



GLOBAL MARKETS IN CLEAR VIEW

OMG Overview
March 23, 2009

ICE INTRODUCTION

ICE is a leading, global derivatives exchange operator. Through our sophisticated trading and clearing technology infrastructure, we offer benchmark futures and options contracts for energy, soft and agricultural commodities, equity indexes and currencies, as well as the leading electronic global OTC energy marketplace.

Global Reach

- Screens and customers in 55 countries
- 3 regulated futures exchanges: ICE Futures Europe, ICE Futures U.S. and ICE Futures Canada
- 4 regulated clearing houses (Europe, U.S., Canada)
- 2 OTC Platforms

Diverse Products and Markets

- Energy, agricultural, financial products
- Futures, options and OTC markets

Superior Technology

- Sophisticated, scalable & widely distributed trading platform
- Focus on innovation, customers and technology

A History of Innovation

- ICE was the first to introduce clearing to the power markets, which were the domain of voice brokered, bilateral transactions similar to how credit default swaps markets operate today



A Global Exchange:
Today ICE has 11 offices throughout
Asia, Canada, the U.K. and the U.S.



www.theice.com

ICE TRUST OVERVIEW

ICE Trust is a dedicated credit default swap (CDS) clearing house for North American indices and single names contracts.

- ICE Trust received required regulatory approvals from the Federal Reserve, the NYSBD, the Securities and Exchange Commission and the US Treasury on March 4, 5, 6 and 6 respectively
- Organized as a limited liability trust company, it is a member of the Federal Reserve system and is also regulated by the New York State Banking Department.
- Initial ICE Trust members are Bank of America, Barclays Capital, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, JP Morgan Chase, Merrill Lynch, Morgan Stanley and UBS
- Processing and clearing of the most liquid CDX indices began March 9, 2009. Two weekly clearing cycles are now complete:
 - During the first clearing cycle, 91 trades totaling \$7.1 billion of notional value (counting one side of transaction) was cleared in the CDX North American Investment Grade Series 10, Version 3 Five year index (CDX.NA.IG.10 v3 5Y) which resulted in \$3.3 billion of open interest facing ICE Trust;
 - During the second clearing cycle, 61 trades totaling \$8.6 billion of CDX.NA.IG.10 v3 5Y and 39 trades totaling \$5.4 billion of CSX.NA.IG 11 v1 5Y (Series 11, Version 1, 5 Year) which resulted in a net \$4 billion of open interest facing ICE Trust across both products
 - We have one more planned week of “light” volume based upon our agreements with the regulators before more intense backloading begins
- Liquid single-name CDS transactions will follow over the coming months. Separately, ICE Clear Europe has announced its intention to clear European CDS contracts (iTraxx) by mid-2009.

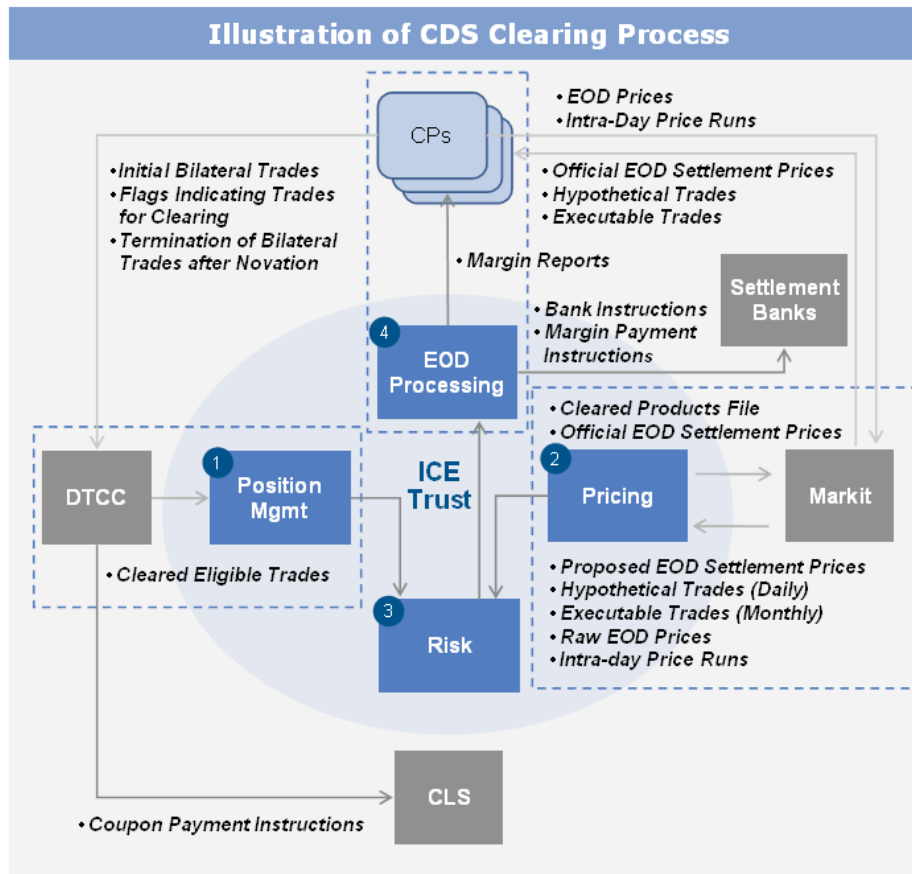


CDS CLEARING EXECUTIVE SUMMARY

- **ICE Trust is OPERATIONAL; a phased approach will be utilized**
 - Completed extensive testing of core processing capabilities with all participants over eight months
 - Prioritized clearing backlog trades ; launch of US CDX clearing occurred on March 9th
 - Live for two weeks of backloading—one more light week of volume prior to more intense backloading begins
- **ICE is uniquely qualified to provided a GLOBAL clearing solution**
 - ICE already operates clearinghouses in the US, Canada and the UK
 - Extensive experience operating in multiple jurisdictions and regulatory environments
 - ICE Clear Europe will offer clearing of iTraxx product in the coming week following completion of regulatory approval
- **ICE has extensive CDS DOMAIN EXPERTISE**
 - Provides several pieces of critical CDS market infrastructure
 - In-depth understanding of the unique operational and risk management challenges of CDS products
- **ICE has a complete RISK MANAGEMENT FRAMEWORK in collaboration with clearing members**
 - Adopted industry best practices
 - Adopted a comprehensive waterfall approach for managing systemic risk including membership criteria, margin, intra-day monitoring, guaranty fund, and one-time assessments
- **ICE is deploying an OPEN ARCHITECTURE model**
 - Enables integration with multiple execution / matching venues and participation from both buy and sell-side firms
- **ICE will PROTECT customers through segregated client accounts**
 - Clearing Participants will provide segregation of initial margin and subsequently:
 - the Clearinghouse will hold client funds in segregated accounts



PROCESS OVERVIEW



Key Process Steps

- 1 Position Management**

 - Receive position file from DTCC
 - Identify eligible trades based on Clearing Participant Flags
 - Create bilateral trades between ICE Trust and Clearing Participants (CPs)
- 2 Pricing**

 - Provide Market with file detailing cleared products with open interest by CP
 - Receive proposed settlement prices, matched interest trades, and raw EOD price quotes from Market
 - Receive intraday price runs
 - Provide Market with official EOD Settlement prices
- 3 Risk**

 - Receive price and position information
 - Calculate daily replacement value margin
 - Calculate risk margin
 - Calculate Guaranty Fund and allocations
 - Provide inputs for end of day processing
- 4 End of Day Processing**

 - Send daily replacement value margin and risk margin reports to CPs
 - Provide Bank Instructions for daily margin calls and monthly Guaranty Fund adjustments

ICE TRUST RISK MANAGEMENT FRAMEWORK

Waterfall Approach for Managing Systemic Risk

Membership Criteria

Risk Margin / Initial Margin Requirement

Mark-To-Market / Variation Margin

**Intra-day Risk Monitoring
Special Margin Call Execution**

ICE Capital Contribution

Guaranty Fund

Limited One-Time Assessment

- Ensure each Clearing Participant has sufficient financial resources, operational capabilities and risk management experience
- Collateralize potential Clearing Participant portfolio loss under distressed market conditions
- Adjust Clearing Participant collateral through a daily debit/credit based on EOD mark-to-market
- Identify additional margin requirements based on a comparison of unrealized P/L to Risk Margin, understanding unusual market fluctuations, etc.
- ICE participation in the Guaranty Fund (up to \$100 million)
- Mutualize losses under extreme but plausible market scenarios
- Oblige Clearing Participants to contribute a capped amount of additional default funding



ICE TRUST: MEMBERSHIP, OPERATING PLATFORM AND GOVERNANCE

ICE Trust offers clearing services to its membership and third-parties

- ICE Trust membership is open to all market participants that meet the clearing house's financial criteria.
- Third-parties that do not meet the criteria of ICE Trust membership will be able to clear trades through clearing house members.

Open Clearing Platform

- ICE Trust allows delivery of trades directly from multiple venues including T-Zero, MarkitWire, GFI, ICAP, etc.

ICE Trust management is independent of its clearing membership

- ICE Trust will be managed by an independent Board of Directors.
- All members of the ICE Trust Board of Directors will be approved by the Superintendent of the New York State Banking Department.
- Initially, the ICE Trust Board of Directors will initially consist of seven members, four of whom are independent Directors of ICE, in accordance with the requirements of the New York Stock Exchange listing standards. The Board will be expanded to eleven members in the near-term.



ICE CDS AND CLEARING EXPERTISE

ICE pioneered OTC clearing for energy in 2002 and has an established track record of leading the CDS market in critical industry initiatives

- **ICE OTC Clearing:** ICE pioneered clearing for OTC energy contracts in 2002 and is the only exchange today to offer execution and clearing for OTC derivative contracts on a single screen
- **ICE Clearing House Operations:** ICE now operates 4 global clearing houses
 - ICE Clear U.S. – acquired along with NYBOT; clears agricultural & financial futures contracts & ag swaps
 - ICE Clear Canada – acquired along with Winnipeg Commodity Exchange; clears agricultural futures
 - ICE Clear Europe – built by ICE and launched in November 2008; clears energy futures and OTC contracts
 - ICE Trust – built by ICE and The Clearing Corp and launched in March 2008; clears OTC CDS contracts
- **T+0 Trade Processing:** ICE's T-Zero platform is the most widely adopted platform for same-day processing of CDS affirmations and novation consent with 16 CDS dealers, 7 Prime Brokers and over 340 live Buy-Side (over 200 in U.S.). T-Zero connectivity provides interoperability between the CDS systems of dealers, prime brokers, buy-side, interdealer brokers, vendors and the DTCC Trade Information Warehouse
- **Credit Event Auctions:** ICE is the official co-administrator of auctions used to settle CDS contracts following default. Auctions have been used recently in connection with the defaults of Fannie Mae, Freddie Mac, Lehman Brothers, Washington Mutual, Ecuador and Tribune
- **Electronic Trading:** ICE was the first to launch electronic trading for CDS in Europe and continues to lead the market with innovative electronic trading solutions that facilitate liquidity and risk management. Over 50% of global ICE CDS volumes are traded electronically.

