73.3 million, compared to $37.5 million reported for the same period in 2005. In our futures business segment, we expect to report approximately $29.4 million in transaction fee revenues for this period compared to $13.9 million reported for the same period in 2005. In our OTC business segment, we expect to report approximately $34.1 million in transaction fee revenues for this period compared to $19.2 million reported for the same period in 2005. We expect to report approximately $8.7 million in consolidated market data fee revenues for this period compared to $3.5 million reported for the same period in 2005. Our revenue growth is due principally to increased volumes in our futures and OTC markets.

During April, May and June 2006 and 2005, we reported the following volume and commission levels in our futures and OTC markets, respectively:

	ICE Futures Average Daily Volume (Contracts)	ICE Futures Total Volume (Contracts)	ICE OTC Average Daily Commissions
June 2006	353,058	7,767,267	$ 507,647
June 2005	172,665	3,798,639	$ 339,446
Year-over-Year Increase	104.5%	104.5%	49.6%
May 2006	338,792	7,453,433	$ 583,537
May 2005	159,242	3,184,846	$ 262,538
Year-over-Year Increase	112.8%	134.0%	122.3%
April 2006	305,285	5,800,412	$ 483,343
April 2005	136,897	2,874,836	$ 275,649
Year-over-Year Increase	123.0%	101.8%	75.3%
April to June 2006	333,668	21,021,112	$ 526,824
April to June 2005	156,481	9,858,321	$ 293,277
Year-over-Year Increase	113.2%	113.2%	79.6%

You may contact us at our principal executive offices, located at 2100 RiverEdge Parkway, Suite 500, Atlanta, Georgia 30328, or by telephone at (770) 857-4700. You may find us on the Internet at www.theice.com. Information contained on our website does not constitute a part of this prospectus. We have included our website address only as an inactive textual reference and do not intend it to be an active link to our website.

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The Offering

Common stock offered by us	25,000 shares
Common stock offered by the selling shareholders	7,975,000 shares(1)
Total common stock offered	8,000,000 shares(1)
Common stock to be outstanding after the offering	55,588,696 shares(1)(2)
Use of proceeds	We intend to use the net proceeds to pay our costs and expenses associated with conducting this offering. We will not receive any proceeds from the sale of common stock by the selling shareholders.
Voting rights	The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of our common shareholders.
Dividends	We do not anticipate paying any cash dividends in the foreseeable future.
New York Stock Exchange symbol	ICE
Risk Factors	Please read Risk Factors and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.

The number of shares of our common stock to be outstanding after this offering, as set forth above and elsewhere in this prospectus, unless otherwise specified, is based on 55,563,696 shares of our common stock outstanding as of March 31, 2006. This number of shares of common stock to be outstanding excludes:

- 4,594,392 shares of our common stock reserved for issuance upon the exercise of options under our 2000 Stock Option Plan, subject to outstanding options as of March 31, 2006, at a weighted average exercise price of $9.53 per share, and 402,424 shares of common stock available for future issuance under such plan;

- 1,446,674 shares of our common stock reserved for issuance under our 2004 Restricted Stock Plan, subject to outstanding grants as of March 31, 2006, and 28,326 shares of common stock available for future issuance under such plan;

- 150,184 shares of our common stock reserved for issuance under our 2005 Equity Incentive Plan, subject to outstanding grants as of March 31, 2006, and 1,974,816 shares of common stock available for future issuance under such plan; and

- 24,865 shares of our common stock reserved for issuance under our 2003 Restricted Stock Deferral Plan for Outside Directors, subject to outstanding grants as of March 31, 2006, and 225,135 shares of common stock available for future issuance under such plan.

(1)

Does not include 1,200,000 shares of common stock that may be sold by the selling shareholders if the underwriters choose to exercise in full their option to purchase additional shares. See Underwriting. Unless otherwise indicated, the information contained in this prospectus assumes that the underwriters option to purchase additional shares is not exercised.

(2) Includes 55,585,485 shares of common stock, no shares of Class A Common Stock, Series 1, or Class A1 shares, and 3,211 shares of Class A Common Stock, Series 2, or Class A2 shares. In connection with our initial public offering, we effected a recapitalization, pursuant to which we created a new class of common stock and granted holders of our Class A1 shares and Class A2 shares the right to convert their Class A shares into an equal number of shares of new common stock. All of the Class A1 shares have been converted into shares of new common stock. In this prospectus, common stock refers to shares of new common stock, Class A common stock, or both, as the context may require. See Organization Recapitalization.

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Summary Consolidated Financial Data

The following tables present our summary consolidated financial data as of and for the dates and periods indicated. We derived the summary consolidated financial data set forth below for the three months ended March 31, 2006 and 2005 and as of March 31, 2006 from our unaudited consolidated financial statements that are included elsewhere in this prospectus. We derived the summary consolidated financial data set forth below for the years ended December 31, 2005, 2004 and 2003 and as of December 31, 2005 and 2004 from our audited consolidated financial statements, which have been audited by Ernst & Young LLP, independent registered public accounting firm, and are included elsewhere in this prospectus.

The summary consolidated financial data presented below is not indicative of our results for any future period. In management s opinion, the unaudited information has been prepared on substantially the same basis as the consolidated financial statements appearing elsewhere in this prospectus and includes all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the unaudited consolidated data. The summary consolidated financial data set forth below should be read in conjunction with our consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	Three Months Ended March 31,		Year Ended December 31,		
	2006	2005	2005	2004	2003
	(In thousands, except for share and per share data)				
Consolidated Statement of Income/(Loss) Data					
Revenues(1):					
Transaction fees, net(2)	$ 43,235	$ 27,085	$ 136,976	$ 90,906	$ 81,434
Market data fees	6,022	3,482	14,642	12,290	9,624
Other	1,025	1,261	4,247	5,218	2,688
Total revenues	50,282	31,828	155,865	108,414	93,746
Operating expenses:					
Compensation and benefits	10,617	7,886	35,753	30,074	26,236
Professional services	2,690	3,200	10,124	12,312	13,066
Selling, general and administrative	6,134	4,376	18,886	16,610	16,185
Floor closure costs(3)			4,814		
Settlement expense(4)			15,000		
Depreciation and amortization	3,188	3,958	15,083	17,024	19,341
Total operating expenses	22,629	19,420	99,660	76,020	74,828
Operating income	27,653	12,408	56,205	32,394	18,918
Other income, net	1,108	992	3,790	1,328	948
Income before income taxes	28,761	13,400	59,995	33,722	19,866
Income tax expense	9,097	4,530	19,585	11,773	6,489

Net income(5)	$ 19,664	$ 8,870	$ 40,410	$ 21,949	$ 13,377
Redemption adjustments to redeemable stock put(6)			(61,319)		8,378
Deduction for accretion of Class B redeemable common stock(7)					(1,768)
Net income (loss) available to common shareholders	$ 19,664	$ 8,870	$ (20,909)	$ 21,949	$ 19,987

	Three Months Ended March 31,		Year Ended December 31,		
	2006	2005	2005	2004	2003
	(In thousands, except for share and per share data)				
Earnings (loss) per common share(8):					
Basic	$ 0.35	$ 0.17	$ (0.39)	$ 0.42	$ 0.37
Diluted	$ 0.33	$ 0.17	$ (0.39)	$ 0.41	$ 0.37
Weighted average common shares outstanding(8):					
Basic	55,532,693	52,866,295	53,217,874	52,865,108	54,328,966
Diluted	58,972,248	53,063,138	53,217,874	53,062,078	54,639,708

(1) Includes revenues from related parties generated in the ordinary course of our business. For a presentation and discussion of our revenues attributable to related parties for the three months ended March 31, 2006 and 2005 and for the years ended December 31, 2005, 2004 and 2003, see our consolidated statements of income and note 13 to our consolidated financial statements that are included elsewhere in this prospectus.

(2) Our transaction fees are presented net of rebates. For a discussion of these rebates, see Management s Discussion and Analysis of Financial Condition and Results of Operations Sources of Revenues Transaction Fees included elsewhere in this prospectus.

(3) In April 2005, we closed our open-outcry trading floor in London to take advantage of increasing acceptance and adoption of electronic trading, and to maintain and enhance our competitive position. Costs associated with the floor closure were $4.8 million and are classified as Floor closure costs in the accompanying consolidated statement of income for the year ended December 31, 2005. Floor closure costs include lease terminations for the building where the floor was located, payments made to 18 employees who were terminated as a result of the closure, contract terminations, legal costs, asset impairment and other associated costs. No floor closure costs were incurred in prior periods and no additional closure costs are expected to be incurred. See note 18 to our consolidated financial statements that are included elsewhere in this prospectus.

(4) In September 2005, we settled the legal action brought by EBS related to alleged patent infringement. Under the settlement agreement, we made a payment to EBS of $15.0 million, and were released from the legal claims brought against us without admitting liability. The payment was recorded as Settlement expense in the accompanying consolidated statement of income for the year ended December 31, 2005. See note 17 to our consolidated financial statements that are included elsewhere in this prospectus.

(5) The financial results for the year ended December 31, 2005 include $4.8 million in expenses incurred relating to the closure of our open-outcry trading floor in London and a $15.0 million settlement expense related to the payment made to EBS to settle litigation.

(6)

In connection with our formation, we granted a put option to Continental Power Exchange, Inc., an entity controlled by our chairman and chief executive officer, Jeffrey C. Sprecher. The put option would have required us under certain circumstances to purchase Continental Power Exchange, Inc. s equity interest in our business at a purchase price equal to the greater of the fair market value of the equity interest or $5 million. We initially recorded the redeemable stock put at the minimum $5 million redemption threshold. We adjusted the redeemable stock put to its redemption amount at each subsequent balance sheet date. Adjustments to the redemption amount were recorded to retained earnings or, in the absence of positive retained earnings, additional paid-in capital. In October 2005, we entered into an agreement with Continental Power Exchange, Inc. to terminate the redeemable stock put upon the closing of our initial public offering of common stock in November 2005. We increased the redeemable stock put by $61.3 million during the year ended December 31, 2005 to reflect an increase in the estimated fair value of our common stock from $8.00 per share as of December 31, 2004 to $35.90 per share as of November 21, 2005, the closing date of our initial public offering of common stock and the termination date of the redeemable stock put. The balance of the redeemable stock put on November 21, 2005 was $78.9 million and was reclassified to additional paid-in capital upon its termination. See note 10 to our consolidated financial statements that are included elsewhere in this prospectus. In

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connection with the termination of the put option, we amended certain registration rights previously granted to Continental Power Exchange, Inc. pursuant to which we may be obligated to pay the expenses of registration, including underwriting discounts up to a maximum of $4.5 million.

(7) We redeemed all of our Class B redeemable common stock on November 23, 2004 at a price of $23.58 per share, for aggregate consideration of $67.5 million. Upon its issuance on June 18, 2001, we recorded our Class B redeemable common stock at its discounted present value of $60.2 million. We recorded charges to retained earnings for the accretion of this amount up to the $67.5 million redemption value of our Class B redeemable common stock over a two-year period ending in June 2003, which was the earliest potential redemption date.

(8) The impact of outstanding stock options is considered to be antidilutive in the calculation of diluted earnings per share when a net loss available to common shareholders is reported. Our outstanding stock options have not been included in the computation of diluted loss per share for the year ended December 31, 2005 due to the $20.9 million net loss available to common shareholders as a result of the $61.3 million charged to retained earnings related to the redeemable stock put adjustments. Therefore, our diluted loss per share is computed in the same manner as basic loss per share for the year ended December 31, 2005.

	As of March 31,		**As of December 31,**	
	2006(1)	**2006**	**2005**	**2004**
		(In thousands)		
Consolidated Balance Sheet Data				
Cash and cash equivalents(2)	$ 8,554	$ 8,198	$ 20,002	$ 61,199
Restricted cash	12,942	12,942	12,578	18,421
Short-term investments(2)	133,893	133,893	111,181	5,700
Total current assets	182,291	181,935	164,015	100,042
Long-term investments(3)	8,618	8,618	2,296	
Total assets	292,051	291,696	265,770	207,518
Total current liabilities	28,249	28,249	26,394	34,440
Revolving credit facility(2)				25,000
Redeemable stock put(4)				17,582
Shareholders equity	257,017	256,661	232,623	132,149

(1) As adjusted to reflect the sale of shares of our common stock in this offering at a public offering price of $56.00 per share, after deducting the underwriting discount and our estimated expenses in this offering.

(2) We received net proceeds from our initial public offering of our common stock in November 2005 of $60.8 million, after deducting the underwriting discount. We used a portion of these net proceeds to repay all outstanding borrowings under our $25.0 million revolving credit facility. We also invested a portion of our cash in excess of short-term operating needs in investment-grade marketable debt securities and municipal bonds.

(3) Represents available-for-sale investments that we intend to hold for more than one year pursuant to our cash investment policy. See note 4 to our consolidated financial statements that are included elsewhere in this prospectus.

(4) In October 2005, we entered into an agreement with Continental Power Exchange, Inc. to cancel the redeemable stock put upon the closing of the initial public offering of our common stock in November 2005. See note 10 to

our consolidated financial statements that are included elsewhere in this prospectus.

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005	Year Ended December 31, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003
	(In thousands)				
Operating Data:					
Our total average daily exchange fee and commission fee revenues(1)	$ 677	$ 438	$ 538	$ 353	$ 294
Our Trading Volume(2):					
Futures volume	16,659	8,739	42,055	35,541	33,341
Futures average daily volume	260	143	166	140	132
OTC volume	19,970	10,859	61,999	30,961	24,260
OTC average daily volume	322	178	247	123	97

(1) Represents the total exchange fee and commission fee revenues for the period divided by the number of trading days during the period.

(2) Volume is calculated based on the number of contracts traded in our markets, which is the number of round turn trades. Each round turn trade represents a matched buy and sell order of one contract. Average daily volume represents the total volume, in contracts, for the period divided by the number of trading days during that period.

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RISK FACTORS

The purchase of our common stock involves significant investment risks. The risks described below comprise the material risks of which we are aware. You should consider these risks carefully before making a decision to invest in our common stock. In addition, there may be risks of which we are currently unaware, or that we currently regard as immaterial based on the information available to us, that later prove to be material. These risks may adversely affect our business, financial condition and operating results. As a result, the trading price of our common stock could decline, and you could lose some or all of your investment.

Risks Relating to Our Business

We face intense competition from regulated exchanges, voice brokers and other electronic platforms, which could adversely affect our business. If we are not able to compete successfully, our business will not survive.

The market for commodities trading facilities is highly competitive and we expect competition to intensify in the future. Our current and prospective competitors, both domestically and internationally, are numerous.

Our principal competitor, the New York Mercantile Exchange, Inc., or NYMEX, is a regulated, predominantly open-outcry futures exchange that offers trading in futures products and options on those futures in the crude oil, gas and metals markets, among other commodities markets. NYMEX has also established two electronic platforms: NYMEX Access and ClearPort, although NYMEX recently entered into an agreement with the Chicago Mercantile Exchange, or CME, under which CME will exclusively list NYMEX energy contracts on its electronic trading platform. NYMEX is larger than we are and has greater financial resources, a broader participant base and a longer operating history. NYMEX also operates its own clearinghouse, which may give it greater flexibility in introducing new products and clearing services than we are able to offer through our relationship with LCH.Clearnet, formerly known as the London Clearing House, a clearinghouse based in London. Unlike NYMEX, we may be limited in the number of cleared OTC contracts that we are able to offer, since we must first obtain approval from LCH.Clearnet to offer such products. Our relationship with LCH.Clearnet is also subject to termination by either party upon one year s notice. See We do not own our own clearinghouse and must rely on LCH.Clearnet to provide clearing services for the trading of futures and cleared OTC contracts in our markets. We cannot continue to operate our futures and cleared OTC businesses without clearing services.

NYMEX has taken several actions in the past year to improve its competitive position. In September 2005, NYMEX s board of directors selected General Atlantic, a leading private equity firm, as a minority investment partner to assist NYMEX in evaluating its strategic options, which may include an initial public offering of NYMEX common stock in late 2006. Pursuant to a stock purchase agreement entered into in November 2005, and as amended in February 2006, General Atlantic agreed to invest $160 million for a 10% equity investment in NYMEX. The transaction was approved by NYMEX stockholders in March 2006, together with a plan to restructure the NYMEX board. The initiatives set forth by General Atlantic and NYMEX include augmenting NYMEX s open outcry trading model and developing opportunities in market data, clearing and complementary electronic trading, which will likely intensify competition between us and NYMEX.

In addition to its alliance with General Atlantic as a strategic partner, NYMEX also undertook initiatives to offer increased access to electronic trading in its futures contracts. In February 2006, NYMEX launched a mini version of the Brent crude futures contract. In April, NYMEX announced that it had entered into a definitive technology services agreement with CME pursuant to which CME, through CME Globex, will become the exclusive electronic trading services provider for NYMEX s energy futures and options contracts. Under this agreement, the CME will host trading in mini versions of NYMEX s contracts and full size versions of the contracts. Initial trading of NYMEX s energy products on CME Globex began in June 2006 with full roll-out expected by the third quarter of 2006. This agreement is expected to increase access to trading in NYMEX contracts and could increase the liquidity of NYMEX s markets by offering customers electronic trading capabilities that NYMEX previously did not offer its customers. Our business could be materially and adversely affected if our trading volumes decline and we lose liquidity in our markets due to participants opting to trade competing NYMEX contracts. In these circumstances, the markets with the highest trading volumes, and therefore the most liquidity, would likely have a growing competitive advantage over other markets. This could put us at a greater disadvantage relative to NYMEX, whose markets are larger and more established than ours.

We also have been involved in litigation with NYMEX, in which NYMEX asserted against us claims of intellectual property infringement related to our use of and reference to NYMEX settlement prices in our cleared OTC swap contracts for Henry Hub natural gas and West Texas Intermediate crude oil. The federal district court granted our motion for summary judgment in September 2005, dismissing the claims filed against us by NYMEX. The case is presently on appeal before the Second Circuit Court of Appeals. If NYMEX is successful in its appeal, and the matter is determined adversely to us in any subsequent trial, our business would be materially and adversely affected. See also Any infringement by us on the intellectual property rights of others could result in litigation and adversely affect our ability to continue to provide, or increase the cost of providing, our products and services and Regulation and Legal Proceedings Legal Proceedings NYMEX Claim of Infringement.

In addition to NYMEX, we also currently compete with:

- voice brokers active in the commodities markets, including Amerex, ICAP, Prebon Yamane and Tradition (North America);
- other electronic energy trading platforms, such as NGX (a subsidiary of the Toronto Stock Exchange) and Houston Street;
- energy futures exchanges, such as European Energy Derivatives Exchange, or Endex (formerly known as Amsterdam Power Exchange), Nord Pool, and Powernext; and
- market data vendors, such as Bloomberg, Reuters, Argus and Platts (a division of The McGraw-Hill Companies Inc.).

We may also face additional competition from new entrants to our markets. Competition in the market for commodities trading could increase if new electronic trading platforms or futures exchanges are established, or if existing platforms or exchanges that currently do not trade energy commodities products decide to do so, as CME has done through its agreement with NYMEX to trade NYMEX energy products on CME Globex. Additional competition from new entrants to our markets could negatively impact our trading volumes and profitability.

In addition, some of the exchanges, trading systems, dealers and other companies with which we currently or in the future could compete are or may be substantially larger than we are and have or may have substantially greater financial, technical, marketing and other resources and more diverse revenue streams than we do. Some of these exchanges and other businesses have long standing, well established and, in some cases, dominant positions in their existing markets. They may offer a broader range of products and services and may take better advantage of business opportunities than we do. For example, our competitors may:

- respond more quickly to new or evolving opportunities, technologies and participant requirements;
- develop services and products similar to or that compete with ours;
- develop services and products that are preferred by our participants or new market participants;
- price their products and services more competitively or respond more quickly to competitive pressures;

take advantage of efficiencies that result from owning their own clearinghouses, including the ability to bring new cleared products to market faster and offering cross-margining opportunities across products that reduce the cost of capital for participants;

develop and expand their network infrastructure and service offerings more efficiently;

better utilize technology or develop more user-friendly and reliable technology;

consolidate, make strategic acquisitions or form alliances, which may create more liquidity in their markets, cost reductions and better pricing than we offer;

more effectively market, promote and sell their products and services; and better leverage existing relationships with participants and alliance partners or exploit better recognized brand names to market and sell their services.

Our ability to continually maintain and enhance our competitiveness and respond to threats from stronger current and potential competitors will have a direct impact on our results of operations. We cannot assure you that we will be able to compete effectively. If our markets, products and services are not competitive, our business, financial condition and operating results will be materially affected. In addition, even if new entrants or existing competitors do not significantly erode our market share, we may be required to reduce significantly the rates we charge for trade execution or market data to remain competitive, which could have a material adverse effect on our profitability.

Our business is primarily transaction-based, and declines in trading volumes and market liquidity would adversely affect our business and profitability.

We earn transaction fees for transactions executed in our markets and from the provision of electronic trade confirmation services. Historically, we have also earned transaction fees under order flow agreement shortfalls. We derived 86.0%, 87.9%, 83.9% and 86.9% of our consolidated revenues for the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively, from our transaction-based business. Even if we are able to further diversify our product and service offerings, our revenues and profitability will continue to depend primarily on our transaction-based business. A substantial portion of our revenues are derived from transaction fees generated from trades executed on our trading platform, which are based primarily on the volume of contracts traded. Any decline in our trading volumes in the short-term or long-term will negatively impact our transaction fees and, therefore, our revenues. Accordingly, the occurrence of any event that reduces the amount of transaction fees we receive, whether as a result of declines in trading volumes or market liquidity, adverse response to our all electronic market, reductions in commission rates, regulatory changes, competition or otherwise, will have a significant impact on our operating results and profitability. See also Our business depends in large part on volatility in energy commodity prices and has benefited from record-high oil prices in recent years.

Our business depends in large part on volatility in energy commodity prices and has benefited from record-high oil prices in recent years.

Participants in the markets for energy commodities trading pursue a range of trading strategies. While some participants trade in order to satisfy physical consumption needs, others seek to hedge contractual price risk or take speculative or arbitrage positions, seeking returns from price movements in different markets. Trading volume is driven primarily by the degree of volatility the magnitude and frequency of fluctuations in prices of commodities. Higher volatility increases the need to hedge contractual price risk and creates opportunities for speculative or arbitrage trading. Energy commodities markets historically have experienced significant price volatility and in recent years reached record levels. We cannot predict whether this pattern will continue, or for how long, or if this trend will reverse itself. Were there to be a sustained period of stability in the prices of energy commodities, we could experience lower trading volumes, slower growth or even declines in revenues as compared to recent periods.

In addition to price volatility, we believe that the increase in global energy prices, particularly for crude oil, during the past three years has had a positive impact on the trading volume of global energy commodities, including trading volumes in our markets. As oil prices have risen to record levels, we believe that additional participants have entered the markets for energy commodities trading to address their growing risk-management needs or to take advantage of greater trading opportunities. If global crude oil prices decrease or return to the lower levels where they historically have been, it is possible that many market participants, particularly the newer entrants, could reduce their trading activity or leave the trading markets altogether. Global energy prices are determined by many factors, including those listed below, that are beyond our control and are unpredictable. Consequently, we cannot predict whether global energy prices will remain at their current levels, nor can we predict the impact that these prices will have on our future revenues or profitability.

Factors that are particularly likely to affect price volatility and price levels, and thus trading volumes, include:

- economic, political and market conditions in the United States, Europe, the Middle East and elsewhere in the world;
- weather conditions, including hurricanes and other significant weather events that impact production, refining and distribution facilities for oil and natural gas;
- the volatility in production volume of the commodities underlying our energy products and markets;
- war and acts of terrorism;
- legislative and regulatory changes;
- credit quality of market participants;
- the availability of capital;
- broad trends in industry and finance;
- the level and volatility of interest rates;
- fluctuating exchange rates and currency values; and
- concerns over inflation.

Any one or more of these factors may reduce price volatility or price levels in the markets for energy commodities trading, which in turn could reduce trading activity in those markets, including in our markets. Moreover, any reduction in trading activity could reduce liquidity the ability to find ready buyers and sellers at current prices which in turn could further discourage existing and potential market participants and thus accelerate any decline in the level of trading activity in these markets. In these circumstances, the markets with the highest trading volumes, and therefore the most liquidity, would likely have a growing competitive advantage over other markets. This could put us at a greater disadvantage relative to our principal competitor, whose markets are larger and more established than ours.

We are unable to predict whether or when these unfavorable conditions may arise in the future or, if they occur, how long or severely they will affect our trading volumes. A significant decline in our trading volumes, due to reduced volatility, lower prices or any other factor, could have a material adverse effect on our revenues, since our transaction fees would decline, and in particular on our profitability, since our revenues would decline faster than our expenses, some of which are fixed. Moreover, if these unfavorable conditions were to persist over a lengthy period of time, and our trading volumes were to decline substantially and for a long enough period, the liquidity of our markets, and the critical mass of transaction volume necessary to support viable markets, could be jeopardized.

Our revenues depend heavily upon trading volumes in the markets for ICE Brent Crude and ICE Gas Oil futures contracts and OTC North American natural gas and power contracts. A decline in volumes or in our market share in these contracts would jeopardize our ability to remain profitable and grow.

Our revenues depend heavily on trading volumes in four principal markets: the markets for ICE Brent Crude futures contracts, ICE Gas Oil futures contracts, OTC North American natural gas contracts and OTC North American power contracts. Trading in these four contracts in the aggregate has represented over 80% of our consolidated revenues for the most recent interim and annual periods. Trading in ICE Brent Crude futures contracts accounted for 26.8%, 26.5%, 29.7% and 30.4% of our consolidated revenues for the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively. Trading in ICE Gas Oil futures contracts accounted for 10.2%, 9.5%, 11.3% and 10.6% of our consolidated revenues for the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively. Trading in OTC North American natural gas contracts accounted for 36.4%, 38.4%, 26.8% and 17.9% of our consolidated revenues for the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively. Trading in OTC North American power contracts accounted for 9.6%, 10.6%, 8.7% and 6.1% of our consolidated revenues for the three months ended March 31, 2006, and for the years ended December 31, 2005,

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2004 and 2003, respectively. Our trading volume or market share in these markets may decline due to a number of factors, including:

- development of competing contracts, and competition generally;
- reliance on technology to conduct trading;
- the relative stability of commodity prices;
- increased availability of electronic trading on competing contracts;
- possible regulatory changes; and
- adverse publicity and government investigations.

A decline in trading volumes in one or more of these contracts could adversely affect our business. In addition, we recently launched trading in the ICE WTI Crude futures contract, which has traded in substantial volumes since it began trading in February 2006. While we only began to derive transaction fees from this contract in the second quarter of 2006, we expect that this contract could represent a significant percentage of our consolidated revenues in future periods. Accordingly, a decline in trading volumes in this contact could adversely affect our future revenues. If our market share in any of these markets declines, participants may decide to trade in other markets and our revenues would decline, which could harm our ability to remain profitable and to grow our business.

A decline in the production of commodities traded in our markets could reduce our liquidity and adversely affect our revenues and profitability.

We derived 84.6%, 86.9%, 82.1% and 79.1% of our consolidated revenues for the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively, from exchange fees and commission fees generated from trading in commodity products in our futures and OTC markets. The volume of contracts traded in the futures and OTC markets for any specific commodity tends to be a multiple of the physical production of that commodity. If the physical supply or production of any commodity declines, market participants could become less willing to trade in contracts based on that commodity. For example, the ICE Brent Crude futures contract has been subject to this risk as production of Brent crude oil peaked in 1984 and began steadily falling in subsequent years. We, in consultation with market participants, altered the mechanism for settlement of the ICE Brent Crude futures contract to a mechanism based on the Brent/Forties/Oseberg North Sea oil fields, known as the BFO Index, to ensure that the commodity prices on which its settlement price is based reflect a large enough pool of traders and trading activity so as to be less susceptible to manipulation. Market participants that trade in the ICE Brent Crude futures contract may determine in the future, however, that additional underlying commodity products need to be considered in the settlement of that contract or that the settlement mechanism is not credible. Exchange fees earned from trading in the ICE Brent Crude futures contract accounted for 69.2%, 68.8%, 65.3% and 66.6% of our total revenues from our futures business, net of intersegment fees, for the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively, or 26.8%, 26.5%, 29.7% and 30.4% of our consolidated revenues for the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively. Any uncertainty concerning the settlement of the ICE Brent Crude futures contract, or a decline in the physical supply or production of any other commodity on which are trading products are based, could result in a decline in trading volumes in our markets, adversely affecting our revenues and profitability.

We may acquire other businesses, products or technologies. If we do, we may be unable to integrate them with our business, or we may impair our financial performance.

We are actively exploring and evaluating strategic acquisitions and alliances to strengthen our current business and grow our company. We intend to pursue strategic transactions and may acquire other businesses, products or technologies to expand our products and services, advance our technology or take advantage of new developments and potential changes in our industry. Strategic transactions may involve acquiring or making a strategic investment in an existing clearinghouse to provide services directly to participants in our futures and OTC markets or establishing our own clearinghouse, acquiring or entering into an agreement with another exchange or clearinghouse to broaden our product offering, or acquiring or entering into an agreement with a business complementary to

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our market data business or a business that offers risk management or other complementary services. In addition, we may be acquired by another company. Any such transaction could happen at any time, could be material to our business and could take any number of forms. We cannot assure you that we will be able to identify strategic opportunities or negotiate or finance any future acquisition successfully. Even if we do succeed in acquiring a business, product or technology, we have limited experience, other than with respect to ICE Futures, in integrating a significant acquisition into our business. The process of integration may produce unforeseen regulatory and operating difficulties and expenditures and may divert the attention of our management from the ongoing operation of our business. If we make future acquisitions, we may issue shares of our stock that dilute shareholders, expend cash, incur debt, assume contingent liabilities or create additional expenses related to amortizing intangible assets with estimable useful lives, any of which could harm our business, financial condition or results of operations and negatively impact our stock price.

We do not own our own clearinghouse and must rely on LCH.Clearnet to provide clearing services for the trading of futures and cleared OTC contracts in our markets. We cannot continue to operate our futures and cleared OTC businesses without clearing services.

We have contracted with LCH.Clearnet to provide clearing services to us for all futures contracts traded in our markets pursuant to a contract for an indefinite term that is terminable by either party upon one year s prior written notice, if not otherwise terminated in accordance with its terms. LCH.Clearnet also provides clearing services to participants in our OTC business that trade designated contracts eligible for clearing. These services are provided pursuant to a separate contract we have entered into with LCH.Clearnet, which continues in force unless either party gives one year s prior written notice.

The interruption or cessation of these clearing services and our inability to make alternate arrangements in a timely manner would have a material adverse effect on our business, financial condition and results of operations. In particular, if our agreement with LCH.Clearnet with respect to our futures business were terminated, and we could not obtain clearing services from another source, we may be unable to operate our futures markets and would likely be required to cease operations in that segment of our business. For the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, transaction fees generated by our futures business, which are also referred to as exchange fees, accounted for 37.7%, 36.7%, 42.0% and 42.6%, respectively, of our consolidated revenues.

If our agreement with LCH.Clearnet relating to our OTC business were terminated, we may be unable to offer clearing services in connection with trading OTC contracts in our markets for a considerable period of time. While we would still be able to offer OTC trading in bilateral contracts, our inability to offer trading in cleared contracts, assuming that no other clearing alternatives were available, would significantly impair our ability to compete, particularly in light of the launch of a competing swaps-to-futures clearing facility by one of our competitors and the ease with which other competitors can introduce new cleared OTC and futures products. For the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, transaction fees derived from trading in cleared OTC contracts accounted for 36.2%, 37.5%, 21.7% and 6.4%, respectively, of our consolidated revenues. Our cleared OTC contracts have become a significant component of our business, and accounted for 68.5%, 69.3%, 47.6% and 13.9% of the total revenues, net of the intersegment fees, generated by our OTC business for the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively.

Our principal competitor owns its own clearing facility and thus does not face the risk of losing the ability to provide clearing services to participants that we do. Moreover, because it owns its own facility, it may be able to provide clearing services more cost-effectively and can extend clearing services to new products faster than we can. For example, our ability to introduce new cleared OTC products is subject to review by and approval of LCH.Clearnet. In addition, all clearing fees are determined by LCH.Clearnet and may be set at prices higher than those set by our competitors or at levels prohibitive to trading.

LCH.Clearnet could elect for strategic reasons to discontinue providing clearing services to us for our futures and OTC businesses at any time with appropriate notice. For example, LCH.Clearnet could decide to enter into a strategic alliance with a competing exchange or other trading facility. In addition, according to the terms of our contract with LCH.Clearnet with respect to our OTC business, our relationship may be terminated upon a change in control of either party. The commodity markets have experienced increased consolidation in recent years and may continue to do so, and strategic alliances and changes in control involving various market participants are possible. LCH.Clearnet is owned by its members, which include banks and other financial institutions whose commercial interests are broader than the clearing services business. We cannot assure you that our futures or OTC businesses would be able to obtain clearing services from an alternate provider on acceptable terms or in sufficient time to avoid or mitigate the material adverse effects described above.

If we establish our own clearinghouse, or acquire a clearinghouse or an interest in a clearinghouse, we will be exposed to risks related to the cost of establishing or operating a clearinghouse and the risk of defaults by our participants.

In order to address the competitive disadvantages of not owning our own clearinghouse, we may decide to establish a clearinghouse that would clear transactions executed in our markets. Alternatively, we may decide to purchase or acquire, or make a strategic investment in, an existing clearinghouse for that purpose, although the number of clearing facilities not owned by our competitors is limited. Establishing or acquiring a clearinghouse, and subsequently operating the clearinghouse, would require substantial ongoing expenditures and would consume a significant portion of our management s time, potentially limiting our ability to expand our business in other ways, such as through acquisitions of other companies or the development of new products and services. We cannot assure you that these clearing arrangements would be satisfactory to our participants or would not require substantial systems modifications to accommodate them. The transition to new clearing facilities could also be disruptive and costly to our participants. There are substantial risks inherent in operating a clearinghouse.

In addition, our establishment or acquisition of a clearinghouse may not be successful, and it is possible that the clearinghouse would not generate sufficient revenues to cover the expenses incurred, which would subject us to losses. Moreover, by owning our own clearinghouse, we would be exposed to the credit risk of our participants, to which we are not currently subject, and defaults by our participants could subject us to substantial losses. We would also be subject to additional regulation as a result of owning a clearinghouse.

Some of our largest shareholders are also our participants and their interests may differ from those of other shareholders.

Some of our largest shareholders are both our principal shareholders and participants in our markets. As market participants, these shareholders may have strategic interests that are different from, or that could conflict with, your interests. For example, in their capacity as participants, these investors may favor lower fees for trade execution or other concessions that would presumably reduce our revenues, and therefore, the value of your ownership interest in us. Because of their common interests as participants in our markets, these investors may vote in the same way. If these investors vote together on a given matter, they collectively may have the ability to influence the decision, which could involve the election of our directors, the appointment of new management and the potential outcome of any matter submitted to a vote of our shareholders, including mergers, the sale of substantially all of our assets and other extraordinary events. In addition, our largest shareholders, The Goldman Sachs Group, Inc. and Morgan Stanley Capital Group Inc., are affiliated with Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated, respectively, each an underwriter for this offering.

We are currently subject to regulation in certain of our markets. Failure to comply with existing regulatory requirements, and possible future changes in these requirements or in the current interpretation of these requirements, could adversely affect our business.

We operate our OTC markets as an exempt commercial market under the Commodity Exchange Act. As such, we are subject to access, reporting and record-keeping requirements of the Commodity Futures Trading Commission, or the

CFTC. However, unlike a futures exchange, our OTC business is not generally regulated by the CFTC. Members of Congress have, at various times over the last several years, introduced legislation seeking to restrict OTC derivatives trading of energy generally and to bring electronic trading of OTC energy derivatives within the direct scope of CFTC regulation. Separate pieces of legislation have recently been introduced in Congress that would (i) provide the CFTC with the authority to require exempt commercial markets to comply with additional regulatory requirements, including the imposition of position limits, and to require some participants on exempt commercial markets to file reports on their positions, and (ii) place price controls on natural gas derivatives and make those derivatives tradable only on a designated contract market, which is a regulatory status we do not presently hold. If adopted, this legislation could require us and our participants to operate under heightened regulatory burdens and incur additional costs in order to comply with the additional regulations, and could deter some participants from trading on our OTC platform.

In contrast to our OTC business, ICE Futures, through which we conduct our futures business, operates as a Recognized Investment Exchange in the United Kingdom. As a Recognized Investment Exchange, ICE Futures has regulatory responsibility in its own right and is subject to supervision by the Financial Services Authority pursuant to the Financial Services and Markets Act 2000, or FSMA. ICE Futures is required under the FSMA to maintain sufficient financial resources, adequate systems and controls and effective arrangements for monitoring and disciplining its members. ICE Futures ability to comply with all applicable laws and rules is largely dependent on its maintenance of compliance, audit and reporting systems. We cannot assure you that these systems and procedures are fully effective.

Electronic trading in futures contracts on ICE Futures is permitted in many jurisdictions, including in the United States, through no-action relief from the local jurisdiction s regulatory requirements. In the United States, direct electronic access to trading in ICE Futures products is offered to U.S. persons based on a series of no-action letters from the CFTC that permit non-U.S. exchanges, referred to as foreign boards of trade, to provide U.S. persons with electronic access to their markets without registration with the CFTC. In connection with the launch of our ICE WTI Crude futures contract in February 2006, the CFTC stated that it will be evaluating the future use of its no-action process. The CFTC held a public hearing on June 27, 2006 to consider the issue of what constitutes a board of trade, exchange, or market located outside the United States for the purposes of exemption from CFTC jurisdiction and regulation. Prior to the hearing, the CFTC issued a request for comment with respect to this issue. The comment period originally expired on July 12, 2006, but has been extended by the CFTC to August 1, 2006. Our ability to offer new futures products under our existing no-action relief could be impacted by the pendency of the CFTC s policy review and any actions taken by the CFTC as a result of its policy review. We cannot predict what level of additional regulation our futures business and future products may be subjected to as a result of this CFTC policy review. If we are unable to offer additional products, or if our offerings of products are subject to additional regulatory constraints, our business could be adversely affected. If the CFTC revokes or makes substantial revisions to the no-action process or to the no-action decisions upon which we currently rely, ICE Futures may be required to comply with additional regulation in the United States, including the possibility of being required to register as a regulated futures exchange in the United States, known as a designated contract market. Requiring ICE Futures to comply with regulation in addition to that presently required by its primary regulator, the FSA, would be costly and time consuming and could subject ICE Futures to duplicative or inconsistent regulatory requirements. Failure to comply with our current regulatory requirements and regulatory requirements that may be imposed on us in the future could subject us to significant penalties, including termination of our ability to conduct our regulated businesses.

Additional legislative and regulatory initiatives, either in the United States, the United Kingdom or elsewhere, could affect one or more of the following aspects of our business or impose one or more of the following requirements:

- the manner in which we communicate and contract with our participants;
- the demand for and pricing of our products and services;
- the tax treatment of trading in our products;
- a requirement that we maintain minimum regulatory capital on hand;

a requirement that we exercise regulatory oversight of our OTC participants, and assume responsibility for their conduct;

our financial and regulatory reporting practices;

our record-keeping and record-retention procedures;

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the licensing of our employees; and

the conduct of our directors, officers, employees and affiliates.

The implementation of new regulations, or changes in or unfavorable interpretations of existing regulations by courts or regulatory bodies could require us to incur significant compliance costs and impede our ability to operate, expand and enhance our electronic platform as necessary to remain competitive and expand our business. Regulatory changes inside or outside the United States or the United Kingdom could materially and adversely affect our business, financial condition and results of operations.

The energy commodities trading industry in North America has been subject to increased regulatory scrutiny in the recent past, and we face the risk of changes to our regulatory environment in the future, which may diminish trading volumes on our electronic platform.

Our OTC business is currently subject to limited regulatory oversight due to the types of market participants eligible to trade in our OTC markets. As an exempt commercial market, we are not subject to registration as an exchange nor to the type of ongoing comprehensive oversight to which exchanges are subject. Instead, we are required to comply with access, reporting and record-keeping requirements of the CFTC. In addition, our futures business is subject to primary regulation by the FSA, and offers its products for trading in the United States pursuant to a series of no-action letters, which effectively exempts it from CFTC jurisdiction and regulation.

In past years, and again recently, the market for OTC energy commodities trading has been the subject of increased scrutiny by regulatory and enforcement authorities due to a number of highly publicized problems involving energy commodities trading companies. This increased scrutiny has included investigations by the Department of Justice, the Federal Energy Regulatory Commission and the Federal Trade Commission of alleged manipulative trading practices, misstatements of financial results, and other matters.

Furthermore, in response to the rise in energy commodity prices in recent years and allegations that manipulative trading practices by certain market participants may have contributed to the rise in prices, legislative and regulatory authorities at both the federal and state levels, as well as political and consumer groups, have called for increased regulation and monitoring of the OTC energy commodities markets and a review of the no-action process pursuant to which our futures products are presently offered to market participants in the United States. For example, regulators in some states have publicly questioned whether some form of regulation, including price controls, should be re-imposed in OTC commodities markets, particularly in states where power markets were deregulated in recent years. In addition, members of Congress have, at various times in the last several years, introduced legislation seeking to restrict OTC derivatives trading of energy contracts generally, to bring electronic trading of OTC energy derivatives within the direct scope of CFTC regulation, to impose position limits on trading in energy commodities, and to provide for expanded CFTC surveillance of both OTC and futures markets and the people and entities that trade in those markets. Most recently, the United States Senate Permanent Subcommittee on Investigations issued a report regarding its investigation into the role of market speculation in rising oil and gas prices in which it specifically refers to our company. If any of these measures are implemented, they could reduce demand for our products, which will adversely affect our business.

Also, on January 19, 2006, the Federal Energy Regulatory Commission issued final rules under the Energy Policy Act of 2005 clarifying the agency s authority over market manipulation by all electricity and natural gas sellers, transmission owners and pipe lines, regardless of whether they are regulated by the Federal Energy Regulatory Commission. In addition, the Energy Policy Act of 2005 granted the Federal Energy Regulatory Commission the power to prescribe rules related to the collection and government dissemination of information regarding the availability and price of natural gas and wholesale electric energy. These rules and possible future exercises of the Federal Energy Regulatory Commission s rulemaking powers could adversely affect the trading of certain of our products and adversely impact demand for our data products in the United States or have other material adverse impacts on our business.

It is possible that future unanticipated events in the markets for energy commodities trading will lead to additional regulatory scrutiny and changes in the level of regulation to which our business is subject. Increased regulation of our participants or our markets could materially adversely affect our business. The imposition of stabilizing measures such as price controls in energy commodities markets could substantially reduce or potentially even eliminate trading activity in affected markets. New laws and rules applicable to our business could significantly increase our regulatory compliance costs, delay or prevent us from introducing new products and services as planned and discourage some market participants from using our electronic platform. New allegations of manipulative trading by market participants could subject us to regulatory scrutiny and possibly fines or restrictions on our business, as well as adverse publicity. All of this could lead to lower trading volumes and transaction fees, higher operating costs and lower profitability or losses.

If we are unable to keep up with rapid changes in technology and participant preferences, we may not be able to compete effectively.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality, accessibility and reliability of our electronic platform and our proprietary technology. The financial services industry is characterized by rapid technological change, change in use patterns, change in client preferences, frequent product and service introductions and the emergence of new industry standards and practices. These changes could render our existing proprietary technology uncompetitive or obsolete. Our ability to pursue our strategic objectives, including increasing trading volumes on our platform following our transition to an all-electronic marketplace, as well as our ability to continue to grow our business, will depend, in part, on our ability to:

- enhance our existing services and maintain and improve the functionality and reliability of our electronic platform, in particular, reducing network downtime;
- develop or license new technologies that address the increasingly sophisticated and varied needs of our participants;
- anticipate and respond to technological advances and emerging industry practices on a cost-effective and timely basis; and
- continue to attract and retain highly skilled technology staff to maintain and develop our existing technology and to adapt to and manage emerging technologies.

We cannot assure you that we will successfully implement new technologies or adapt our proprietary technology to our participants requirements or emerging industry standards in a timely and cost-effective manner. Any failure on our part to remain abreast of industry standards in technology and to be responsive to participant preferences could cause our market share to decline and negatively impact our profitability.

Our operating results are subject to significant fluctuations due to a number of factors. As a result, you will not be able to rely on our operating results in any particular period as an indication of our future performance.

A number of factors beyond our control may contribute to substantial fluctuations in our operating results, particularly in our quarterly results. As a result of the factors described in the preceding risk factors, you will not be able to rely on our operating results in any particular period as an indication of our future performance. The energy commodities trading industry has historically been subject to variability in trading volumes due primarily to five key factors. These factors include geopolitical events, weather, real and perceived supply and demand imbalances in the underlying energy commodities, the number of trading days in a quarter and seasonality. As a result of one or more of these factors, trading volumes in our markets could decline, possibly significantly, which would adversely affect our revenues derived from transaction fees. If we fail to meet securities analysts expectations regarding our operating performance, the price of our common stock could decline substantially. See also Risks Relating to our Common Stock The market price of our common stock may fluctuate significantly, and it may trade at prices below the offering price.

Our cost structure is largely fixed. If our revenues decline and we are unable to reduce our costs, our profitability will be adversely affected.

Our cost structure is largely fixed. We base our expectations of our cost structure on historical and expected levels of demand for our products and services as well as our fixed operating infrastructure, such as computer

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hardware and software, hosting facilities and security and staffing levels. If demand for our products and services declines and, as a result, our revenues decline, we may not be able to adjust our cost structure on a timely basis. In that event, our profitability will be adversely affected.

Fluctuations in currency exchange rates may adversely affect our operating results.

We have historically generated a significant portion of our revenues and net income and corresponding accounts receivable and cash through sales denominated in pounds sterling, which is the functional currency of our foreign subsidiaries. Of our consolidated revenues, 38.6%, 38.3%, 46.1% and 47.1% were denominated in pounds sterling for the three months ended March 31, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively. We have foreign currency translation risk equal to our net investment in these subsidiaries. As of March 31, 2006 and December 31, 2005, $44.1 million and $35.9 million, respectively, of our cash and cash equivalents, short-term and long-term investments and restricted cash, $7.0 million and $5.1 million, respectively, of our accounts receivable, $76.4 million and $75.8 million, respectively, of our goodwill and other intangible assets and $124.0 million and $113.1 million, respectively, of our net assets were denominated in pounds sterling. On April 1, 2006, we began to charge exchange fees in U.S. dollars rather than in pounds sterling in our key futures contracts, including crude oil and heating oil contracts.

We also have foreign currency transaction risk related to the settlement of foreign receivables or payables incurred with respect to trades executed on our electronic platform, including for our OTC European gas and power markets, which are paid in pounds sterling, and for cash accounts of our U.K. subsidiaries held in U.S. dollars. While we currently enter into hedging transactions to help mitigate our foreign exchange risk exposure, primarily with respect to our net investment in our U.K. subsidiaries, these hedging arrangements may not always be effective, particularly in the event of imprecise forecasts of the levels of our non-U.S. denominated assets and liabilities. Accordingly, if there is an adverse movement in exchange rates, we may suffer significant losses, which would adversely affect our operating results and financial condition. Events over time could cause us to change the functional currency of our foreign subsidiaries.

The nature of our business is highly competitive, which may result in litigation with competitors or competitors affiliated entities.

Our business is highly competitive. We have been sued in the past by NYMEX and we are presently being sued by MBF Clearing Corp, an entity closely affiliated with NYMEX, over actions we have taken in connection with conducting our business. In the latter action, MBF Clearing, a market maker for certain NYMEX electronic contracts, filed a complaint against us that claims that we have a monopoly over the electronic trading of Brent Crude Oil futures and certain other energy contracts and that certain actions we have taken in denying MBF Clearing access to our markets are in violation of antitrust laws, are in breach of contract and constitute tortious activity. MBF Clearing claims that its business has been harmed as a result, and while MBF Clearing has not specified an amount of damages in its suit, it claims that it should be awarded treble damages under antitrust laws and punitive damages under state law. We filed a motion to dismiss all of MBF Clearing s claims in June 2006 and MBF Clearing filed its brief in opposition of our motion to dismiss in July 2006. Briefing is still ongoing and we plan on filing a reply brief in the near future in connection with our motion to dismiss. Separately, the CFTC has requested information in connection with this matter. While we intend to defend these claims vigorously, litigation may be expensive, lengthy and disruptive to our normal business operations. Moreover, the results of the above-referenced litigation, or possible future litigation, are inherently uncertain and may result in adverse rulings or decisions that may, individually or in the aggregate, impact our business in a material and adverse manner. For more information regarding the NYMEX and MBF Clearing litigation, see Regulation and Legal Proceedings Legal Proceedings. See also Any infringement by us of intellectual property rights of others could result in litigation and adversely affect our ability to continue to provide, or increase the costs of providing, our products and services.

Any infringement by us of intellectual property rights of others could result in litigation and adversely affect our ability to continue to provide, or increase the cost of providing, our products and services.

Patents and other intellectual property rights of third parties may have an important bearing on our ability to offer certain of our products and services. Our competitors, as well as other companies and individuals, may have obtained, and may be expected to obtain in the future, patent rights related to the types of products and services we offer or plan to offer. We cannot assure you that we are or will be aware of all patents that may pose a risk of infringement by our products and services. In addition, some patent applications in the United States are confidential until a patent is issued, and therefore we cannot evaluate the extent to which our products and services may be covered or asserted to be covered in pending patent applications. Thus, we cannot be sure that our products and services do not infringe on the rights of others or that others will not make claims of infringement against us.

In addition, our competitors may claim other intellectual property rights over information that is used by us in our product offerings. For example, in November 2002, NYMEX filed claims against us in the U.S. District Court for the Southern District of New York asserting that, among other things, we infringed copyrights NYMEX claims exist in its publicly available settlement prices that we use in connection with the clearing of certain of our OTC derivative contracts. While the court granted a motion for summary judgment in our favor in September 2005 dismissing all claims brought against us by NYMEX, NYMEX is appealing the ruling of the District Court to the Second Circuit Court of Appeals, and no decision has yet been made by the Court of Appeals. If NYMEX successfully appeals the court s judgment and we are subsequently found to have infringed NYMEX s intellectual property rights after a trial, we may incur substantial monetary damages and we may be enjoined from using or referring to one or more types of NYMEX settlement prices. If we are enjoined from using or referring to NYMEX settlement prices, we could lose all or a substantial portion of our cleared trading volume in Henry Hub natural gas and West Texas Intermediate crude oil contracts and the related commission revenues. For more information regarding the NYMEX litigation, see Regulation and Legal Proceedings Legal Proceedings NYMEX Claim of Infringement.

With respect to our intellectual property, if one or more of our products or services is found to infringe patents held by others, we may be required to stop developing or marketing the products or services, obtain licenses to develop and market the products or services from the holders of the patents or redesign the products or services in such a way as to avoid infringing the patents. We also could be required to pay damages if we were found to infringe patents held by others, which could materially adversely affect our business, financial condition and operating results. We cannot assess the extent to which we may be required in the future to obtain licenses with respect to patents held by others, whether such licenses would be available or, if available, whether we would be able to obtain such licenses on commercially reasonable terms. If we were unable to obtain such licenses, we may not be able to redesign our products or services at a reasonable cost to avoid infringement, which could materially adversely affect our business, financial condition and operating results.

Some of the proprietary technology we employ may be vulnerable to infringement by others.

Our business is dependent on proprietary technology and other intellectual property that we own or license from third parties. Despite precautions we have taken or may take to protect our intellectual property rights, third parties could copy or otherwise obtain and use our proprietary technology without authorization. It may be difficult for us to monitor unauthorized use of our intellectual property. We cannot assure you that the steps that we have taken will prevent misappropriation of our proprietary technology or intellectual property.

We have filed U.S. patent applications for our electronic trade confirmation service, our method to allow a participant to engage in program trading while protecting its data (referred to as ICEMaker), our method for displaying both cleared and bilateral OTC contracts in single price stream, our method for locking prices on electronic trading screens, and our method for exchanging OTC contracts and futures contracts in similar base commodities on an electronic trading platform. In addition, we have been issued a joint U.S. patent with NYMEX covering an implied market trading system. We have also filed patent applications in the European Patent Office and Canada for our electronic trade confirmation service and our method for displaying cleared and bilateral OTC contracts in a single price stream, as well as having made a filing under the Patent Cooperation Treaty with respect to ICEMaker. On May 5, 2006, we filed two new patent applications with the U.S. patent office and three corresponding patent applications under the

Patent Cooperation Treaty, all of which related to systems and features for trading commodities contracts. We cannot assure you that we will obtain any final patents covering these services, nor can we predict the scope of any patents issued. In addition, we cannot assure you that any patent issued will be effective to protect this intellectual property against misappropriation. Third parties in Europe or elsewhere could acquire patents covering this or other intellectual property for which we obtain patents in the United States, or equivalent intellectual property, as a result of differences in local laws affecting patentability and patent validity. Third parties in other jurisdictions might also misappropriate our intellectual property rights with impunity if intellectual property protection laws are not actively enforced in those jurisdictions. Patent infringement and/or the grant of parallel patents would erode the value of our intellectual property.

We have secured trademark registrations for IntercontinentalExchange and ICE from the United States Patent and Trademark Office and from relevant agencies in Europe as appropriate, as well as registrations for other trademarks we use in our business. We also have several U.S. and foreign applications pending for other trademarks we use in our business. We cannot assure you that any of these marks for which applications are pending will be registered.

We may have to resort to litigation to enforce our intellectual property rights, protect our trade secrets, and determine the validity and scope of the intellectual property rights of others or defend ourselves from claims of infringement. We may not receive an adequate remedy for any infringement of our intellectual property rights, and we may incur substantial costs and diversion of resources and the attention of management as a result of litigation, even if we prevail. As a result, we may choose not to enforce our infringed intellectual property rights, depending on our strategic evaluation and judgment regarding the best use of our resources, the relative strength of our intellectual property portfolio and the recourse available to us.

We face significant challenges in implementing our strategic goals of expanding product and service offerings and attracting new market participants to our markets. If we do not meet these challenges, we may not be able to increase our revenues or remain profitable.

We seek to expand the range of commodity products that can be traded in our markets and to ensure that trading in those new products becomes liquid within a sufficiently short period of time to support viable trading markets. We also seek to expand the number of contracts traded in our futures markets following the closure of our open-outcry trading floor. In meeting these strategic goals, however, we face a number of significant challenges, including the following:

To introduce new cleared contracts, we must first obtain the approval of LCH.Clearnet, our provider of clearing services. The timing and terms of LCH.Clearnet s approval may prevent us from bringing new cleared contracts to market as quickly and competitively as our competitors. The approval of LCH.Clearnet and the timing of its receipt will depend upon the type of product proposed, the type and extent of system modification required to establish clearing functionality for the relevant product and the integration of the new contract with our electronic platform and other challenges posed. This could result in a substantial delay between development of a cleared contract and its offering on our electronic platform.

Prior to launching a new contract, we must satisfy certain regulatory obligations, which if not satisfied could delay the launch of the new contract.

To expand the use of our electronic platform to additional participants and contracts, we must continue to expand capacity without disrupting functionality to satisfy evolving customer requirements.

To introduce new trading-related services, we must develop additional systems technology that will interface successfully with the wide variety of unique internal systems used by our participants. These challenges may involve unforeseen costs and delays.

We must continue to build significant brand recognition among commodities market participants in order to attract new participants to our markets. This will require us to increase our marketing expenditures. The cost of our marketing efforts may be greater than we expect, and we cannot assure you that these efforts will be successful.

Even if we resolve these issues and are able to introduce new products and services, there is no assurance that they will be accepted by our participants, attract new market participants, or be competitive with those offered by other companies. If we do not succeed in these efforts on a consistent, sustained basis, we will be unable to implement our strategic objectives. This would seriously jeopardize our ability to increase and diversify our revenues, remain profitable and continue as a viable competitor in our markets.

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Reductions in our commission rates resulting from competitive pressures could lower our revenues and profitability.

We expect to experience pressure on our commission rates as a result of competition we face in our futures and OTC markets. Some of our competitors offer a broader range of products and services to a larger participant base, and enjoy higher trading volumes, than we do. Consequently, our competitors may be able and willing to offer commodity trading services at lower commission rates than we currently offer or may be able to offer. As a result of this pricing competition, we could lose both market share and revenues. We believe that any downward pressure on commission rates would likely continue and intensify as we continue to develop our business and gain recognition in our markets. A decline in commission rates could lower our revenues, which would adversely affect our profitability. In addition, our competitors may offer other financial incentives such as rebates or payments in order to induce trading in their markets, rather than ours.

Our business may be harmed by computer and communications systems failures and delays.

We support and maintain many of the systems that comprise our electronic platform. Our failure to monitor or maintain these systems, or to find replacements for defective components within a system in a timely and cost-effective manner when necessary, could have a material adverse effect on our ability to conduct our business. Our systems are located primarily in Atlanta, Georgia and our backup facilities fully replicate our primary data center. Our redundant systems or disaster recovery plans may prove to be inadequate.

Our systems, or those of our third party providers, may fail or, due to capacity constraints, may operate slowly, causing one or more of the following:

- unanticipated disruption in service to our participants;
- slower response time and delays in our participants trade execution and processing;
- failed settlement by participants to whom we provide trade confirmation or clearing services;
- incomplete or inaccurate accounting, recording or processing of trades;
- our distribution of inaccurate or untimely market data to participants who rely on this data in their trading activity; and
- financial loss.

We could experience system failures due to power or telecommunications failures, human error on our part or on the part of our vendors or participants, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism or terrorism and similar events. In these instances, our disaster recovery plan may prove ineffective. If any one or more of these situations were to arise, they could result in damage to our business reputation, participant dissatisfaction with our electronic platform, prompting participants to trade elsewhere, or exposure to litigation or regulatory sanctions. As a consequence, our business, financial condition and results of operations could suffer materially.

Our systems and those of our third party service providers may be vulnerable to security risks, which could result in wrongful use of our information, or which could make our participants reluctant to use our electronic platform.

We regard the secure transmission of confidential information on our electronic platform as a critical element of our operations. Our networks and those of our participants and our third party service providers, including LCH.Clearnet, may, however, be vulnerable to unauthorized access, computer viruses, firewall or encryption failures and other security problems. We may be required to expend significant resources to protect ourselves and our participants against the threat of security breaches or to alleviate problems caused by security breaches. Although we intend to continue to implement industry standard security measures, we cannot assure you that those measures will be sufficient to protect our business against losses or any reduced trading volume incurred in our markets as a result of any significant security breaches on our platform.

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We rely on specialized management and employees.

Our future success depends, in part, upon the continued contributions of our executive officers and key employees who we rely on for executing our business strategy and identifying new strategic initiatives. Some of these individuals have significant experience in the energy commodities trading industry and financial services markets generally, and possess extensive technology skills. We rely in particular on Jeffrey C. Sprecher, our chief executive officer, Charles A. Vice, our president and chief operating officer, Richard V. Spencer, our chief financial officer, David S. Goone, our chief strategic officer, and Edwin D. Marcial, our chief technology officer, as well as certain other employees responsible for product development and technological development within our company. Although we have entered into employment agreements with each of these executive officers, it is possible that one or more of these persons could voluntarily terminate their employment agreements with us. Furthermore, we have not entered into employment agreements with non-executive personnel, who may terminate their employment with us at any time. Several of these employees have been with our company since inception and have fully vested stock options. Any loss or interruption of the services of our executive officers or other key personnel could result in our inability to manage our operations effectively or to execute our business strategy. We cannot assure you that we would be able to find appropriate replacements for these key personnel if the need arose. We may have to incur significant costs to replace key employees who leave, and our ability to execute our business strategy could be impaired if we cannot replace departing employees in a timely manner. Competition in our industry for persons with trading industry and technology expertise is intense.

We rely on third party providers and other suppliers for a number of services that are important to our business. An interruption or cessation of an important service or supply by any third party could have a material adverse effect on our business.

In addition to our dependence on LCH.Clearnet as a clearing service provider, we depend on a number of suppliers, such as online service providers, hosting service and software providers, data processors, software and hardware vendors, banks, and telephone companies, for elements of our trading, clearing and other systems. For example, we rely on Atos Euronext Market Solutions Limited for the provision of a trade registration system that routes trades executed in our markets to LCH.Clearnet for clearing. Atos Euronext Market Solutions Limited and other companies within the Euronext, N.V. group of companies, are potential competitors to both our futures business and our OTC business, which may affect the continued provision of these services in the future. Moreover, the proposed merger between NYSE Group, Inc. and Euronext, N.V., as well as the general trend toward industry consolidation, may increase the risk that these services may not be available to us in the future. We also rely on a large international telecommunications company for the provision of hosting services. If this company were to discontinue providing these services to us, we would likely experience significant disruption to our business until we were able to establish connectivity with another provider.

We cannot assure you that any of these providers will be able to continue to provide these services in an efficient, cost-effective manner or that they will be able to adequately expand their services to meet our needs. We also cannot assure you that any of these providers will not terminate its business relationship with us for competitive reasons or otherwise. An interruption in or the cessation of an important service or supply by any third party and our inability to make alternative arrangements in a timely manner, or at all, would result in lost revenues and higher costs.

In addition, our participants may access our electronic platform through 12 independent software vendors, which represent a substantial portion of the independent software vendors that serve the commodities markets. The loss of a significant number of independent software vendors providing access could make our platform less attractive to participants who prefer this form of access.

As an electronic futures and OTC marketplace, we are subject to significant litigation and liability risks.

Many aspects of our business, and the businesses of our participants, involve substantial risks of liability. These risks include, among others, potential liability from disputes over terms of a trade, the claim that a system failure or delay caused monetary loss to a participant or that an unauthorized trade occurred. For example, dissatisfied participants that have traded on our electronic platform, or those on whose behalf our participants have traded, may make claims regarding the quality of trade execution, or alleged improperly confirmed or settled trades, abusive trading practices, security and confidentiality breaches, mismanagement or even fraud against us or our participants. In addition, because of the ease and speed with which sizable trades can be executed on our electronic platform, participants can lose substantial amounts by inadvertently entering trade orders or by entering them inaccurately. A large number of significant error trades could result in participant dissatisfaction.

As a result, we could incur significant legal expenses defending claims against us, even those without merit. The adverse resolution of any lawsuits or claims against us could result in our obligation to pay substantial damages, and cause us reputational harm. Our participants may face similar legal challenges, and these challenges could affect their ability or willingness to trade on our electronic platform. The initiation of lawsuits or other claims against us, or against our participants with regard to their trading activities, could adversely affect our business, financial condition and results of operations, whether or not these lawsuits or other claims are resolved in our favor. If we violate the terms and provisions of the Commodity Exchange Act under which we operate our OTC business, or if the CFTC concludes or believes we have violated other provisions of the Commodity Exchange Act, we could also be exposed to substantial liability. See also We are currently subject to regulation in certain of our markets. Failure to comply with existing regulatory requirements, and possible future changes in these requirements, could adversely affect our business.

If we are compelled to monitor our OTC participants compliance with applicable standards, our operating expenses and exposure to private litigation could increase.

While we have self-regulatory status in our futures business, we currently do not assume responsibility for enforcing compliance with applicable commercial and legal standards by our participants when they trade OTC contracts in our markets. If we determined that it was necessary to undertake such a role in respect of OTC products for example, to deter unfavorable regulatory actions, to respond to regulatory actions or simply to maintain our participants confidence in the integrity of our OTC markets we would have to invest heavily in developing new compliance and surveillance systems, and our operating expenses could increase significantly. Our assumption of such a role could also increase our exposure to lawsuits from dissatisfied participants and other parties claiming that we failed to deter inappropriate or illegal conduct.

Our compliance and risk management methods might not be effective and may result in outcomes that could adversely affect our financial condition and operating results.

Our ability to comply with applicable laws and rules is largely dependent on our establishment and maintenance of compliance, audit and reporting systems, as well as our ability to attract and retain qualified compliance and other risk management personnel. Our policies and procedures to identify, monitor and manage our risks may not be fully effective. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. We cannot assure you that our policies and procedures will always be effective or that we will always be successful in monitoring or evaluating the risks to which we are or may be exposed.

Risks Relating to Our Common Stock

The market price of our common stock may fluctuate significantly, and it may trade at prices below the offering price.

The market price of our common stock has, and may continue, to fluctuate significantly from time to time as a result of many factors, including:

- investors perceptions of our prospects;

investors perceptions of the prospects of the commodities markets and more broadly, the energy markets;

differences between our actual financial and operating results and those expected by investors and analysts;

changes in analysts recommendations or projections;

fluctuations in quarterly operating results;

announcements by us or our competitors of significant business initiatives, acquisitions, strategic partnerships or divestitures;

changes or trends in our industry, including trading volumes, competitive or regulatory changes or changes in the commodities markets;

changes in valuations for exchanges and other trading facilities in general;

adverse resolution of new or pending litigation against us;

additions or departures of key personnel;

the impact, or perceived impact, of additional shares of common stock becoming freely tradeable;

changes in general economic conditions; and

broad market fluctuations.

In particular, announcements of potentially adverse developments, such as proposed regulatory changes, new government investigations or the commencement or threat of litigation against us or our major participants, as well as announced changes in our business plans or those of our competitors, could adversely affect the trading price of our stock, regardless of the likely outcome of those developments. Broad market and industry factors may adversely affect the market price of our common stock, regardless of our actual operating performance.

Through their affiliates, the lead underwriters for this offering are also selling shareholders, and therefore have interests in this offering beyond customary underwriting discounts and commissions.

The lead underwriters for this offering, Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated, are affiliates of The Goldman Sachs Group, Inc. and Morgan Stanley Capital Group Inc., respectively, each of which is participating as a selling shareholder in this offering. In addition, SG Americas Securities, LLC, an underwriter for this offering, is an affiliate of Société Générale Financial Corporation, which is participating as a selling shareholder in this offering. We expect that The Goldman Sachs Group, Inc. will sell 1,759,925 shares, representing a 3.1% interest in us, Morgan Stanley Capital Group Inc. will sell 1,766,469 shares, representing a 3.1% interest in us, and Société Générale Financial Corporation will sell 785,829 shares, representing a 1.4% interest in us. There may be a conflict of interest between their interests as selling shareholders (*i.e.*, to maximize the value of their investment) and their interests and obligations as underwriters (*i.e.*, negotiating underwriting fees, recommending the public offering price and conducting due diligence). As affiliates of participants in this offering that are seeking to further reduce their ownership interest in our company and to realize a portion of the value of their investment in us, the lead underwriters have interests beyond customary underwriting discounts and commissions.

Future sales of our shares could adversely affect the market price of our common stock.

If our existing shareholders sell substantial amounts of our common stock in the public market or if we issue a large number of shares of our common stock in connection with future acquisitions, the market price of our common stock could decline significantly. Also, the perception that such sales of a large number of shares of our common stock could occur may cause our stock price to decline. Sales by our existing shareholders might also make it more difficult for us to raise equity capital by selling common stock at a time and price that we deem appropriate.

Based on shares outstanding as of March 31, 2006, we have approximately 55.6 million shares of common stock outstanding. Of these outstanding shares, approximately 35.0 million shares are restricted securities as defined in Rule 144 under the Securities Act of 1933 and may be sold by the holders into the public market from time to time in accordance with Rule 144. Substantially all of these restricted shares are eligible for sale under Rule 144(k) and will be eligible for sale under Rule 144 following expiration of the lockup agreements to the extent applicable, as discussed below.

We and the holders of approximately 42.2% of our shares outstanding following the completion of this offering including our directors and officers have agreed to a 90-day lockup, meaning that, for a period of 90 days following the date of this prospectus, we and they will not sell shares of our common stock. However, this lockup is subject to several exceptions, and the lead underwriters in their sole discretion may release any of the securities subject to the lockup, at any time without notice. For a discussion of shares eligible for future sale and the terms of the lockup agreements, see Shares Eligible for Future Sale.

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We have granted Continental Power Exchange, Inc. and other designated shareholders, including Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated, the right to require us to register their shares of our common stock that they received upon conversion of their Class A2 shares, which represents approximately 17.1 million shares of common stock. Accordingly, the number of shares subject to registration rights is substantial and the sale of these shares may have a negative impact on the market price for our common stock.

Delaware law and some provisions of our organizational documents and employment agreements make a takeover of our company more difficult.

Provisions of our charter and bylaws may have the effect of delaying, deferring or preventing a change in control of our company. A change of control could be proposed in the form of a tender offer or takeover proposal that might result in a premium over the market price for our common stock. In addition, these provisions could make it more difficult to bring about a change in the composition of our board of directors, which could result in entrenchment of current management. For example, our charter and bylaws:

- require that the number of directors be determined, and any vacancy or new board seat be filled, only by the board;
- not permit shareholders to act by written consent, other than for certain class votes by holders of the Class A common stock;
- not permit shareholders to call a special meeting unless at least a majority of the shareholders join in the request to call such a meeting;
- allow a meeting of shareholders to be adjourned or postponed without the vote of shareholders;
- permit the bylaws to be amended by a majority of the board without shareholder approval, and require that a bylaw amendment proposed by shareholders be approved by 662/3% of all outstanding shares;
- require that notice of shareholder proposals be submitted between 90 and 120 days prior to the scheduled meeting; and
- authorize the issuance of undesignated preferred stock, or blank check preferred stock, by our board of directors without shareholder approval.

In addition, Section 203 of the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock. Delaware law prohibits a publicly held corporation from engaging in a business combination with an interested shareholder for three years after the shareholder becomes an interested shareholder, unless the corporation s board of directors and shareholders approve the business combination in a prescribed manner or the interested shareholder has acquired a designated percentage of our voting stock at the time it becomes an interested shareholder.

Our employment agreements with our executive officers also contain change in control provisions. Under the terms of these employment agreements, all of the stock options granted to these officers after entering into the agreement will fully vest and become immediately exercisable if such officer s employment is terminated following, or as a result of, a change in control of our company. In addition, the executive officer is entitled to receive a significant cash payment.

These and other provisions of our organizational documents, employment agreements and Delaware law may have the effect of delaying, deferring or preventing changes of control or changes in management of our company, even if such transactions or changes would have significant benefits for our shareholders. As a result, these provisions could limit the price some investors might be willing to pay in the future for shares of our common stock.

We do not expect to pay any dividends for the foreseeable future.

We do not anticipate paying any dividends to our shareholders for the foreseeable future. Accordingly, investors must be prepared to rely on sales of their common stock after price appreciation to earn an investment return, which may never occur. Investors seeking cash dividends should not purchase our common stock. Any determination to pay dividends in the future will be made at the discretion of our board of directors and will depend upon our results of operations, financial conditions, contractual restrictions, restrictions imposed by applicable law or the Securities and Exchange Commission and other factors our board deems relevant.

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FORWARD-LOOKING STATEMENTS

This prospectus, including the sections entitled Prospectus Summary , Risk Factors , Management s Discussion and Analysis of Financial Condition and Results of Operations and Business contains forward-looking statements that are based on our present beliefs and assumptions and on information currently available to us. You can identify forward-looking statements by terminology such as may, will, should, could, would, targets, goal, expect anticipate, believe, estimate, predict, potential, continue, or the negative of these terms or other comparable terminology. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. These risks and other factors include those listed under Risk Factors and elsewhere in this prospectus and other filings with the SEC. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We caution you not to place undue reliance on these forward-looking statements. Forward-looking statements and other factors that may affect our performance include, but are not limited to:

- our expectations regarding our revenues for the three months ended June 30, 2006;
- our expectations regarding the business environment in which we operate and trends in our industry, including increasing competition, including possible new entrants into our markets;
- our ability to keep pace with rapid technological developments;
- our plans not to adjust commission rates and our belief that we will attract trading without entering into order flow agreements;
- the accuracy of our expectations of various costs;
- the benefits that we anticipate will result from the closure of our open-outcry trading floor;
- our belief that cash flows will be sufficient to fund our working capital needs and capital expenditures, at least through the end of 2007;
- our ability to, on a timely and cost-effective basis, increase the connectivity to our marketplace, expand our market data business, develop new products and services, and pursue select strategic acquisitions and alliances, all on timely, cost-effective basis;
- our ability to maintain existing market participants and attract new ones;
- our ability to protect our intellectual property rights, including the costs associated with such protection, and our ability to operate our business without violating the intellectual property rights of others;
- our expectation that our selling, general and administrative expenses will increase in future periods;
- the impact of any changes in domestic and foreign regulations or government policy, including any changes or reviews of previously issued regulations and policies;

- potential adverse litigation results;
- our belief that our electronic trade confirmation service could attract new market participants; and
- our belief in our electronic platform and disaster recovery system technologies, as well as our ability to gain access on a timely basis to comparable products and services if our key technology contracts were terminated.

Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of an unanticipated event. New factors emerge from time to time, and it is not possible for management to predict all factors that may affect our business and prospects. Further, management cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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USE OF PROCEEDS

We will not receive any of the proceeds from the sale of shares of our common stock by the selling shareholders, including any proceeds from the selling shareholders sale of additional shares upon exercise of the underwriters option to purchase additional shares.

Based upon our sale of 25,000 shares of common stock at a public offering price of $56.00 per share, we expect to receive net proceeds from our sale of shares in this offering of $356,000 after deducting the estimated underwriting discount and offering expenses, which are payable by us. The proceeds we receive in this offering from our sale of shares of common stock will be used to pay our costs and expenses of approximately $990,000 associated with this offering.

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business.

PRICE RANGE OF OUR COMMON STOCK

Our common stock has been traded on the New York Stock Exchange under the symbol ICE since November 16, 2005. Prior to that time there was no public market for our common stock. As of July 14, 2006, there were 95 record holders of our common stock, four holders of record of our Class A common stock, Series 2 and no holders of record of our Class A common stock, Series 1. No dividends have ever been paid on our common stock. See Dividend Policy. On July 17, 2006, our common stock traded at a high of $59.61 and a low of $56.63. The following table sets forth, for the periods indicated, the high and low sales prices for our common stock, as reported on the New York Stock Exchange.

	Price	
	High	**Low**
2005		
Fourth Quarter(1)	$ 44.21	$ 31.27
2006		
First Quarter	73.59	36.00
Second Quarter	82.40	45.27
Third Quarter (through July 17, 2006)	61.65	51.77

(1) Fourth quarter figures are given for the period from November 16, 2005 (the date on which our common stock commenced trading on the New York Stock Exchange) to December 31, 2005.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents, restricted cash, short-term investments and capitalization as of March 31, 2006 on an actual basis based upon our present capitalization and on a pro forma as adjusted basis to reflect the sale of 25,000 shares of our common stock offered by us in this offering at a public offering price of $56.00 per share, after deducting the estimated underwriting discounts and commissions and our estimated offering expenses payable by us.

The outstanding share information excludes:

4,594,392 shares of our common stock issuable upon the exercise of stock options outstanding under our 2000 Stock Option Plan, 1,446,674 shares issuable pursuant to outstanding awards under our 2004 Restricted Stock Plan, 150,184 shares issuable pursuant to outstanding awards under our 2005 Equity Incentive Plan and 24,865 shares issuable pursuant to outstanding awards under our 2003 Restricted Stock Deferral Plan for Outside Directors, in all cases, as of March 31, 2006; and

402,424 shares of our common stock available for future issuance under our 2000 Stock Option Plan, 1,974,816 shares available for future issuance under our 2005 Equity Incentive Plan, 225,135 shares available for future issuance under our 2003 Restricted Stock Deferral Plan for Outside Directors and 28,326 shares available for future issuance under our 2004 Restricted Stock Plan, in all cases, as of March 31, 2006.

This table should be read in conjunction with Selected Consolidated Financial Data , Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of March 31, 2006	
	Actual	As Adjusted for This Offering
	(In thousands)	
Cash and cash equivalents	$ 8,198	$ 8,554
Restricted cash(1)	$ 12,942	$ 12,942
Short-term investments(2)	$ 133,893	$ 133,893
Shareholders equity:		
Preferred Stock, $0.01 par value per share, 25,000,000 shares authorized and no shares issued or outstanding, actual and as adjusted for this offering	$	$
Common Stock, $0.01 par value per share, 194,275,000 shares authorized; 20,566,678 shares issued and outstanding, actual; 28,566,678 shares issued and outstanding, as adjusted for this offering(3)	206	286
Class A common stock, Series 1, $0.01 par value per share, 5,725,000 shares authorized; 695,895 shares issued and outstanding, actual and as adjusted for this offering(3)	7	7

Class A common stock, Series 2, $0.01 par value per share, 75,000,000 shares authorized; 35,860,290 shares issued and 34,301,123 shares outstanding, actual; 27,885,290 shares issued and 26,326,123 shares outstanding, as adjusted for this offering(3)	359	279
Treasury stock, at cost	(7,312)	(7,312)
Additional paid-in capital	175,623	175,979
Retained earnings	67,575	67,575
Accumulated other comprehensive income	20,203	20,203
Total shareholders equity	256,661	257,017
Total capitalization	$ 256,661	$ 257,017

(1) We classify all cash and cash equivalents that are not available for general use either due to Financial Services Authority requirements or through restrictions in specific agreements as restricted cash. See note 3 to our consolidated financial statements that are included elsewhere in this prospectus.

(2) An additional $8.6 million is classified as long-term investments. See note 4 to our consolidated financial statements that are included elsewhere in this prospectus.

(3) Pursuant to our charter and resolutions adopted by our board of directors, our Class A1 shares became convertible into shares of new common stock on February 19, 2006 (with certain exceptions) and shares of our Class A2 shares became convertible into shares of new common stock on May 20, 2006. After giving effect to the conversion of all shares of Class A common stock for which conversion has been elected by our holders, 55,585,485 shares of common stock, no Class A1 shares and 3,211 Class A2 shares are issued and outstanding, as adjusted for this offering.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present our selected consolidated financial data as of and for the dates and periods indicated. We derived the selected consolidated financial data set forth below for the three months ended March 31, 2006 and 2005 and as of March 31, 2006 from our unaudited consolidated financial statements that are included elsewhere in this prospectus. We derived the selected consolidated financial data set forth below for the years ended December 31, 2005, 2004 and 2003 and as of December 31, 2005 and 2004 from our consolidated financial statements, which have been audited by Ernst & Young LLP, independent registered public accounting firm, and are included elsewhere in this prospectus. We derived the selected consolidated financial data set forth below for the years ended December 31, 2002 and 2001 and as of December 31, 2003, 2002 and 2001 from our audited consolidated financial statements, which have been audited by Ernst & Young LLP, and are not included in this prospectus. We converted from a limited liability company to a corporation on June 15, 2001.

The selected consolidated financial data presented below is not indicative of our future results for any period. In management s opinion, the unaudited information has been prepared on substantially the same basis as the consolidated financial statements appearing elsewhere in this prospectus and includes all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the unaudited consolidated data. The selected consolidated financial data set forth below should be read in conjunction with our consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
	(In thousands, except for share and per share data)						
Consolidated Statement of Income/(Loss) Data							
Revenues(1):							
Transaction fees, net(2)	$ 43,235	$ 27,085	$ 136,976	$ 90,906	$ 81,434	$ 118,794	$ 63,526
Market data fees	6,022	3,482	14,642	12,290	9,624	5,237	2,589
Other	1,025	1,261	4,247	5,218	2,688	1,459	748
Total revenues	50,282	31,828	155,865	108,414	93,746	125,490	66,863
Operating expenses:							
Compensation and benefits	10,617	7,886	35,753	30,074	26,236	27,906	15,970
Professional services	2,690	3,200	10,124	12,312	13,066	14,344	7,340
Selling, general and administrative	6,134	4,376	18,886	16,610	16,185	17,919	9,571
Floor closure costs(3)			4,814				
Settlement expense(4)			15,000				
Depreciation and amortization	3,188	3,958	15,083	17,024	19,341	14,368	7,052

Total operating expenses	22,629	19,420	99,660	76,020	74,828	74,537	39,933
Operating income	27,653	12,408	56,205	32,394	18,918	50,953	26,930
Other income (expense), net	1,108	992	3,790	1,328	948	1,492	(385)
Income before income taxes	28,761	13,400	59,995	33,722	19,866	52,445	26,545
Income tax expense	9,097	4,530	19,585	11,773	6,489	17,739	10,748
Net income(5)	$ 19,664	$ 8,870	$ 40,410	$ 21,949	$ 13,377	$ 34,706	$ 15,797

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	Three Months Ended March 31,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
	(In thousands, except for share and per share data)						
edemption djustments to edeemable tock put(6)			(61,319)		8,378	(10,730)	(6,144)
eduction for ccretion of lass B edeemable ommon tock(7)					(1,768)	(3,656)	(1,876)
et income loss) available o common hareholders	$ 19,664	$ 8,870	$ (20,909)	$ 21,949	$ 19,987	$ 20,320	$ 7,777
arnings (loss) er common hare(8):							
asic	$ 0.35	$ 0.17	$ (0.39)	$ 0.42	$ 0.37	$ 0.37	$ 0.26
iluted	$ 0.33	$ 0.17	$ (0.39)	$ 0.41	$ 0.37	$ 0.37	$ 0.26
eighted verage ommon shares utstanding(8):							
asic	55,532,693	52,866,295	53,217,874	52,865,108	54,328,966	54,392,602	29,778,672
iluted	58,972,248	53,063,138	53,217,874	53,062,078	54,639,708	54,850,095	29,873,789

(1) Includes revenues from related parties generated in the ordinary course of our business. For a presentation and discussion of our revenues attributable to related parties for the three months ended March 31, 2006 and 2005 and for the years ended December 31, 2005, 2004 and 2003, see our consolidated statements of income and note 13 to our consolidated financial statements that are included elsewhere in this prospectus.

(2) Our transaction fees are presented net of rebates. For a discussion of these rebates, see Management s Discussion and Analysis of Financial Condition and Results of Operations Sources of Revenues Transaction Fees.

(3) In April 2005, we closed our open-outcry trading floor in London to take advantage of increasing acceptance and adoption of electronic trading, and to maintain and enhance our competitive position. Costs associated with the

floor closure were $4.8 million and are classified as Floor closure costs in the accompanying consolidated statement of income for the year ended December 31, 2005. Floor closure costs include lease terminations for the building where the floor was located, payments made to 18 employees who were terminated as a result of the closure, contract terminations, legal costs, asset impairment and other associated costs. No floor closure costs were incurred in prior periods and no additional closure costs are expected to be incurred. See note 18 to our consolidated financial statements that are included elsewhere in this prospectus.

(4) In September 2005, we settled the legal action brought by EBS related to alleged patent infringement. Under the settlement agreement, we made a payment to EBS of $15.0 million, and were released from the legal claims brought against us without admitting liability. The payment was recorded as Settlement expense in the accompanying consolidated statement of income for the year ended December 31, 2005. See note 17 to our consolidated financial statements that are included elsewhere in this prospectus.

(5) The financial results for the year ended December 31, 2005 include $4.8 million in expenses incurred relating to the closure of our open-outcry trading floor in London and a $15.0 million settlement expense related to the payment made to EBS to settle litigation. Excluding these charges, net of taxes, our consolidated net income for the year ended December 31, 2005 would have been $53.1 million. See Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures.

(6) In connection with our formation, we granted a put option to Continental Power Exchange, Inc., an entity controlled by our chairman and chief executive officer, Jeffrey C. Sprecher. The put option would have required us under certain circumstances to purchase Continental Power Exchange, Inc. s equity interest in our business at a purchase price equal to the greater of the fair market value of the equity interest or $5 million. We initially recorded the redeemable stock put at the minimum $5 million redemption threshold. We adjusted the redeemable stock put to its redemption amount at each subsequent balance sheet date. Adjustments to the redemption amount were recorded to retained earnings or, in the absence of positive retained earnings,

additional paid-in capital. In October 2005, we entered into an agreement with Continental Power Exchange, Inc. to terminate the redeemable stock put upon the closing of our initial public offering of common stock in November 2005. We increased the redeemable stock put by $61.3 million during the year ended December 31, 2005 to reflect an increase in the estimated fair value of our common stock from $8.00 per share as of December 31, 2004 to $35.90 per share as of November 21, 2005, the closing date of our initial public offering of common stock and the termination date of the redeemable stock put. The balance of the redeemable stock put on November 21, 2005 was $78.9 million and was reclassified to additional paid-in capital upon its termination. See note 10 to our consolidated financial statements that are included elsewhere in this prospectus. In connection with the termination of the put option, we amended certain registration rights previously granted to Continental Power Exchange, Inc. pursuant to which we may be obligated to pay the expenses of registration, including underwriting discounts up to a maximum of $4.5 million.

(7) We redeemed all of our Class B redeemable common stock on November 23, 2004 at a price of $23.58 per share, for aggregate consideration of $67.5 million. Upon its issuance on June 18, 2001, we recorded our Class B redeemable common stock at its discounted present value of $60.2 million. We recorded charges to retained earnings for the accretion of this amount up to the $67.5 million redemption value of our Class B redeemable common stock over a two-year period ending in June 2003, which was the earliest potential redemption date.

(8) The impact of outstanding stock options is considered to be antidilutive in the calculation of diluted earnings per share when a net loss available to common shareholders is reported. Our outstanding stock options have not been included in the computation of diluted loss per share for the year ended December 31, 2005 due to the $20.9 million net loss available to common shareholders as a result of the $61.3 million charged to retained earnings related to the redeemable stock put adjustments. Therefore, our diluted loss per share is computed in the same manner as basic loss per share for the year ended December 31, 2005. If the redemption adjustments to the redeemable stock put are excluded from the calculation of earnings per share, the resulting adjusted basic earnings per share would have been $0.76 based on the $40.4 million in consolidated net income for the year ended December 31, 2005 and adjusted diluted earnings per share would have been $0.74. The adjusted diluted earnings per share would have been based on 54.4 million in adjusted diluted weighted average common shares outstanding, which includes 1.2 million stock options and restricted stock having a dilutive effect for the year ended December 31, 2005. The adjusted basic and diluted earnings per share for the year ended December 31, 2005, excluding the redeemable stock put adjustments, the $4.8 million floor closure costs and the $15.0 million settlement expenses, would have been $1.00 and $0.98, respectively. See Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures.

	As of March 31, 2006	As of December 31, 2005	2004	2003	2002	2001
			(In thousands)			
Consolidated Balance Sheet Data						
Cash and cash equivalents(1)(2)	$ 8,198	$ 20,002	$ 61,199	$ 44,913	$ 33,627	$ 25,610
Restricted cash and restricted short-term investments(1)(3)	12,942	12,578	18,421	36,797	8,876	8,157
Short-term investments(2)	133,893	111,181	5,700	12,000	4,000	
Total current assets	181,935	164,015	100,042	105,893	60,841	46,814
Property and equipment, net	21,556	20,348	19,364	25,625	32,843	18,567
Long-term investments(4)	8,618	2,296				

Goodwill and other intangible assets, net	76,654	76,054	86,075	81,448	73,950	67,727
Total assets	291,696	265,770	207,518	214,879	170,053	134,957
Total current liabilities	28,249	26,394	34,440	17,917	17,603	30,023
Revolving credit facility current and long-term(1)(2)			25,000			
Related-party notes payable						16,201
Obligations under capital leases current and long-term			482	2,130	2,656	1,306
Class B redeemable common stock(1)				67,500	65,732	62,076
Redeemable stock put(5)			17,582	17,582	25,960	15,230
Shareholders equity(3)(5)	256,661	232,623	132,149	101,194	50,021	19,540

(1) The redemption of the Class B redeemable common stock occurred in November 2004 and resulted in an $18.5 million reduction in cash and cash equivalents, a $24.0 million reduction in restricted short-term investments, a $25.0 million increase in current and long-term debt and a corresponding $67.5 million reduction in Class B redeemable common stock.

(2) We received net proceeds from our initial public offering of our common stock in November 2005 of $60.8 million, after deducting the underwriting discount. We used a portion of these net proceeds to repay all outstanding borrowings under our $25.0 million revolving credit facility. We also invested a portion of our cash in excess of short-term operating needs in investment-grade marketable debt securities and municipal bonds.

(3) We adopted FASB Interpretation No. 46, Consolidation of Variable Interest Entities , during 2003, which resulted in the consolidation of a variable interest entity and an increase in restricted short-term investments and a corresponding increase in additional paid-in capital of $24.0 million. See note 9 to our consolidated financial statements that are included elsewhere in this prospectus.

(4) Represents available-for-sale investments that we intend to hold for more than one year pursuant to our cash investment policy. See note 4 to our consolidated financial statements that are included elsewhere in this prospectus.

(5) In October 2005, we entered into an agreement with Continental Power Exchange, Inc. to cancel the redeemable stock put upon the closing of the initial public offering of our common stock in November 2005. See note 10 to our consolidated financial statements that are included elsewhere in this prospectus.

	Three Months Ended March 31,		**Year Ended December 31,**				
	2006	**2005**	**2005**	**2004**	**2003**	**2002**	**2001(1)**
	(In thousands, except for percentages)						
Operating Data:							
Our Market Share of Selected Key Products:							
Total crude oil futures contracts traded globally(2)	29,514	20,384	91,049	78,477	69,450	67,173	55,926
Our ICE Brent Crude oil futures contracts traded	10,174	6,162	30,412	25,458	24,013	21,493	18,395
Our ICE WTI Crude oil futures contracts traded	2,316						
Our crude oil futures market share(2)	42.3%	30.2%	33.4%	32.4%	34.6%	32.0%	32.9%
Total cleared OTC Henry Hub natural gas contracts traded	17,434	8,847	53,166	21,241	6,869	1,170	

on us and NYMEX-ClearPort							
Our cleared OTC Henry Hub natural gas contracts traded	13,851	6,832	42,760	15,887	4,512	792	
Our market share cleared OTC Henry Hub natural gas vs. NYMEX-ClearPort(3)	79.4%	77.2%	80.4%	74.8%	65.7%	67.7%	%
Total cleared OTC PJM financial power contracts traded on us and NYMEX-ClearPort	522	352	1,886	748	149		
Our cleared OTC PJM financial power contracts traded	444	240	1,234	513	6		
Our market share cleared OTC PJM financial power vs. NYMEX-ClearPort(4)	85.1%	68.1%	65.4%	68.7%	4.0%	%	%

	Three Months Ended March 31,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001(1)
	(In thousands, except for percentages)						
Our Average Daily Trading Fee Revenues(5):							
Our futures business average daily exchange fee revenues	$ 296	$ 198	$ 226	$ 179	$ 158	$ 125	$ 92
Our bilateral OTC business average daily commission fee revenues	87	78	79	80	112	330	194
Our cleared OTC business average daily commission fee revenues	294	162	233	94	24	5	
Our OTC business average daily commission fee revenues	381	240	312	174	136	335	194
Our total average daily exchange fee and commission fee revenues	$ 677	$ 438	$ 538	$ 353	$ 294	$ 460	$ 286
Our Trading Volume(6):							
Futures volume	16,659	8,739	42,055	35,541	33,341	30,441	26,423
Futures average daily volume	260	143	166	140	132	121	104
OTC volume	19,970	10,859	61,999	30,961	24,260	43,982	24,875
OTC average daily volume	322	178	247	123	97	175	99

(1) Information for 2001 for our futures business reflects trading activity for the entire year, including trading activity that occurred prior to our acquisition in June 2001 of ICE Futures (formerly known as the International Petroleum Exchange).

(2) Total crude oil futures contracts traded globally and our resulting crude oil futures market share is calculated based on the number of ICE Brent Crude futures contracts traded and ICE WTI Crude futures contracts traded as compared to the total number of ICE Brent Crude futures contracts, ICE WTI Crude futures contracts traded and NYMEX Light Sweet Crude and London Brent Crude futures contracts traded.

(3) Our cleared OTC Henry Hub market share versus NYMEX-ClearPort is calculated based on the number of ICE cleared Henry Hub natural gas contracts traded as a percentage of the total ICE cleared Henry Hub natural gas contracts and NYMEX-ClearPort Henry Hub natural gas futures contracts traded.

(4) Our cleared OTC PJM financial power market share versus NYMEX-ClearPort is calculated based on the number of ICE cleared PJM financial power contracts traded as a percentage of the total ICE cleared PJM financial power contracts and NYMEX-ClearPort cleared PJM financial power contracts traded. PJM refers to the Pennsylvania, New Jersey and Maryland power trading hub. The NYMEX-ClearPort cleared PJM financial power contract was launched in April 2003 and our PJM financial power contract was launched in November 2003. Data regarding the volumes of NYMEX-ClearPort cleared PJM financial power contracts traded is derived from the Futures Industry Association.

(5) Represents the total commission fee and exchange fee revenues for the period divided by the number of trading days during the period.

(6) Volume is calculated based on the number of contracts traded in our markets, which is the number of round turn trades. Each round turn trade represents a matched buy and sell order of one contract. Average daily volume represents the total volume, in contracts, for the period divided by the number of trading days during that period.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including those set forth under the heading Risk Factors and elsewhere in this prospectus. The following discussion is qualified in its entirety by, and should be read in conjunction with, the more detailed information contained in our Selected Consolidated Financial Data and our consolidated financial statements and related notes included elsewhere in this prospectus.

Overview

We operate the leading electronic global futures and over-the-counter, or OTC, marketplace for trade execution in a broad array of energy products. Currently, we are the only marketplace to offer an integrated electronic platform for trading energy products in both futures and OTC markets. Through our widely-distributed electronic trading platform, our marketplace brings together buyers and sellers of derivative and physical energy commodities contracts. We operate our business in, and report our financial results based on, three distinct markets: futures markets, OTC markets and market data markets. Futures markets offer trading in standardized derivative contracts on a regulated exchange and OTC markets offer trading in over-the-counter, or off-exchange, derivative contracts, including contracts that provide for the physical delivery of an underlying commodity or for financial settlement based on the price of an underlying commodity. Through our market data segment, we offer a variety of market data services and products for both futures and OTC market participants and observers. During the three months ended March 31, 2006, 16.7 million contracts were traded in our futures markets and 20.0 million contracts were traded in our OTC markets, up 90.6% from 8.7 million futures contracts traded during the three months ended March 31, 2005 and up 83.9% from 10.9 million OTC contracts traded during the three months ended March 31, 2005. During the year ended December 31, 2005, 42.1 million contracts were traded in our futures markets and 62.0 million contracts were traded in our OTC markets, up 18.3% from 35.5 million futures contracts traded during the year ended December 31, 2004 and up 100.2% from 31.0 million OTC contracts traded during the year ended December 31, 2004.

Our futures business segment consists primarily of trade execution in futures contracts and options on futures contracts, which we conduct through our subsidiary, ICE Futures. Historically, we offered futures trading both on our electronic platform and on our open-outcry trading floor. We closed our open-outcry trading floor in London on April 7, 2005 and all of our futures trading is now conducted exclusively in our electronic markets. This decision allowed us to maintain and enhance our competitive position in our futures markets, and to take advantage of the increasing demand for electronically traded markets. Our OTC business segment consists of trade execution in OTC energy contracts conducted exclusively on our electronic platform and the provision of trading-related services, including OTC electronic trade confirmation and OTC risk management functionality. Our market data business segment, which we conduct through our subsidiary, ICE Data, consists of the distribution of electronically generated, verifiable energy market data primarily derived from actual trades executed in our marketplace.

On a consolidated basis, we generated $50.3 million in revenues for the three months ended March 31, 2006, a 58.0% increase compared to $31.8 million for the three months ended March 31, 2005. On a consolidated basis, we generated $19.7 million in net income for the three months ended March 31, 2006, a 121.7% increase compared to $8.9 million during the three months ended March 31, 2005. On a consolidated basis, we generated $155.9 million in revenues for the year ended December 31, 2005, a 43.8% increase compared to $108.4 million for the year ended December 31, 2004. On a consolidated basis, we generated $40.4 million in net income for the year ended December 31, 2005, a 84.1% increase compared to $21.9 million for the year ended December 31, 2004. The financial results for the year ended December 31, 2005 include $4.8 million in expenses incurred relating to the closure of our open-outcry trading floor in London and a $15.0 million settlement expense related to the payment to EBS to settle litigation.

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Our Business Environment

Trading activity in global derivatives markets has risen in the past decade as the number of available trading products and venues has increased. This, in turn, has enabled a growing number and range of market participants to access these markets. As energy markets began to deregulate in the early 1990 s, new derivative products were developed to satisfy the increasing demand for energy risk management tools and investment strategies. The range of derivative energy products has expanded to include instruments such as futures, forwards, swaps, differentials, spreads and options. Volume growth in both our futures markets and our OTC markets has been driven by steadily increasing demand for these contracts and our ability to provide liquidity in the markets for these products.

Our business is primarily transaction-based, and our revenues and profitability relate directly to the level of trading activity in our markets. Trading volumes are driven by a number of factors, including the degree of volatility in commodities prices. Higher price volatility increases the need to hedge contractual price risk and creates opportunities for arbitrage or speculative trading. While higher energy prices do not have a direct correlation to our trading volumes, changes in the absolute price level of energy commodities, such as those experienced in recent years in crude oil, can have a significant impact on our trading volumes. Changes in our futures trading volumes and OTC average daily commissions have also been driven by varying levels of liquidity both in our markets and in the broader markets for energy commodities trading, which influence trading volumes across all of the markets we operate. For example, the use of clearing in the OTC markets has served to increase participation in the OTC markets by non-traditional participants. This in turn has increased liquidity in formerly illiquid contracts and resulted in increased trading activity, particularly in North American natural gas and power markets. Our trading volumes in our futures business segment were also favorably impacted by our transition to electronic trading in April 2005 when the distribution of our futures markets was significantly expanded through increased use of screen-based trading.

Commodity futures markets are highly regulated and offer trading of standardized contracts. The futures markets are more structured and mature than the institutional markets for OTC energy trading. In our futures business segment, rising demand for, among other things, increased price discovery and risk management tools in the energy sector has driven annual record trading volumes for eight consecutive years at ICE Futures and its predecessor company.

Unlike the futures markets, the OTC markets generally involve limited regulation and offer customization of contract terms by counterparties. While the OTC markets have matured considerably in recent years, contracts traded in the OTC markets are generally less standardized than the futures markets. These markets have been characterized by less transparency and fragmentation of liquidity. However, we have introduced a number of structural changes to our OTC markets to increase both transparency and liquidity, including the availability of electronic trading, the introduction of cleared OTC contracts and the use of transaction-based indices.

We introduced the industry s first cleared OTC energy contracts in North America in March 2002 in the natural gas market. The use of OTC clearing serves to reduce the credit risk associated with bilateral OTC trading by interposing an independent clearinghouse as a counterparty to trades in these contracts. The use of a central clearinghouse rather than the reliance on bilateral trading agreements resulted in more participants becoming active in the OTC markets. Clearing through a central clearinghouse typically offers market participants the ability to reduce the amount of capital required to trade as well as the ability to cross-margin positions in various commodities. Cross-margining means that a participant is able to have offsetting positions taken into account in determining its margin requirements, which could reduce the amount of margin the participant must deposit with the futures commission merchant through which it clears. As a result of the introduction of OTC clearing, the addition of new participants and an improved credit environment in the markets for energy commodities trading, our OTC markets have experienced steady growth, increase price transparency and increased institutionalization.

We believe that the move toward electronic trade execution, together with the improved accessibility for new market participants and the increased adoption of energy commodities as a tradable, investable asset class, will support continued secular growth in the global energy markets. As participation continues to increase and as participants continue to employ more sophisticated financial instruments and risk management strategies to manage their energy price exposure, we believe there remains considerable opportunity for further growth in energy derivatives trading on a global basis.

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Variability in Quarterly Comparisons

In addition to general conditions in the financial markets and in the energy markets in particular, energy trading has historically been subject to variability in trading volumes due primarily to five key factors. These factors include:

Geopolitical Events: Geopolitical events tend to impact global oil prices and may impact global oil supply. Because crude oil prices often move in conjunction with changes in the perception of geopolitical risk, these events in the past have impacted trading activities in our markets due to the increased need for risk management in times of uncertainty.

Weather: Weather events have been an important factor in energy price volatility and the supply and demand of energy commodities and, therefore, the trading activities of market participants. Unexpected or extreme weather conditions, such as low temperatures or hurricanes, and other events that cause demand increases, supply disruptions or unexpected volatility tend to result in business disruptions and expanded hedging and trading activity in our markets.

Real and Perceived Supply and Demand Imbalances: Government agencies, such as the Energy Information Administration, regularly track energy supply data. Reporting on supply or production may impact trading volumes due to real or perceived supply and demand imbalances.

Number of Trading days: The variability in the number of business days in each quarter affects our revenues, and will affect quarter-to-quarter revenue comparisons, since trading generally only takes place on business days.

Seasonality: Participants engaged in oil, natural gas and power businesses tend to experience moderate seasonal fluctuations in demand, although such seasonal impacts have been negated in periods of high volume trading.

These and other factors could cause our revenues to fluctuate from quarter to quarter. These fluctuations may affect the reliability of quarter to quarter comparisons of our revenues and operating results when, for example, these comparisons are between quarters in different seasons. Inter-seasonal comparisons will not necessarily be indicative of our results for future periods.

Products

We offer products and services to serve the front-, middle- and back-offices of our participants and are well positioned in the energy trading market and risk management operations. For traders, we offer a range of commodity contracts in both our futures and OTC marketplace on a common electronic platform. We offer an electronic trade confirmation system for back-office professionals as well as a range of market data services.

In our futures markets, we offer trading in the ICE Brent Crude and ICE West Texas Intermediate, or WTI, Crude futures contracts. Brent crude is a light, sweet grade of crude oil that serves as the price benchmark to approximately two-thirds of the world s traded oil products. WTI crude is also a light sweet crude that serves as a global crude oil benchmark. We introduced our WTI contracts in February 2006. We continually develop and launch new products designed to meet market demand and the needs of our participants. The addition of WTI Crude futures to our suite of energy futures and options brings the world s two most significant crude oil benchmarks together on our trading platform. Also through our futures segment, we list the leading heating oil contract, known as ICE Gas Oil futures. In April 2006, we introduced two new cash-settled futures contracts, the ICE New York Harbor Unleaded Gasoline Blendstock (RBOB) futures contract and the ICE New York Harbor Heating Oil futures contract.

In our OTC markets, we offer trading in hundreds of natural gas, power and refined oil products on a bilateral basis. At the end of the first quarter of 2006, we also offered over 50 cleared OTC contracts, which account for the majority of our commission revenue. In March 2006, we began the introduction of more than 50 planned additional cleared OTC contracts. To date, we have launched over 50 of these planned cleared contracts and plan to launch additional cleared contracts in the near future.

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On April 6, 2006, the New York Mercantile Exchange, Inc., or NYMEX, and the Chicago Mercantile Exchange Inc., or CME, entered into a definitive technology services agreement. Pursuant to the agreement, NYMEX will list certain energy futures and options contracts on the CME Globex electronic trading platform. The agreement between NYMEX and CME may enhance NYMEX s ability to compete with the energy contracts traded on our electronic platform. In addition, this agreement may impact our ability to continue to increase our market share. However, we believe we are well positioned to compete with NYMEX on a number of fronts. Responding to customer demand, we introduced our successful ICE WTI Crude futures contract in February 2006, achieving record open interest and trading volumes on a weekly basis. More importantly, we enjoy liquidity in a diverse range of energy contracts across both futures and over-the-counter markets that we believe is not offered by other markets.

Technology

Our innovative Internet-accessible trading platform was designed for energy trading and risk management. Deployed on the desktops of thousands of energy market participants around the world, our electronic platform is an integral tool for energy market participants. In addition to our own front-end, participants may select from 12 independent software vendors that are linked to our trading platform. There is also a rapidly growing base of proprietary front-end development around our electronic platform to connect various dealer and prime brokerage systems as well as algorithmic trading systems. Most of our largest customers back-offices are connected to our platform for back-office purposes to realize the efficiencies of straight-through processing for both futures and OTC trades. From a connectivity perspective, customers can access our redundant data centers in the U.S. and U.K. using the Internet or any one of several private line alternatives, including routing through our recently opened telecommunications hubs in London, Chicago, Singapore, and starting in June, in New York.

We are continuously enhancing our technology to improve our speed and reliability. Since our futures business moved to the screen last April, we have experienced a ten-fold increase in message volume. In order to sustain the scalability of our platform, we have completed a number of hardware and software upgrades that have allowed us to reduce round-trip time and increase throughput. From a reliability standpoint, we also made system improvements to minimize downtime, particularly as we repeatedly expanded our platform hours to cover 23 hours per day.

We believe that our electronic platform offers the most comprehensive set of energy markets and functionality available in the industry today. The platform provides a rich set of features for trading futures and options as well as OTC swaps and physical spot and forwards on one screen. OTC trades can be executed and settled bilaterally between counterparties or cleared anonymously. Implied spreading in both futures and OTC markets improves execution, while spreadsheet capabilities embedded into the WebICE front-end allow traders to easily build and deploy simple market-making algorithms.

We believe our continued focus on distribution, performance, and functionality will enable us to maintain and enhance our technological edge in the energy marketplace.

Segment Reporting

For financial reporting purposes, our business is divided into three segments: our futures business segment, our OTC business segment and our market data business segment. For a discussion of these segments and related financial disclosure, refer to note 19 to our consolidated financial statements and related notes included elsewhere in this prospectus.

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Our Futures Business Segment

The following table presents, for the periods indicated, selected statement of income data in dollars and as a percentage of revenues for our futures business segment:

	Three Months Ended March 31,				Year Ended December 31,				
	2006	%	2005	%	2005	%	2004	%	2003
	(Dollar amounts in thousands)								
s(1):									
ion fees, net(2):									
nt Crude futures	$ 13,476	61.4%	$ 8,498	60.1%	$ 41,334	63.4%	$ 32,176	60.7%	$ 28,497
tures products and	5,483	25.0	3,560	25.2	15,856	24.3	13,324	25.2	11,463
ment fees	2,471	11.3	1,036	7.3	5,108	7.8	3,679	6.9	3,198
lata fees	37	0.2	181	1.3	389	0.6	341	0.6	183
	467	2.1	861	6.1	2,503	3.8	3,460	6.5	2,659
venues	21,934	100.0	14,136	100.0	65,190	100.0	52,980	100.0	46,000
g expenses:									
general and rative expenses(3)	5,772	26.3	6,320	44.7	22,865	35.1	23,823	45.0	22,600
ment expenses(4)	4,735	21.6	1,973	14.0	10,289	15.8	7,532	14.1	4,737
osure costs(5)					4,814	7.3			
ation and tion	525	2.4	629	4.4	2,464	3.8	2,415	4.6	2,117
erating expenses	11,032	50.3	8,922	63.1	40,432	62.0	33,770	63.7	29,454
g income	10,902	49.7	5,214	36.9	24,758	38.0	19,210	36.3	16,546
come, net	507	2.3	640	4.5	2,686	4.1	1,925	3.6	1,135
ax expense	3,993	18.2	2,049	14.5	9,606	14.7	7,397	14.0	5,616
me(5)	$ 7,416	33.8%	$ 3,805	26.9%	$ 17,838	27.4%	$ 13,738	25.9%	$ 12,065

(1) We generate revenues from related parties in the ordinary course of our business. Revenues attributable to related parties were $4.0 million and $1.9 million for the three months ended March 31, 2006 and 2005, respectively, and $11.4 million, $6.7 million and $5.5 million for the years ended December 31, 2005, 2004 and 2003, respectively. For a discussion of our related parties, see note 13 to our consolidated financial statements, which are included elsewhere in this prospectus.

(2) Our transaction fees are presented net of rebates. For a discussion of these rebates, see Sources of Revenues Transactions Fees.

(3) Includes compensation and benefits expenses and professional services expenses.

(4) Intersegment expenses represent fees paid by our futures business segment for support provided by the OTC business segment to operate the electronic trading platform used in our futures business.

(5) The financial results for the year ended December 31, 2005 include $4.8 million in expenses incurred relating to the closure of the open-outcry trading floor in London. Excluding these floor closure charges, net of taxes, our futures business net income for the year ended December 31, 2005 would have been $21.0 million. See Non-GAAP Financial Measures.

During the period following the closure of our open-outcry trading floor, aggregate trading volumes in our futures markets have increased substantially as compared to the comparable periods in the prior year. The trading volumes initially declined in April 2005 due in part to the displacement of floor-based traders following the floor closure on April 7, 2005. Many of these traders later began trading electronically along with new participants on our platform. Aggregate futures trading volumes were 16.7 million contracts for the three months ended March 31,

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2006, a 90.6% increase compared to 8.7 million contracts for the three months ended March 31, 2005. Aggregate futures trading volumes since the April 2005 electronic transition increased 25.6% compared to the same April through December period in 2004.

We achieved cost savings of approximately $1.2 million in 2005 and expect to achieve cost savings ranging from approximately $3.8 million to $4.4 million annually in 2006 and 2007 in connection with our decision to close our open-outcry trading floor. These cost savings primarily relate to reduced compensation and benefits expenses, rent and occupancy expenses and selling, general and administrative expenses. However, in 2005, any cost savings were offset by a charge of $4.8 million that we recorded in the quarter ended June 30, 2005 in connection with expenses we incurred as part of the closure of our open-outcry trading floor and full migration of futures trading to our electronic platform. These expenses primarily include lease termination costs, employee termination costs and property and equipment disposals relating to our open-outcry trading floor. Furthermore, because our electronic platform can accommodate substantially greater trading volumes, and the cost of operating our platform is largely fixed, we expect to benefit from increased operating leverage in our futures business.

Our ICE Brent Crude futures contract is a benchmark contract relied upon by a broad range of market participants, including certain large oil producing nations, to price their crude oil. During the three months ended March 31, 2006, the average daily quantity of Brent crude oil traded in our markets was 159 million barrels, with an average notional daily value of over $10.1 billion. We believe that market participants are increasingly relying on this contract for their risk management activities, as evidenced by steady increases in traded volumes over the past several years.

In our futures business segment, we earn fees from both counterparties to each futures contract or option on futures contract that is traded. In our futures business, we refer to these fees as exchange fees. We derived exchange fees of $19.0 million and $12.1 million for the three months ended March 31, 2006 and 2005, respectively, representing 37.7% and 37.9%, respectively, of our consolidated revenues, and $57.2 million, $45.5 million and $40.0 million for the years ended December 31, 2005, 2004 and 2003, respectively, representing 36.7%, 42.0% and 42.6%, respectively, of our consolidated revenues. A contract is a standardized quantity of the physical commodity underlying each futures contract.

The following table presents the underlying commodity size per futures and options contract traded in our futures markets as well as the relevant standard of measure for each contract:

Futures Contract	**Size**	**Measure**
ICE Brent Crude	1,000	Barrels
ICE WTI Crude	1,000	Barrels
ICE Gas Oil	1,000	Metric Tonnes
ICE Heating Oil	42,000	Gallons
ICE Natural Gas	1,000	Therms per day
ICE Electricity	1	Megawatt Hours
ICE Unleaded Gasoline Blendstock (RBOB)	42,000	Gallons

Options Contract	**Size**	**Measure**
ICE Brent Crude options	1	ICE Brent Crude futures contracts
ICE Gas Oil options	1	ICE Gas Oil futures contracts

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The following table presents, for the periods indicated, trading activity in our futures markets for commodity type based on the total number of contracts traded:

	Three Months Ended March 31,		Year Ended December 31,		
	2006	**2005**	**2005**	**2004**	**2003**
			(In thousands)		
Number of futures contracts traded:					
ICE Brent Crude futures	10,174	6,162	30,412	25,458	24,013
ICE Gas Oil futures	3,937	2,427	10,972	9,356	8,430
ICE WTI Crude futures(1)	2,316				
Other(2)	232	150	671	727	898
Total	16,659	8,739	42,055	35,541	33,341

(1) A fee waiver applied to trade execution for ICE WTI Crude futures contracts from the launch date of February 3, 2006 through March 31, 2006.

(2) Consists primarily of ICE Natural Gas futures, ICE Electricity futures, ICE Brent Crude options, ICE Gas Oil options and ICE ECX CFI futures contracts. The ICE ECX CFI Futures contract is the result of a cooperative relationship between ICE Futures and the Chicago Climate Exchange, Inc. and its subsidiary, the European Climate Exchange. ICE Futures shares in the revenue derived from the ICE ECX CFI futures contract.

The following chart presents the futures exchange fee revenues by contract traded in our markets for the periods presented:

Futures Transaction Fee Revenues by Commodity

(1) Presented net of $2.3 million of exchange fee rebates. For a discussion of these rebates, see Sources of Revenues Transaction Fees.

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The following table presents our average daily open interest for our futures contracts. Open interest is the number of contracts (long or short) that a member holds either for its own account or on behalf of its clients. Open interest refers to the total number of contracts that are currently open in other words, contracts that have been traded but not yet liquidated by either an offsetting trade, exercise, expiration or assignment. The level of open interest in a contract is often considered a measure of an exchange s liquidity in that contract. In general, the higher the level of open interest, the greater the extent it is being used as a hedging and risk management tool. Open interest is also a measure of the health of a market both in terms of the number of contracts which members and their clients continue to hold in the particular contract and by the number of contracts held for each contract month listed by our exchange.

	Three Months Ended March 31,		Year Ended December 31,		
	2006	**2005**	**2005**	**2004**	**2003**
	(In thousands)				
Open Interest Futures (in contracts):					
ICE Brent Crude futures	398	340	351	336	299
ICE Gas Oil futures	225	161	200	164	148
ICE WTI Crude futures	80				
Other(1)	57	34	42	35	43
Total	760	535	593	535	490

(1) Consists primarily of ICE Natural Gas futures, ICE Electricity futures, ICE Brent Crude options, ICE Gas Oil options and ICE ECX CFI futures contracts.

We charge exchange fees to ICE Futures 41 clearing members for contracts traded for their own account and for contracts traded on behalf of their customers or local traders. As ICE Futures operations are currently centered in London, we consider all revenues derived from exchange fees to be generated in the U.K.

Historically, the revenues generated in our futures business have been denominated in pounds sterling, which is the functional currency of ICE Futures and related U.K. subsidiaries. We translate these revenues and expenses into U.S. dollars using the average exchange rates for the reporting period. Gains and losses from foreign currency transactions are included in other income (expense) in our consolidated statements of income. We record any translation adjustments in accumulated other comprehensive income, a separate component of shareholders equity. Beginning on April 1, 2006, we began to charge exchange fees in U.S. dollars rather than pounds sterling in our key futures contracts, including crude oil and heating oil contracts.

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Our OTC Business Segment

The following table presents, for the periods indicated, selected statement of income (loss) data in dollars and as a percentage of revenues for our OTC business segment:

	Three Months Ended March 31,				Year Ended December 31,					
	2006	%	2005	%	2005	%	2004	%	2003	%
	(Dollar amounts in thousands)									
es(1):										
tion fees,										
merican natural	$ 18,323	57.9%	$ 10,871	59.4%	$ 59,911	62.9%	$ 29,046	49.6%	$ 16,814	
merican power	4,833	15.3	3,246	17.7	16,444	17.3	9,462	16.2	5,739	
oil	438	1.4	436	2.4	1,632	1.7	3,999	6.8	8,844	
ommodities			116	0.6	219	0.2	1,043	1.8	2,821	
nic trade ation	682	2.1	358	2.0	1,580	1.7	789	1.3	165	
ow agreements l payments							1,067	1.8	7,091	
gment fees	5,077	16.0	2,274	12.4	11,034	11.6	9,160	15.6	5,923	
data fees	1,752	5.5	615	3.3	2,649	2.8	2,258	3.9	1,699	
	558	1.8	400	2.2	1,744	1.8	1,758	3.0	29	
venues	31,663	100.0	18,316	100.0	95,213	100.0	58,582	100.0	49,125	
ng expenses:										
general and trative es(3)	13,376	42.2	8,921	48.7	40,808	42.9	34,219	58.4	32,017	
gment expenses	1,248	3.9	456	2.5	1,352	1.4	1,923	3.3	1,406	
ent expense(4)					15,000	15.8				
ation and ation	2,660	8.4	3,327	18.2	12,609	13.2	14,599	24.9	17,219	
perating s	17,284	54.6	12,704	69.4	69,769	73.3	50,741	86.6	50,642	
ng income	14,379	45.4	5,612	30.6	25,444	26.7	7,841	13.4	(1,517)	
come e), net	602	1.9	334	1.8	589	0.6	(588)	(1.0)	(180)	
tax expense	4,275	13.5	1,921	10.5	7,698	8.0	2,509	4.3	307	
ome (loss)(4)	$ 10,706	33.8%	$ 4,025	22.0%	$ 18,335	19.3%	$ 4,744	8.1%	$ (2,004)	

(1) We generate revenues from related parties in the ordinary course of our business. Revenues attributable to related parties were $1.7 million and $1.3 million for the three months ended March 31, 2006 and 2005, respectively, and $6.0 million, $6.3 million and $6.7 million for the years ended December 31, 2005, 2004 and 2003, respectively. For a discussion of our related parties, see note 13 to our consolidated financial statements, which are included elsewhere in this prospectus.

(2) Our transaction fees are presented net of rebates. For a discussion of these rebates, see Sources of Revenues Transaction Fees.

(3) Includes compensation and benefits expenses and professional services expenses.

(4) The financial results for the year ended December 31, 2005 include a $15.0 million settlement expense related to the payment made to EBS to settle litigation. Excluding this charge, net of taxes, our OTC business net income for the year ended December 31, 2005 would have been $27.9 million. See Non-GAAP Financial Measures.

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Revenues in our OTC business segment are generated primarily through commission fees earned from trades executed in our markets. We also receive fees from the provision of electronic trade confirmation services, which primarily relates to bilateral or off-exchange trades. While we charge a monthly data access fee for access to our electronic platform, we derive a substantial portion of our OTC revenues from commission fees paid by participants for each trade that they execute. Commission fees are payable by each counterparty to a trade. We do not risk our own capital by engaging in any trading activities or by extending credit to market participants. We derived commission fees for OTC trades executed on our electronic platform of $23.6 million and $14.7 million for the three months ended March 31, 2006 and 2005, respectively, or 46.9% and 46.1%, respectively, of our consolidated revenues, and $78.2 million, $43.5 million and $34.2 million for the years ended December 31, 2005, 2004 and 2003, respectively, or 50.2%, 40.2% and 36.5%, respectively, of our consolidated revenues. Our OTC commission rates vary by product and are based on the volume of the commodity underlying the contract that is traded.

In addition to our commission fees, a participant that chooses to clear a trade must pay a fee to LCH.Clearnet and another for the services of the relevant member clearing firm, or futures commission merchant. Consistent with our futures business, we derive no direct revenues from the clearing process and participants pay the clearing fees directly to LCH.Clearnet and the futures commission merchants. However, we believe that the introduction of cleared OTC contracts has attracted new participants to our platform, which has led to increased liquidity in our markets. We believe that the increase in liquidity has led to increased trading volumes in the OTC markets for North American natural gas and power. Transaction or commission fees derived from our cleared OTC contracts represent an increasing percentage of our total OTC revenues. For the three months ended March 31, 2006 and for the years ended December 31, 2005, 2004 and 2003, these cleared transaction fees represented 68.5%, 69.3%, 47.6% and 13.9% of our total OTC revenues, respectively, net of intersegment fees. We intend to continue to support the introduction of these products in response to the requirements of our participants.

The following tables present, for the periods indicated, the total volume of the underlying commodity and number of contracts traded in our OTC markets, measured in the units indicated in the footnotes:

	Three Months Ended March 31,		Year Ended December 31,		
	2006	2005	2005	2004	2003
			(In millions)		
Total Volume OTC:					
North American natural gas(1)	44,906	23,838	138,809	63,935	34,257
North American power(2)	716	417	2,140	1,153	575
Global oil(3)	269	104	981	926	1,667

	Three Months Ended March 31,		Year Ended December 31,		
	2006	2005	2005	2004	2003
			(In thousands)		
Number of OTC contracts traded(4):					
North American natural gas	17,964	9,535	55,524	25,574	13,703
North American power	1,086	613	3,145	1,683	838
Global oil	920	704	3,320	3,580	6,636

Other(5)		7	10	124	3,083
Total	19,970	10,859	61,999	30,961	24,260

(1) Measured in million British thermal units, or MMBtu.

(2) Measured in megawatt hours.

(3) Measured in equivalent barrels of oil.

(4) These OTC market volumes are converted into contracts based on the conversion ratios in the table below.

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(5) Consists of the North American weather, North American coal, European power, European gas and global precious metals commodities markets.

The following table presents the underlying commodity size for selected OTC contracts traded in our OTC markets as well as the relevant standard of measure for such contracts:

OTC Contract	Size	Measure
Financial gas	2,500	MMBtu
Physical gas	2,500	MMBtu
European gas	25,000	Therms per day
East power	800	Megawatt Hours per day
West power	400	Megawatt Hours per day
Crude oil	1,000	Barrels
Refined oil	100	Barrels
Precious metals	1,000	Ounces

The following chart presents the OTC commission fee revenues by commodity traded in our markets for the periods presented:

OTC Transaction Fee Revenues by Commodity

The following table presents our average weekly open interest for our cleared OTC contracts:

	Three Months Ended March 31,		Year Ended December 31,		
	2006	2005	2005	2004	2003
	(In thousands)				
Open Interest Cleared OTC (in contracts):					
North American gas	1,327	837	998	533	131
North American power	384	181	266	71	
Global oil	26	39	40	28	3
Total	1,737	1,057	1,304	632	134

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Our Market Data Business Segment

The following table presents, for the periods indicated, selected statement of income data in dollars and as a percentage of revenues for our market data business segment:

	Three Months Ended March 31,				Year Ended December 31,					
	2006	%	2005	%	2005	%	2004	%	2003	%
	(Dollar amounts in thousands)									
nues(1):										
et data fees	$ 4,233	77.5%	$ 2,686	86.2%	$ 11,604	86.2%	$ 9,691	86.2%	$ 7,742	84
egment fees	1,227	22.5	430	13.8	1,864	13.8	1,546	13.8	1,429	1
revenues	5,460	100.0	3,116	100.0	13,468	100.0	11,237	100.0	9,171	10
ting expenses:										
g, general and nistrative ses(2)	293	5.4	221	7.1	1,090	8.0	954	8.5	870	9
egment expenses	2,792	51.1	1,311	42.1	6,365	47.3	4,930	43.9	4,407	48
eciation and ization	3	0.1	2		10	0.1	10	0.1	5	(
operating ses	3,088	56.6	1,534	49.2	7,465	55.4	5,894	52.5	5,282	5
ting income	2,372	43.4	1,582	50.8	6,003	44.6	5,343	47.5	3,889	42
income nse), net	(1)		18	0.6	515	3.8	(9)	(0.1)	(7)	(0
ne tax expense	829	15.2	560	18.0	2,281	16.9	1,867	16.5	566	(
ncome	$ 1,542	28.2%	$ 1,040	33.4%	$ 4,237	31.5%	$ 3,467	30.9%	$ 3,316	3

(1) We generate revenues from related parties in the ordinary course of our business. Revenues attributable to related parties were $60,000 and $57,000 for the three months ended March 31, 2006 and 2005, respectively, and $198,000 and $178,000 for the years ended December 31, 2005 and 2004, respectively. For a discussion of our related parties, see note 13 to our consolidated financial statements, which are included elsewhere in this prospectus.

(2) Includes compensation and benefits expenses and professional services expenses.

We earn terminal and license fee revenues that we receive from data vendors through the distribution of real-time and historical futures prices and other futures market data derived from trading in our futures markets. We also earn subscription fee revenues from OTC daily indices, view only access to the OTC markets, data access fees to both the OTC and futures markets and OTC and futures end of day reports. In addition, we manage the market price validation curves whereby participant companies subscribe to receive consensus market valuations for their commodity positions.

Intersegment Fees

Our OTC business segment provides and supports the platform for electronic trading and market data in our futures and market data business segments. Intersegment fees include charges for developing, operating, managing and supporting the platform for electronic trading in our futures and market data businesses. Our futures business segment provides access to futures trading volumes to our market data business segment. We determine the intercompany or intersegment fees to be paid by the business segments based on transfer pricing standards and independent documentation. These intersegment fees have no impact on our consolidated operating results. We expect the structure of these intersegment fees to remain unchanged and expect that they will continue to have no impact on our consolidated operating results.

Sources of Revenues

Our revenues are comprised of transaction fees, market data fees and other revenues.

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Transaction Fees

Transaction fees, including both futures exchange fees and OTC commission fees, have accounted for, and are expected to continue to account for, a substantial portion of our revenues. Transaction fees consist of:

- exchange fees earned on futures transactions;
- commission fees earned on OTC transactions;
- electronic confirmation fees; and
- shortfall payments made under our order flow agreements, which applied through the end of 2004.

Transaction fees were $43.2 million and $27.1 million for the three months ended March 31, 2006 and 2005, respectively, and accounted for 86.0% and 85.1% of our consolidated revenues for the three months ended March 31, 2006 and 2005, respectively. Transaction fees were $137.0 million, $90.9 million and $81.4 million for the years ended December 31, 2005, 2004 and 2003, respectively, and accounted for 87.9%, 83.9% and 86.9% of our consolidated revenues for the years ended December 31, 2005, 2004 and 2003, respectively. Transaction fees, net of intersegment fees, accounted for 97.4% and 92.0% of revenues generated by our futures business segment for the three months ended March 31, 2006 and 2005, respectively, and accounted for 91.3% and 93.7% of revenues generated by our OTC business segment for the three months ended March 31, 2006 and 2005, respectively. Transaction fees, net of intersegment fees, accounted for 95.2%, 92.3% and 93.4% of revenues generated by our futures business segment for the years ended December 31, 2005, 2004 and 2003, respectively, and accounted for 94.8%, 91.9% and 96.0% of revenues generated by our OTC business segment for the years ended December 31, 2005, 2004 and 2003, respectively. Transaction fees, except for shortfall payments, are recognized as revenues as services are provided.

In our futures business segment, we charge exchange fees to both the buyer and the seller in each transaction. In this segment, our exchange fees are calculated and collected by LCH.Clearnet on our behalf. Exchange fees are based on the number of contracts traded during each month multiplied by the commission rate. A change to either our commission rate or to the volume of contracts executed through our futures business directly affects the revenues of our futures business. A change in the average exchange rate of pounds sterling to the U.S. dollar also directly affected the revenues and expenses of our futures business.

We accept Exchange of Futures for Physical, or EFP, and Exchange of Futures for Swaps, or EFS, transactions from members and their customers. EFP and EFS are trades that occur off exchange and are then reported for registration and clearing onto our futures markets. We have also implemented block trading facilities for members and their customers through which members may bilaterally arrange large volume trades and/or certain complex strategies and then submit these transactions for registration as exchange trades. For these transactions, we charge both the clearing firms of the buyer and seller a premium to the commission rate for trades executed directly on our platform.

Transaction fees in our futures business segment are presented net of rebates. We have historically granted trade rebates to local floor members to generate market liquidity. Under this arrangement, we rebated a percentage of the exchange fee for contracts bought and sold on our open-outcry trading floor on the same day for the same price. In addition, in November 2004, we implemented a two month fee rebate program when we transitioned the morning ICE Brent Crude futures session exclusively to our electronic platform. Under this program, we rebated to each member all exchange fees paid to execute trades in ICE Brent Crude futures contracts on our electronic platform during the morning session, as well as exchange fees paid to execute these contracts by certain local floor members trading on our open-outcry trading floor during our afternoon trading session. This program terminated on December 31, 2004.

Trade rebates to local floor members amounted to $137,000, $625,000 and $687,000 for the years ended December 31, 2005, 2004 and 2003, respectively. In connection with the closure of our open-outcry trading floor on April 7, 2005, we discontinued the trade rebate to local floor members. The rebate fees under the 2004 rebate program amounted to $2.3 million in the aggregate for the months of November and December 2004. From time to time we may enter into market maker agreements with certain participants to make markets in certain contracts on our electronic platform.

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In our OTC business segment, we charge commission fees to both the buyer and the seller in each transaction executed on our platform. The commission fees are based on the underlying commodity volume of each product traded multiplied by the commission rate for that product. We also accept transactions that participants execute off-platform but wish to have processed for clearing. For these transactions, we charge both the buyer and seller, but at typically half the commission rate for on-platform execution. We calculate and collect commission fees from our customers directly, other than trades that are cleared through LCH.Clearnet, for which LCH.Clearnet performs the commission fee calculation and collection function. The transaction fees in our OTC business segment also include fees derived from our electronic trade confirmation service, in which we charge a standard fee across all products for each trade confirmation successfully submitted by a participant.

Changes in the volume of contracts traded on our electronic platform and in our commission rates directly affect transaction fees in our OTC segment. Since launching our electronic platform in 2000, we have, in limited circumstances, adjusted our commission rates or waived our commissions with respect to certain products. We have, for example, waived commission fees on our WTI oil bullet swap contracts (which have since been transitioned to a futures contract) for the period from November 2004 through January 2006 and on our ICE WTI Crude futures contracts for the months of February 2006 and March 2006. We continue to evaluate our commission rates on a regular basis.

Transaction fees in our OTC business segment are presented net of rebates. We rebate a portion of the commission fees paid by certain market makers in the OTC market-maker program from time to time. In this program, certain participants agree to make a two-sided market (*i.e.*, posting a simultaneous bid and offer) with respect to a particular contract at a specified price spread (the difference between the bid and offer). The OTC fee rebates to market makers amounted to $20,000 and $77,000 for the three months ended March 31, 2006 and 2005, respectively, and $376,000, $436,000 and $283,000 for the years ended December 31, 2005, 2004 and 2003, respectively. The market-maker program also includes a monthly fee that we pay to certain participants that participate in this program. See Components of Expenses Selling, General and Administrative.

To build and maintain liquidity in the products traded on our platform, we entered into order flow agreements with some of our shareholders during 2000 pursuant to which they committed to provide a minimum aggregate amount of order flow. The commission rates under the order flow agreements were the same as the rates for all other participants on our electronic platform. If the volume traded in any period fell short of the agreed minimum, these parties were required to pay us a shortfall payment based on the additional commission revenues we would have earned had the minimum volume been met. We also entered into order flow commitments with seven companies during November 2001 to trade OTC European gas products on our electronic platform. We recognized order flow shortfall revenues of $1.1 million and $7.1 million for the years ended December 31, 2004 and 2003, respectively. The order flow agreements with our shareholders expired in 2002 and 2003, respectively, and the OTC European gas order flow agreements expired in 2004. For a discussion of our order flow agreements see note 14 to our consolidated financial statements that are included elsewhere in this prospectus.

We are currently not a party to any order flow agreements and do not intend to enter into order flow agreements in the future. We believe that the willingness of our previously committed order flow providers to continue to trade at current levels will be influenced by a variety of factors, including prevailing conditions in the commodities markets. We experienced a decline in our OTC global oil commission fee revenues following the expiration of certain order flow agreements in October 2002. While this may have been caused by a combination of factors relating to order flow, sales and marketing activities, market conditions and competition, we believe that we will be able to continue to attract trading in these markets in the future without order flow agreements.

The following table presents, for the periods indicated, the commission fees that were required to be paid to us under the order flow agreements and the expiration dates of these agreements.

	Year Ended December 31, 2004	Year Ended December 31, 2003	Expiration Date
	(In thousands)		
North American natural gas and power	$	$ 6,000	June 2003
European gas	1,075	1,303	December 2004
Total commission fees	$ 1,075	$ 7,303	

Market Data Fees

Consolidated market data fees were $6.0 million and $3.5 million for the three months ended March 31, 2006 and 2005, respectively, and $14.6 million, $12.3 million and $9.6 million for the years ended December 31, 2005, 2004 and 2003, respectively. Market data fees consist of terminal fees and license fees that we receive from data vendors in exchange for the provision of real-time price information generated from our futures markets through ICE Data. We invoice these data vendors monthly for terminal fees based on the number of terminals that carry our futures market data. Each data vendor also pays an annual license fee to us. Annual license fee revenues are deferred and amortized ratably over the period for which services are provided.

Market data fees consist of data access fees that we have historically charged to participants or customers that were not active traders that were registered to trade or view OTC natural gas and power products on our electronic platform. The data access fees were based on their historical trading activity and the number of users the participant firm has registered to trade on our platform. We recognize the difference between the monthly data access fee for a given participant and the actual amount of commission fees generated by such participant for trading activity in that month as data access revenues. Beginning in March 2006, we changed the methodology for charging OTC data access fees. The OTC data access fees are now charged based upon the number of individual users having access to our platform (both trading and view only access) instead of at the participant or customer level for the less active participants. We also began to charge data access fees in our futures business segment beginning in February 2006, also at the individual user level. The futures data access fees replaced the futures system user fees that were previously charged to our futures exchange members.

Market data fees also consist of subscription fees that we receive from market participants that subscribe to our OTC market data services through ICE Data. ICE Data has an exclusive license to use our OTC market data and publishes the ICE Data end of day report, ICE daily indices, as well as market price validation curves, which are available to subscribers for a monthly subscription fee. ICE Data also markets real-time view only screen access to OTC markets and charges subscribers a fee that varies depending on the number of users and the markets accessed at each subscribing company. The revenues we receive from market data fees are deferred and amortized ratably over the period for which services are provided.

Other Revenues

Other revenues include revenues generated from membership fees charged to our futures exchange members, training seminars, communication charges and equipment rentals, and fees charged to the Chicago Climate Exchange, or CCX.

We generated other revenues of $1.0 million and $1.3 million for the three months ended March 31, 2006 and 2005, respectively, and $4.2 million, $5.2 million and $2.7 million for the years ended December 31, 2005, 2004 and 2003, respectively.

In our futures business, we generate revenues from, among other things, annual membership and subscription fees charged to ICE Futures members. We recorded fees related to futures exchange membership and subscription fees of $298,000 and $273,000 for the three months ended March 31, 2006 and 2005, respectively, and $1.1 million, $883,000 and $579,000 for the years ended December 31, 2005, 2004 and 2003, respectively. We defer revenues derived from membership and subscription fees and amortize them ratably over the period for which services are provided.

We recognize revenues generated from training seminars and communication charges and equipment rentals as services are provided. Of the other revenues, $335,000, $1.3 million and $901,000 for the years ended December 31, 2005, 2004 and 2003, respectively, relate to revenues generated from communication charges and equipment rentals relating to the futures business floor operations. We no longer charge our futures participants for these costs subsequent to the closure of the open-outcry trading floor on April 7, 2005.

Other revenues include fees charged to CCX, a self-regulated exchange that administers a voluntary multi-sector greenhouse gas reduction and trading program for North America. We, through our OTC business segment, have been contracted to provide, design and service CCX s electronic trading platform in the United States. We charge licensing and service fees in advance to CCX on a monthly basis and these fees are recognized as services are provided. We also have an agreement, through our futures business segment, with CCX and its wholly owned subsidiary, the European Climate Exchange, or ECX, to list certain European emissions contracts on our platform. Under this agreement, we have charged ECX certain operating costs, which represent 25% of the net European emissions membership fees and 25% of the net transaction fees earned from the European emissions contracts traded on our platform. Pursuant to an amendment to this agreement effective June 28, 2006, these amounts charged to ECX have increased to 27.5% and 27.5%, respectively. We also recognize technology development fees as revenues from both CCX and ECX when the development work is completed and accepted. Our arrangement with CCX began in July 2003, and we recognized revenues of $378,000 and $442,000 for the three months ended March 31, 2006 and 2005, respectively, and $1.8 million, $2.0 million and $605,000 for the years ended December 31, 2005, 2004 and 2003, respectively, pursuant to our contractual relationships.

Components of Expenses

Compensation and Benefits

Compensation and benefits expenses primarily consist of salaries, bonuses, non-cash compensation expenses, payroll taxes, employer-provided medical and other benefit plan costs and recruiting costs. Compensation and benefits expenses were $10.6 million and $7.9 million for the three months ended March 31, 2006 and 2005, respectively, and $35.8 million, $30.1 million and $26.2 million for the years ended December 31, 2005, 2004 and 2003, respectively. Substantially all of our employees are full-time employees. We capitalized and recorded as property and equipment a portion of our compensation and benefits costs for technology employees engaged in software development and the enhancement of our electronic platform. We expect that our compensation and benefits expenses will vary from quarter to quarter as a percentage of total revenues due to additional employees associated with the growth of our business, accrual of bonuses and due to non-cash compensation expenses recognized in accordance with the adoption of SFAS No. 123(R) on January 1, 2006. Over the next year, we expect compensation and benefits expenses to increase from current levels.

Professional Services

Professional services expenses primarily consist of outside legal, accounting and other professional and consulting services expenses. Professional services expenses were $2.7 million and $3.2 million for the three months ended March 31, 2006 and 2005, respectively, and $10.1 million, $12.3 million and $13.1 million for the years ended December 31, 2005, 2004 and 2003, respectively. We capitalize and record as property and equipment a portion of the costs associated with fees for technology consultants engaged in software development and enhancements to our electronic platform. We expensed the remaining portion of these fees in the month in which they were incurred. We engaged a number of consultants in our futures business segment to facilitate ongoing technology development, maintenance and support work in connection with the migration of trading of our futures contracts to our electronic platform and the support of the legacy systems used in the operation of the exchange floor. We reduced the number of consultants in our futures business segment during 2004 and 2005 following the substantial completion of development relating to futures trading on our electronic platform and due to the replacement of consultants with permanent staff.

We incurred substantial accounting and legal fees in connection with external and internal audit functions, the regulatory and disciplinary functions of our futures markets, the negotiation of new clearing agreements with LCH.Clearnet and legal fees associated with the NYMEX copyright and trademark and EBS patent infringement

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litigation. As a public company, we are now subject to the requirements of the Sarbanes-Oxley Act of 2002, which require us to incur significant expenditures in the near term to document internal controls and hire and train personnel to comply with these requirements. In addition, as a public company, we incur additional costs for external advisors such as legal, accounting and auditing fees, as well as additional marketing and investor relations expenses. Even with these additional public company expenses, we anticipate that professional services expenses will decrease in the current and future periods due to the reduction in consultants at ICE Futures and the reduction in legal fees due to our settlement of the EBS case and the court s grant of summary judgment in our favor on all claims asserted against us by NYMEX, notwithstanding NYMEX s current appeal of the decision.

Selling, General and Administrative

Selling, general and administrative expenses were $6.1 million and $4.4 million for the three months ended March 31, 2006 and 2005, respectively, and $18.9 million, $16.6 million and $16.2 million for the years ended December 31, 2005, 2004 and 2003, respectively. Cost of hosting expenses, hardware and software support expenses, rent and occupancy expenses, and marketing and market-maker expenses are the major expense categories in selling, general and administrative expenses during the periods discussed herein.

Cost of Hosting Expenses. Cost of hosting expenses primarily consists of hosting and participant network expenses. Cost of hosting expenses were $509,000 and $283,000 for the three months ended March 31, 2006 and 2005, respectively, and $1.4 million, $1.3 million and $1.7 million for the years ended December 31, 2005, 2004 and 2003, respectively. Our hosting expenses include the amounts we pay for the physical facilities, maintenance and other variable costs associated with securely housing the hardware used to operate our electronic platform, as well as our redundant disaster recovery facility. Our participant network expenses include the amounts we pay to provide participants with direct connectivity to our platform. Because our Internet-based electronic platform is highly scalable, we anticipate that the cost of hosting will remain relatively constant in the near term, even though we believe that we will continue to increase the number of participants trading on our electronic platform. Prior to 2003, we used a private network connection that did not have the scalability and cost efficiency associated with our current Internet-based platform. In addition, in early 2003, we began to maintain and support our information security system with internal resources. Prior to 2003, we outsourced our information security to a nationally recognized encryption technology company. By changing certain vendors and by transitioning our participant base to our Internet browser for access to our electronic platform, we have been able to reduce our participant network expenses while improving system performance, resulting in faster execution and increased system availability.

Hardware and Software Support Expenses. Hardware and software support expenses were $1.0 million and $969,000 for the three months ended March 31, 2006 and 2005, respectively, and $3.8 million, $3.4 million and $3.3 million for the years ended December 31, 2005, 2004 and 2003, respectively. Hardware and software support expenses primarily consist of external hardware and software maintenance and support costs and trade registration system costs. The trade registration system is owned and administered by a third party and it handles our post trade administration such as giving up trades to alternate parties, clearing and margining. We expect our hardware and software support expenses to increase slightly in absolute terms in future periods in connection with the growth of our business. As a percentage of total revenues, our hardware and software support expenses may decrease in future periods due to anticipated higher revenue growth.

Rent and Occupancy Expenses. Rent and occupancy expenses were $721,000 and $998,000 for the three months ended March 31, 2006 and 2005, respectively, and $3.2 million, $4.1 million and $3.8 million for the years ended December 31, 2005, 2004 and 2003, respectively. We currently lease office space in Atlanta, New York, Houston, Chicago, London, Singapore and Calgary. Our rent costs consist primarily of rent expense for these properties. Our occupancy expenses primarily relate to the use of electricity, telephone lines and other miscellaneous operating costs. The decrease in rent and occupancy expenses in 2005 primarily related to the closure of our open-outcry trading floor on April 7, 2005. As a percentage of total revenues, our rent and occupancy expenses may decrease in future periods due to anticipated higher revenue growth.

Marketing and Market-Maker Expenses. Marketing and market-maker expenses were $339,000 and $629,000 for the three months ended March 31, 2006 and 2005, respectively, and $2.2 million, $1.6 million and $1.2 million for the years ended December 31, 2005, 2004 and 2003, respectively. Marketing expenses primarily consist of advertising, public relations and product promotion campaigns used to promote brand awareness, as well as new and existing products and services. These expenses also include our participation in seminars, trade shows, conferences and other industry events. The level of marketing activity, and thus the amount of related expenses, may vary from period to period based upon management s discretion and available opportunities.

Market-maker expenses include fees we incur under our market-maker program. Under this program, we allow certain participants to execute trades on our platform at no charge and, beginning in 2004, paid them a monthly fee in exchange for their commitment to make markets on our platform within a specified price range for specific commodity markets. We recognized $27,000 and $194,000 for the three months ended March 31, 2006 and 2005, respectively, and $530,000 and $778,000 in fees under this program for the years ended December 31, 2005 and 2004, respectively. We began the market-maker program during 2004. Such amounts are treated as expenses as we receive no fees from these market makers.

Other. Other costs include all selling, general and administrative costs not included in separate expense categories and primarily consist of insurance expense, telephone and communications expense, corporate insurance expense, travel expense, meals and entertainment expense, royalty payments made to eSpeed, Inc. and dues, subscriptions and registration expense.

We expect our selling, general and administrative expenses to increase slightly in absolute terms in future periods in connection with the growth of our business, partially offset by lower selling, general and administrative costs associated with closure of our open-outcry trading floor. As a percentage of total revenues, our selling, general and administrative expenses may decrease in future periods due to anticipated higher revenue growth.

Floor Closure Costs

Floor closure costs relate to the April 2005 closure of our open-outcry floor in London. We closed our open-outcry floor to take advantage of increasing acceptance and adoption of electronic trading, and to maintain and enhance our competitive position. Floor closure costs were $4.8 million for the year ended December 31, 2005, and include lease terminations for the building where the trading floor was located, payments made to 18 employees who were terminated as a result of the closure, contract terminations, and other associated costs, including legal costs and asset impairment charges. No floor closure costs were incurred in prior periods or are expected to be incurred in future periods.

Settlement Expense

Settlement expense relates to the September 2005 settlement of the legal action brought by EBS related to alleged patent infringement. Under the settlement agreement, we made a cash payment of $15.0 million to EBS, and were released from the legal claims brought against us without admitting liability. Settlement expense was $15.0 million for the year ended December 31, 2005. No settlement expenses were incurred in prior periods.

Depreciation and Amortization

Depreciation and amortization expenses were $3.2 million and $4.0 million for the three months ended March 31, 2006 and 2005, respectively, and $15.1 million, $17.0 million and $19.3 million for the years ended December 31, 2005, 2004 and 2003, respectively. We depreciate and/or amortize costs related to our property and equipment, including computer and network equipment, software and internally developed software, office furniture and equipment and leasehold improvements. We compute depreciation expense using the straight-line method based on estimated useful lives of the assets, or in the case of leasehold improvements, the shorter of the lease term or the estimated useful life of the assets, which range from three to seven years. Gains on disposal of property and equipment are included in other income, losses on disposals of property and equipment are included in depreciation expense and maintenance and repairs are expensed as incurred. We do not amortize goodwill and intangible assets with indefinite lives. We amortize intangible assets with contractual or finite useful lives, in each case over the estimated useful life of five years.

We capitalize costs, both internal and external, direct and incremental, related to software developed or obtained for internal use in accordance with AICPA Statement of Position 98-1, *Accounting for Costs of Computer Software Developed or Obtained for Internal Use.* Costs incurred in the application development phase are capitalized and amortized over the useful life of the software, for a period not to exceed three years.

We amortize the licensing fees we pay to eSpeed for a non-exclusive license to use its patent related to an automated futures trading system in the United States over the period to which the license fees relate. We recognized amortization expense of $500,000 for the three months ended March 31, 2006 and 2005, and $2.0 million for the years ended December 31, 2005, 2004 and 2003. This patent expires in February 2007.

We anticipate that depreciation and amortization expenses will decrease in the current and future periods due to certain property and equipment purchased in prior years becoming fully depreciated, the expiration of the eSpeed patent in February 2007 and lower computer hardware costs in the future due to declining costs of technology.

Other Income (Expense)

We had net other income of $1.1 million and $992,000 for the three months ended March 31, 2006 and 2005, respectively, and $3.8 million, $1.3 million and $948,000 for the years ended December 31, 2005, 2004 and 2003, respectively. Other income (expense) consists primarily of interest income and expense, as well as gains and losses on foreign currency transactions.

We generate interest income from the investment of our cash and cash equivalents, short-term investments, long-term investments and restricted cash. Interest expense consisted of interest from capitalized leases, interest on the outstanding indebtedness and the unused fee calculated under our revolving credit facility.

Other income (expense) also relates to gains and losses from foreign currency transactions, such as those resulting from the settlement of foreign receivables or payables or cash accounts held in U.S. dollars by our U.K. subsidiaries. We seek to manage our foreign exchange translation risk and exposure in part through converting our U.K. subsidiaries cash to investments denominated in U.S. dollars. However, because the functional currency of our U.K. subsidiaries is pounds sterling, we are subject to transaction gains and losses for the re-measurement of the U.S. dollar cash investments held by our U.K. subsidiaries due to foreign currency exchange rate fluctuations between periods.

Provision for Income Taxes

We incurred income tax expenses of $9.1 million and $4.5 million for the three months ended March 31, 2006 and 2005, respectively, and $19.6 million, $11.8 million and $6.5 million for the years ended December 31, 2005, 2004 and 2003, respectively. Our provision for income taxes consists of current and deferred tax provisions relating to federal, state and local taxes, as well as taxes related to foreign subsidiaries. We file a consolidated United States federal income tax return and file state income tax returns on a separate, combined or consolidated basis in accordance with relevant state laws and regulations. Our foreign subsidiaries are based in the United Kingdom and in Canada and we file separate local country income tax returns and take advantage of the United Kingdom s group relief provisions when applicable. The difference between the statutory income tax rate and our effective tax rate for a given fiscal period is primarily a reflection of the tax effects of our foreign operations, general business and tax credits, tax exempt income, state income taxes and the non-deductibility of certain expenses. We have made provisions for U.S. income taxes on the majority of the undistributed earnings of our foreign subsidiaries as such earnings are not expected to be permanently reinvested.

On October 22, 2004, the American Jobs Creation Act of 2004, or the Jobs Act, introduced a special one-time dividends received deduction on the repatriation of certain foreign earnings in 2004 or 2005, provided certain criteria are met. The deduction would result in an approximate 5.25% federal tax rate on repatriated earnings. To qualify for the deduction, the earnings must be reinvested in the United States pursuant to a domestic reinvestment plan established by our chief executive officer and approved by our board of directors. Certain other criteria in the Jobs Act must be satisfied as well.

In 2005, we completed our evaluation of the repatriation provision and made the determination to repatriate $35.0 million of foreign earnings in accordance with the requirements of the Jobs Act. As a result, we recognized a tax benefit of $2.0 million, net of available foreign tax credits, in 2005. This was offset by tax expense of $2.0 million recorded in the third quarter of 2005 related to an increase to the estimate of U.S. residual taxes due on the remaining undistributed earnings of our foreign subsidiaries.

Consolidated Results of Operations

	Three Months Ended March 31,		Year Ended December 31,		
	2006	2005	2005	2004	2003
	(In thousands, except for share and per share data)				
Consolidated Statement of Income/(Loss) Data					
Revenues:(1)					
Transaction fees, net(2)	$ 43,235	$ 27,085	$ 136,976	$ 90,906	$ 81,434
Market data fees	6,022	3,482	14,642	12,290	9,624
Other	1,025	1,261	4,247	5,218	2,688
Total revenues	50,282	31,828	155,865	108,414	93,746
Operating expenses:					
Compensation and benefits	10,617	7,886	35,753	30,074	26,236
Professional services	2,690	3,200	10,124	12,312	13,066
Selling, general and administrative	6,134	4,376	18,886	16,610	16,185
Floor closure costs(3)			4,814		
Settlement expense(4)			15,000		
Depreciation and amortization	3,188	3,958	15,083	17,024	19,341
Total operating expenses	22,629	19,420	99,660	76,020	74,828
Operating income	27,653	12,408	56,205	32,394	18,918
Other income, net	1,108	992	3,790	1,328	948
Income before income taxes	28,761	13,400	59,995	33,722	19,866
Income tax expense	9,097	4,530	19,585	11,773	6,489
Net income(5)	$ 19,664	$ 8,870	$ 40,410	$ 21,949	$ 13,377
Redemption adjustments to redeemable stock put(6)			(61,319)		8,378
Deduction for accretion of Class B redeemable common stock(7)					(1,768)
Net income (loss) available to common shareholders	$ 19,664	$ 8,870	$ (20,909)	$ 21,949	$ 19,987

Earnings (loss) per common share(8):					
Basic	$ 0.35	$ 0.17	$ (0.39)	$ 0.42	$ 0.37
Diluted	$ 0.33	$ 0.17	$ (0.39)	$ 0.41	$ 0.37
Weighted average common shares outstanding(8):					
Basic	55,532,693	52,866,295	53,217,874	52,865,108	54,328,966
Diluted	58,972,248	53,063,138	53,217,874	53,062,078	54,639,708

(1) We generate revenues from related parties in the ordinary course of our business. For a presentation and discussion of our revenues attributable to related parties for the three months ended March 31, 2006 and 2005

and for the years ended December 31, 2005, 2004 and 2003, see our consolidated statements of income and note 13 to our consolidated financial statements that are included elsewhere in this prospectus.

(2) Our transaction fees are presented net of rebates. For a discussion of these rebates, see Sources of Revenues Transaction Fees.

(3) In April 2005, we closed our open-outcry trading floor in London to take advantage of increasing acceptance and adoption of electronic trading, and to maintain and enhance our competitive position. Costs associated with the floor closure were $4.8 million and are classified as Floor closure costs in the accompanying consolidated statements of income for the year ended December 31, 2005. Floor closure costs include lease terminations for the building where the floor was located, payments made to 18 employees who were terminated as a result of the closure, contract terminations, legal costs, asset impairment charges and other associated costs. No floor closure costs were incurred in prior periods and no additional closure costs are expected to be incurred. See note 18 to our consolidated financial statements that are included elsewhere in this prospectus.

(4) In September 2005, we settled the legal action brought by EBS related to alleged patent infringement. Under the settlement agreement, we made a payment to EBS of $15.0 million, and were released from the legal claims brought against us without admitting liability. The payment was recorded as Settlement expense in the accompanying consolidated statements of income for the year ended December 31, 2005. See note 17 to our consolidated financial statements that are included elsewhere in this prospectus.

(5) The financial results for the year ended December 31, 2005 include $4.8 million in expenses incurred relating to the closure of our open-outcry trading floor in London and a $15.0 million settlement expense related to the payment made to EBS to settle litigation. Excluding these charges, net of taxes, our consolidated net income for the year ended December 31, 2005 would have been $53.1 million. See Non-GAAP Financial Measures.

(6) In connection with our formation, we granted a put option to Continental Power Exchange, Inc., an entity controlled by our chairman and chief executive officer, Jeffrey C. Sprecher. The put option would have required us under certain circumstances to purchase Continental Power Exchange, Inc. s equity interest in our business at a purchase price equal to the greater of the fair market value of the equity interest or $5 million. We initially recorded the redeemable stock put at the minimum $5.0 million redemption threshold. We adjusted the redeemable stock put to its redemption amount at each subsequent balance sheet date. Adjustments to the redemption amount were recorded to retained earnings or, in the absence of positive retained earnings, additional paid-in capital. In October 2005, we entered into an agreement with Continental Power Exchange, Inc. to terminate the redeemable stock put upon the closing of our initial public offering of common stock in November 2005. We increased the redeemable stock put by $61.3 million during the year ended December 31, 2005 resulting from an increase in the estimated fair value of our common stock from $8.00 per share as of December 31, 2004 to $35.90 per share as of November 21, 2005, the closing date of our initial public offering of common stock and the termination date of the redeemable stock put. The balance of the redeemable stock put on November 21, 2005 was $78.9 million and was reclassified to additional paid-in capital upon its termination. See note 10 to our consolidated financial statements that are included elsewhere in this prospectus. In connection with the termination of the put option, we amended certain registration rights previously granted to Continental Power Exchange, Inc. pursuant to which we may be obligated to pay the expenses of registration, including underwriting discounts up to a maximum of $4.5 million.

(7) We redeemed all of our Class B redeemable common stock on November 23, 2004 at a price of $23.58 per share, for aggregate consideration of $67.5 million. Upon its issuance on June 18, 2001, we recorded our Class B redeemable common stock at its discounted present value of $60.2 million. We recorded charges to retained earnings for the accretion of this amount up to the $67.5 million redemption value of our Class B redeemable

common stock over a two-year period ending in June 2003, which was the earliest potential redemption date.

(8) The impact of outstanding stock options is considered to be antidilutive in the calculation of diluted earnings per share when a net loss available to common shareholders is reported. Our outstanding stock options have not been included in the computation of diluted earnings per share for the year ended December 31, 2005 due to the $20.9 million net loss available to common shareholders as a result of the $61.3 million charged to retained earnings related to the redeemable stock put adjustments. Therefore, our diluted earnings per share are computed in the same manner as basic earnings per share for the year ended December 31, 2005. If the redemption adjustments to the redeemable stock put are excluded from the calculation of earnings per share, the

resulting adjusted basic earnings per share would have been $0.76 based on the $40.4 million in consolidated net income for the year ended December 31, 2005 and adjusted diluted earnings per share would have been $0.74. The adjusted diluted earnings per share would have been based on 54.4 million in adjusted diluted weighted average common shares outstanding, which includes 1.2 million stock options and restricted stock having a dilutive effect for the year ended December 31, 2005. The adjusted basic and diluted earnings per share for the year ended December 31, 2005, excluding the redeemable stock put adjustments, the $4.8 million floor closure costs and the $15.0 million settlement expenses, would have been $1.00 and $0.98, respectively. See Non-GAAP Financial Measures.

Key Statistical Information

The following table presents key transaction volume information, as well as other selected operating information, for the periods presented. A description of how we calculate our market share, our trading volumes and other operating measures is set forth below.

	Three Months Ended March 31,		Year Ended December 31,		
	2006	2005	2005	2004	2003
	(In thousands, except for percentages)				
Operating Data:					
Our Market Share of Selected Key Products:					
Total crude oil futures contracts traded globally(1)	29,514	20,384	91,049	78,477	69,450
ICE Brent Crude oil futures contracts traded	10,174	6,162	30,412	25,458	24,013
ICE WTI Crude oil futures contracts traded	2,316				
Our crude oil futures market share(1)	42.3%	30.2%	33.4%	32.4%	34.6%
Total cleared OTC Henry Hub natural gas contracts traded on us and NYMEX-ClearPort	17,434	8,847	53,166	21,241	6,869
Our cleared OTC Henry Hub natural gas contracts traded	13,851	6,832	42,760	15,887	4,512
Our market share cleared OTC Henry Hub natural gas vs. NYMEX-ClearPort(2)	79.4%	77.2%	80.4%	74.8%	65.7%
Total cleared OTC PJM financial power contracts traded on us and NYMEX-ClearPort	522	352	1,886	748	149
Our cleared OTC PJM financial power contracts traded	444	240	1,234	513	6
Our market share cleared OTC PJM financial power vs. NYMEX-ClearPort(3)	85.1%	68.1%	65.4%	68.7%	4.0%

Our Average Daily Trading Fee Revenues(4):										
Our futures business average daily exchange fee revenues	$	296	$	198	$	226	$	179	$	158
Our bilateral OTC business average daily commission fee revenues		87		78		79		80		112
Our cleared OTC business average daily commission fee revenues		294		162		233		94		24
Our OTC business average daily commission fee revenues		381		240		312		174		136
Our total average daily exchange fee and commission fee revenues	$	677	$	438	$	538	$	353	$	294

	Three Months Ended March 31,		Year Ended December 31,		
	2006	2005	2005	2004	2003
	(In thousands, except for percentages)				
Our Trading Volume(5):					
Futures volume	16,659	8,739	42,055	35,541	33,341
Futures average daily volume	260	143	166	140	132
OTC volume	19,970	10,859	61,999	30,961	24,260
OTC average daily volume	322	178	247	123	97
OTC Participants Trading Commission Percentages:					
Commercial companies (including merchant energy)	50.5%	50.1%	48.8%	56.5%	64.1%
Banks and financial institutions	21.0%	18.4%	20.5%	22.4%	31.3%
Hedge funds, locals and proprietary trading shops	28.5%	31.5%	30.7%	21.1%	4.6%
OTC Trading Commission fees:					
Percentage of commission fees by the top 20 customers	58.7%	58.2%	62.2%	64.8%	69.3%

(1) Total crude oil futures contracts traded globally and our resulting crude oil futures market share is calculated based on the number of ICE Brent Crude futures contracts traded and ICE WTI Crude futures contracts traded as compared to the total number of ICE Brent Crude futures contracts, ICE WTI Crude futures contracts traded and NYMEX Light Sweet Crude and London Brent Crude futures contracts traded.

(2) Our cleared OTC Henry Hub natural gas market share versus NYMEX-ClearPort is calculated based on the number of ICE cleared Henry Hub natural gas contracts traded as a percentage of the total ICE cleared Henry Hub natural gas contracts and NYMEX-ClearPort Henry Hub natural gas futures contracts traded.

(3) Our cleared OTC PJM financial power market share versus NYMEX-ClearPort is calculated based on the number of ICE cleared PJM financial power contracts traded as a percentage of the total ICE cleared PJM financial power contracts and NYMEX-ClearPort cleared PJM financial power contracts traded. PJM refers to the Pennsylvania, New Jersey and Maryland power trading hub. The NYMEX-ClearPort cleared PJM financial power contract was launched in April 2003 and our PJM financial power contract was launched in November 2003. Data regarding the volumes of NYMEX-ClearPort cleared PJM for annual contracts traded is derived from the Futures Industry Association.

(4) Represents the total commission fee and exchange fee revenues for the period divided by the number of trading days during that period.

(5) Represents the total volume, in contracts, for the period divided by the number of trading days during that period.

For purposes of our operating data, we calculate our volumes based on the number of contracts traded in our markets, or based on the number of round turn trades. Each round turn represents a matched buy and sell order of one contract. Each side to a contract is matched and treated as one contract and each side is not separately calculated. The volume of contracts traded in a given market is a widely recognized indicator of the liquidity in that market, including our markets.

Three Months Ended March 31, 2006 Compared to Three Months Ended March 31, 2005

Overview

Consolidated net income increased $10.8 million, or 121.7%, to $19.7 million for the three months ended March 31, 2006 from $8.9 million for the comparable period in 2005. Net income from our futures business segment increased $3.6 million, or 94.9%, to $7.4 million for the three months ended March 31, 2006 from $3.8 million for the comparable period in 2005, primarily due to higher transaction fees revenues. Net income from our OTC business segment increased $6.7 million, or 166.1%, to $10.7 million for the three months ended March 31, 2006 from $4.0 million for the comparable period in 2005. Net income in our OTC business segment increased primarily due to significantly higher transaction fees revenues. Net income from our market data business segment increased $502,000, or 48.1%, to $1.5 million for the three months ended March 31, 2006 from $1.0 million for the comparable period in 2005. Net income in our market data business segment increased primarily due to increased market data sales in our futures business. Consolidated operating income, as a percentage of consolidated revenues, increased to 55.0% for the three months ended March 31, 2006 from 39.0% for the comparable period in 2005. Consolidated net income, as a percentage of consolidated revenues, increased to 39.1% for the three months ended March 31, 2006 from 27.9% for the comparable period in 2005.

Our consolidated revenues increased $18.5 million, or 58.0%, to $50.3 million for the three months ended March 31, 2006 from $31.8 million for the comparable period in 2005. This increase is primarily attributable to increased trading volumes on our electronic platform and increased market data fees. A significant factor driving our revenues and volume growth during this period was the continued growth in trading volumes of our futures and cleared OTC contracts.

Consolidated operating expenses increased $3.2 million to $22.6 million for the three months ended March 31, 2006 from $19.4 million for the comparable period in 2005, representing an increase of 16.5%. This increase is primarily attributable to higher compensation expenses during the three months ended March 31, 2006 due to non-cash compensation expenses recognized under SFAS No. 123(R) and an increase in our discretionary bonus accrual. The increase in consolidated operating expenses was also due to higher royalty payments under the eSpeed licensing agreement.

Revenues

Transaction Fees

Consolidated transaction fees increased $16.2 million, or 59.6%, to $43.2 million for the three months ended March 31, 2006 from $27.1 million for the comparable period in 2005. Transaction fees, as a percentage of consolidated revenues, increased to 86.0% for the three months ended March 31, 2006 from 85.1% for the comparable period in 2005.

Transaction fees generated in our futures business segment increased $6.9 million, or 57.2%, to $19.0 million for the three months ended March 31, 2006 from $12.1 million for the comparable period in 2005, while declining as a percentage of consolidated revenues to 37.7% for the three months ended March 31, 2006 from 37.9% for the comparable period in 2005. The increase in transaction fees was primarily due to an increase in our futures contract volumes. Futures contract volumes increased primarily due to increased liquidity brought by new market participants due to electronic trading. Volumes in our futures business segment increased 90.6% to 16.7 million contracts traded during the three months ended March 31, 2006 from 8.7 million contracts traded during the comparable period in 2005. The 16.7 million contracts include 2.3 million ICE WTI Crude futures contracts for which we did not charge any commissions during the three months ended March 31, 2006. Average transaction fees per trading day increased 49.9% to $296,000 per trading day for the three months ended March 31, 2006 from $198,000 per trading day for the comparable period in 2005.

Transaction fees generated in our OTC business segment increased $9.2 million, or 61.6%, to $24.3 million for the three months ended March 31, 2006 from $15.0 million for the comparable period in 2005, primarily due to increased trading volumes. Transaction fees in this segment, as a percentage of consolidated revenues, increased to 48.3% for the three months ended March 31, 2006 from 47.2% for the comparable period in 2005. The number of transactions or trades executed in our OTC business segment increased by 78.1% to 684,939 trades for the three months ended March 31, 2006 from 384,623 trades for the comparable period in 2005. Average transaction fees per trading day increased 58.2% to $381,000 per trading day for the three months ended March 31, 2006 from $240,000 per trading day for the comparable period in 2005. The increase in trades was partially offset by a 9.7% decrease in the average revenues per transaction for the three months ended March 31, 2006 as compared to the comparable period in 2005. The decline in average revenues per transaction was due in part to an increased number of lower volume transactions, primarily as a result of newer market participants generally trading in smaller transaction sizes, and a change in the mix of contracts traded, with a larger number of contracts traded relating to commodities with lower commission rates.

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Increased volumes in our OTC business segment were primarily due to increased trading activity in North American natural gas and power markets as a result of the availability of cleared OTC contracts, as well as increased liquidity brought by new market participants and weather-related volatility. Transaction fees generated by trading in North American natural gas contracts increased $7.5 million, or 68.6%, to $18.3 million for the three months ended March 31, 2006 from $10.9 million for the comparable period in 2005. In addition, transaction fees generated by trading in North American power contracts increased $1.6 million, or 48.9%, to $4.8 million for the three months ended March 31, 2006 from $3.2 million for the comparable period in 2005. The continued growth in trading volumes in OTC contracts can be attributed in part to the use of cleared OTC contracts, which eliminates the need for a counterparty to post capital against each trade and also reduces requirements for entering into multiple negotiated bilateral settlement agreements to enable trading with other counterparties. We believe that the introduction of OTC cleared contracts has facilitated trading by market participants that otherwise would not have engaged in trading in energy derivatives.

Revenues derived from electronic trade confirmation fees in our OTC business segment increased $324,000, or 90.6%, to $682,000 for the three months ended March 31, 2006 from $358,000 for the comparable period in 2005. During the three months ended March 31, 2006, 123,142 trades were matched through our electronic trade confirmation service, compared to 93,145 trades during the comparable period in 2005. We implemented a fee increase for our electronic trade confirmation service beginning in February 2006. Consolidated electronic trade confirmation fees, as a percentage of consolidated revenues, increased to 1.4% for the three months ended March 31, 2006 from 1.1% for the comparable period in 2005.

Market Data Fees

Consolidated market data fees increased $2.5 million, or 72.9%, to $6.0 million for the three months ended March 31, 2006 from $3.5 million for the comparable period in 2005. This increase was primarily due to increased data access fees in our OTC and futures markets, increased terminal fees and license fees that we receive from data vendors in exchange for the provision of real-time price information generated from our futures markets, increased market data fees in our OTC markets from the market price validation service, and increased fees from view only screen access and end of day reports. During the three months ended March 31, 2006 and 2005, we recognized $2.0 million and $796,000, respectively, in data access fees and terminal fees in our futures and OTC business segments. The increase in the market data fees received from data vendors were due to both an increase in the average charge per terminal and an increase in the number of terminals. During the three months ended March 31, 2006 and 2005, we recognized $2.8 million and $1.8 million, respectively, in terminal and license fees from data vendors. We also continued to enroll new individual monthly subscribers for our market price validation service and our view only screen access service. Consolidated market data fees, as a percentage of consolidated revenues, increased to 12.0% for the three months ended March 31, 2006 from 10.9% for the comparable period in 2005.

Other Revenues

Consolidated other revenues decreased $236,000, or 18.7%, to $1.0 million for the three months ended March 31, 2006 from $1.3 million for the comparable period in 2005. This decrease was primarily due to a $335,000 reduction in the communication charges and equipment rentals to ICE Futures members following the closure of our open-outcry trading floor. Consolidated other revenues, as a percentage of consolidated revenues, decreased to 2.0% for the three months ended March 31, 2006 from 4.0% for the comparable period in 2005.

Expenses

Compensation and Benefits

Consolidated compensation and benefits expenses increased $2.7 million, or 34.6%, to $10.6 million for the three months ended March 31, 2006 from $7.9 million for the comparable period in 2005. This increase was primarily due to an increase in the non-cash compensation expenses in accordance with the adoption of SFAS No. 123(R) on January 1, 2006 and an increase in our discretionary bonus accrual for the three months ended March 31, 2006 as compared to the three months ended March 31, 2005. The non-cash compensation expenses recognized in our consolidated financial statements for our stock options and restricted stock were

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$2.2 million for the three months ended March 31, 2006 as compared to $405,000 for the three months ended March 31, 2005. Our discretionary bonus expense increased due to improved operating results for the three months ended March 31, 2006 as compared to the three months ended March 31, 2005. Consolidated compensation and benefits expenses, as a percentage of consolidated revenues, decreased to 21.1% for the three months ended March 31, 2006 from 24.8% for the comparable period in 2005 primarily due to our increased revenues.

Professional Services

Consolidated professional services expenses decreased $510,000, or 16.0%, to $2.7 million for the three months ended March 31, 2006 from $3.2 million for the comparable period in 2005. This decrease was due to an aggregate decrease in legal fees related to litigation with NYMEX and EBS, the former of which was dismissed by a ruling in our favor on a motion for summary judgment in the third quarter of 2005, which is currently on appeal by NYMEX, and the latter of which was settled in the second quarter of 2005. Consolidated professional services expenses, as a percentage of consolidated revenues, decreased to 5.3% for the three months ended March 31, 2006 from 10.1% for the comparable period in 2005.

Selling, General and Administrative

Consolidated selling, general and administrative expenses increased $1.8 million, or 40.2%, to $6.1 million for the three months ended March 31, 2006 from $4.4 million for the comparable period in 2005. This increase was primarily due to an increase in royalty payments made to eSpeed and increased marketing efforts relating to our transition to exclusive electronic trading in our futures market. The royalty payments to eSpeed under the licensing agreement increased to $1.0 million for the three months ended March 31, 2006 from $27,000 for the three months ended March 31, 2005 due to increased futures volumes following the launch of exclusive electronic trading during 2005 and due to the launch of the ICE WTI Crude futures contract during February 2006. Consolidated selling, general and administrative expenses, as a percentage of consolidated revenues, decreased to 12.2% for the three months ended March 31, 2006 from 13.7% for the comparable period in 2005.

Depreciation and Amortization

Consolidated depreciation and amortization expenses decreased $770,000, or 19.4%, to $3.2 million for the three months ended March 31, 2006 from $4.0 million for the comparable period in 2005. This decrease was due to certain property and equipment purchased in 2002 with estimated useful lives of three years becoming fully depreciated over the course of 2005. Consolidated depreciation and amortization expenses, as a percentage of consolidated revenues, decreased to 6.3% for the three months ended March 31, 2006 from 12.4% for the comparable period in 2005.

Other Income

Consolidated other income increased $116,000, or 11.7%, to $1.1 million for the three months ended March 31, 2006 from $992,000 for the comparable period in 2005. This increase primarily related to an increase in interest income and a decrease in interest expense. Interest income increased $512,000 from the prior period primarily due to an increase in our cash balances from the net proceeds received from our initial public offering of common stock in November 2005. Interest expense decreased $100,000 from the prior period primarily due to the remaining $13.0 million outstanding balance under the Wachovia revolving credit agreement being paid off with a portion of the proceeds from our initial public offering of common stock in November 2005. These increases in other income were partially offset by foreign currency transaction gains recognized during the three months ended March 31, 2005.

We recognized net foreign currency transaction gains of $1,000 for the three months ended March 31, 2006 as compared to net foreign currency transaction gains of $539,000 for the three months ended March 31, 2005. The foreign currency transaction gains and losses primarily related to the revaluation of the U.S. dollar cash balances held by our foreign subsidiaries due to the increase or decrease in the period-end foreign currency exchange rates between periods. The functional currency of our foreign subsidiaries is pounds sterling. The period-end foreign currency exchange rate of pounds sterling to the U.S. dollar decreased 7.9% to 1.7393 as of March 31, 2006 from 1.8888 as of March 31,2005.

Income Taxes

Consolidated tax expense increased $4.6 million, or 100.8%, to $9.1 million for the three months ended March 31, 2006 from $4.5 million for the comparable period in 2005, primarily due to the increase in our pre-tax income. Our effective tax rate decreased to 31.6% for the three months ended March 31, 2006 from 33.8% for the comparable period in 2005. The effective tax rate for the three months ended March 31, 2006 is lower than the statutory rate primarily due to tax exempt income and a $1.2 million reduction in U.S. residual taxes that was recorded as a discrete item during the three months ended March 31, 2006. We expect our 2006 annual effective tax rate to be approximately 35%.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Overview

Consolidated net income increased $18.5 million, or 84.1%, to $40.4 million for the year ended December 31, 2005 from $21.9 million for the comparable period in 2004. Net income from our futures business segment increased $4.1 million, or 29.8%, to $17.8 million for the year ended December 31, 2005 from $13.7 million for the comparable period in 2004, primarily due to higher transaction fees revenues, which were partially offset by $4.8 million in floor closure costs incurred in connection with the closure of our open-outcry trading floor. Net income from our OTC business segment increased $13.6 million to $18.3 million for the year ended December 31, 2005 from $4.7 million for the comparable period in 2004. Net income in our OTC business segment increased primarily due to significantly higher transaction fees revenues, which were substantially offset by a $15.0 million settlement expense incurred for the year ended December 31, 2005. Net income from our market data business segment increased $770,000, or 22.2%, to $4.2 million for the year ended December 31, 2005 from $3.5 million for the comparable period in 2004. Net income in our market data business segment increased primarily due to increased market data sales in our OTC business. Consolidated operating income, as a percentage of consolidated revenues, increased to 36.1% for the year ended December 31, 2005 from 29.9% for the comparable period in 2004. Consolidated net income, as a percentage of consolidated revenues, increased to 25.9% for the year ended December 31, 2005 from 20.2% for the comparable period in 2004.

Our consolidated revenues increased $47.5 million, or 43.8%, to $155.9 million for the year ended December 31, 2005 from $108.4 million for the comparable period in 2004. This increase is primarily attributable to increased trading volumes on our electronic platform and increased non-transaction revenues, including market data fees and trading access fees. A significant factor driving our revenues and volume growth during this period was the continued growth in trading volumes of our cleared OTC contracts.

Consolidated operating expenses increased to $99.7 million for the year ended December 31, 2005 from $76.0 million for the comparable period in 2004, representing an increase of 31.1%. This increase is primarily attributable to higher compensation expenses during the year ended December 31, 2005 due to an increase in our employee headcount and an increase in our discretionary bonus accrual, floor closure costs of $4.8 million incurred in connection with our decision to close our open-outcry trading floor in London, and the $15.0 million litigation settlement payment made to EBS.

Revenues

Transaction Fees

Consolidated transaction fees increased $46.1 million, or 50.7%, to $137.0 million for the year ended December 31, 2005 from $90.9 million for the comparable period in 2004. Transaction fees, as a percentage of consolidated revenues, increased to 87.9% for the year ended December 31, 2005 from 83.9% for the comparable period in 2004.

Transaction fees generated in our futures business segment increased $11.7 million, or 25.7%, to $57.2 million for the year ended December 31, 2005 from $45.5 million for the comparable period in 2004, while declining as a

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percentage of consolidated revenues to 36.7% for the year ended December 31, 2005 from 42.0% for the comparable period in 2004. The increase in transaction fees was primarily due to an increase in our futures contract volumes. Futures contract volumes increased primarily due to increased liquidity brought by new market participants due to electronic trading and due to weather-related volatility. Volumes in our futures business segment increased 18.3% to 42.1 million contracts traded during the year ended December 31, 2005 from 35.5 million contracts traded during the comparable period in 2004. Average transaction fees per trading day increased 26.2% to $226,000 per trading day for the year ended December 31, 2005 from $179,000 per trading day for the comparable period in 2004.

Transaction fees generated in our OTC business segment increased $34.4 million, or 75.7%, to $79.8 million for the year ended December 31, 2005 from $45.4 million for the comparable period in 2004, primarily due to increased trading volumes. Transaction fees in this segment, as a percentage of consolidated revenues, increased to 51.2% for the year ended December 31, 2005 from 41.9% for the comparable period in 2004. The number of transactions or trades executed in our OTC business segment increased by 117.0% to 2.3 million trades for the year ended December 31, 2005 from 1.1 million trades for the comparable period in 2004. Average transaction fees per trading day increased 79.6% to $312,000 per trading day for the year ended December 31, 2005 from $174,000 per trading day for the comparable period in 2004. The increase in trades was partially offset by a 17.2% decrease in the average revenues per transaction for the year ended December 31, 2005 as compared to the comparable period in 2004. The decline in average revenues per transaction was due in part to an increased number of lower volume transactions, primarily as a result of newer market participants generally trading in smaller transaction sizes, and a change in the mix of contracts traded, with a larger number of contracts traded related to commodities with lower commission rates.

Increased volumes in our OTC business segment were primarily due to increased trading activity in North American natural gas and power markets as a result of the availability of cleared OTC contracts and the continued improvement in credit quality in the merchant energy sector, as well as increased liquidity brought by new market participants and weather-related volatility. Transaction fees generated by trading in North American natural gas contracts increased $30.9 million, or 106.3%, to $59.9 million for the year ended December 31, 2005 from $29.0 million for the comparable period in 2004. In addition, transaction fees generated by trading in North American power contracts increased $7.0 million, or 73.8%, to $16.4 million for the year ended December 31, 2005 from $9.5 million for the comparable period in 2004. The continued growth in trading volumes in OTC contracts can be attributed in part to the use of cleared OTC contracts, which eliminates the need for a counterparty to post capital against each trade and also reduces requirements for entering into multiple negotiated bilateral settlement agreements to enable trading with other counterparties. We believe that the introduction of OTC cleared contracts has facilitated trading by market participants that otherwise would not have engaged in trading in energy derivatives.

The increase in transaction fees generated by trading in OTC North American natural gas and power contracts was partially offset by a decrease in transaction fees generated by our OTC global oil contracts. Transaction fees derived from trading in global oil contracts decreased $2.4 million, or 59.2%, to $1.6 million for the year ended December 31, 2005 from $4.0 million for the comparable period in 2004. This decrease is primarily attributable to entrenched competition in the OTC oil market, our waiver of commission fees on our West Texas Intermediate oil bullet swap contracts for the period from November 2004 through December 2005, and, to a lesser extent, limited sales and marketing resources committed to this market relative to that in our North American natural gas and power markets.

Revenues derived from electronic trade confirmation fees in our OTC business segment increased $791,000 to $1.6 million for the year ended December 31, 2005 from $789,000 for the comparable period in 2004. During the year ended December 31, 2005, 409,024 trades were matched through our electronic trade confirmation service, compared to 199,290 trades during the comparable period in 2004. Consolidated electronic trade confirmation fees, as a percentage of consolidated revenues, increased to 1.0% for the year ended December 31, 2005 from 0.7% for the comparable period in 2004.

Revenues derived from order flow shortfall payments in our OTC business segment decreased $1.1 million from the year ended December 31, 2004 to the year ended December 31, 2005. This decrease was due to the expiration of the European gas order flow agreements as of December 31, 2004. No order flow agreements were in effect during the year ended December 31, 2005 and we do not expect to enter any order flow agreements in the future. Consolidated order flow shortfall payments, as a percentage of consolidated revenues, were 1.0% for the year ended December 31, 2004.

Market Data Fees

Consolidated market data fees increased $2.3 million, or 19.1%, to $14.6 million for the year ended December 31, 2005 from $12.3 million for the comparable period in 2004. This increase was primarily due to increased market data fees in our OTC markets from the introduction of the market price validation service, and due to increased fees from market data access, view only screen access and end of day reports. The increase in market data access fee revenue was primarily due to the growth in fees received in our OTC business segment and, to a lesser extent, due to the growth in system user fees to ICE Futures members who access our electronic platform. The monthly weighted-average number of participants required to pay monthly market data access fees increased 16.5% to 247 for the year ended December 31, 2005 from 212 for the comparable period in 2004. We continued to increase both the number of participants subject to monthly market data access fees as well as the number of users accessing the platform at these participants. During the years ended December 31, 2005 and 2004, we recognized $2.6 million and $2.3 million, respectively, in monthly market data access fees in our OTC business segment and $389,000 and $341,000, respectively, in system user fees in our futures business segment. Market price validation was launched in March 2004 and 28 companies subscribed to this service as of December 31, 2005. The number of companies that subscribe to view only screen access increased 12.5% to 225 as of December 31, 2005 from 200 as of December 31, 2004. We also continued to enroll new individual monthly subscribers for these services within existing subscriber companies. Consolidated market data fees, as a percentage of consolidated revenues, decreased to 9.4% for the year ended December 31, 2005 from 11.3% for the comparable period in 2004.

Other Revenues

Consolidated other revenues decreased $971,000, or 18.6%, to $4.2 million for the year ended December 31, 2005 from $5.2 million for the comparable period in 2004. This decrease was primarily due to a $950,000 reduction in the communication charges and equipment rentals to ICE Futures members following the closure of our open-outcry trading floor. Consolidated other revenues, as a percentage of consolidated revenues, decreased to 2.7% for the year ended December 31, 2005 from 4.8% for the comparable period in 2004.

Expenses

Compensation and Benefits

Consolidated compensation and benefits expenses increased $5.7 million, or 18.9%, to $35.8 million for the year ended December 31, 2005 from $30.1 million for the comparable period in 2004. This increase was primarily due to an increase in our discretionary bonus accrual for the year ended December 31, 2005 as compared to the year ended December 31, 2004, and to a lesser extent, an increase in our employee headcount. During the year ended December 31, 2005, we had a month-end average of 200 employees, compared to a month-end average of 193 employees during the year ended December 31, 2004. Our discretionary bonus expense increased due to improved operating results for the year ended December 31, 2005 as compared to the year ended December 31, 2004, due to the completion of our initial public offering of common stock and due to an increased number of employees receiving the bonus accrual. Consolidated compensation and benefits expenses, as a percentage of consolidated revenues, decreased to 22.9% for the year ended December 31, 2005 from 27.7% for the comparable period in 2004 primarily due to our increased revenues.

Professional Services

Consolidated professional services expenses decreased $2.2 million, or 17.8%, to $10.1 million for the year ended December 31, 2005 from $12.3 million for the comparable period in 2004. This decrease was due to an aggregate decrease in legal fees related to litigation with NYMEX and EBS, the former of which was subsequently dismissed by a ruling in our favor on a motion for summary judgment, which is currently on appeal by NYMEX, and

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the latter of which was settled in the second quarter of 2005. Consolidated professional services expenses, as a percentage of consolidated revenues, decreased to 6.5% for the year ended December 31, 2005 from 11.4% for the comparable period in 2004.

Selling, General and Administrative

Consolidated selling, general and administrative expenses increased $2.3 million, or 13.7%, to $18.9 million for the year ended December 31, 2005 from $16.6 million for the comparable period in 2004. This increase was primarily due to the market-maker program that we initiated during 2004, an increase in royalty payments made to eSpeed, and increased marketing efforts relating to our transition to exclusive electronic trading in futures. Consolidated selling, general and administrative expenses, as a percentage of consolidated revenues, decreased to 12.1% for the year ended December 31, 2005 from 15.3% for the comparable period in 2004.

Floor Closure Costs

Consolidated floor closure costs were $4.8 million for the year ended December 31, 2005, due to the closure of our open-outcry trading floor in London in April 2005. Consolidated floor closure costs, as a percentage of consolidated revenues, were 3.1% for the year ended December 31, 2005. We did not have floor closure costs in the comparable period in 2004.

Settlement Expense

Consolidated settlement expense was $15.0 million for the year ended December 31, 2005, due to the payment made to settle litigation with EBS. Consolidated settlement expense, as a percentage of consolidated revenues, was 9.6% for the year ended December 31, 2005. We did not have settlement expenses in the comparable period in 2004.

Depreciation and Amortization

Consolidated depreciation and amortization expenses decreased $1.9 million, or 11.4%, to $15.1 million for the year ended December 31, 2005 from $17.0 million for the comparable period in 2004. This decrease was due to certain property and equipment purchased in 2001 with estimated useful lives of three years becoming fully depreciated over the course of 2004. Consolidated depreciation and amortization expenses, as a percentage of consolidated revenues, decreased to 9.7% for the year ended December 31, 2005 from 15.7% for the comparable period in 2004.

Other Income

Consolidated other income increased $2.5 million, or 185.4%, to $3.8 million for the year ended December 31, 2005 from $1.3 million for the comparable period in 2004. This increase primarily related to foreign currency transaction gains, partially offset by an increase of $476,000 in interest expense related to outstanding balances under the Wachovia revolving credit agreement.