NYSE Euronext Merger: Frequently Asked Tax Questions

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What are the material U.S. federal income tax consequences of the NYSE Euronext merger to shareholders of NYSE Euronext common shares?

Please refer to the section entitled “Material United States Federal Income Tax Consequences of the Mergers” beginning on page 162 of the amended joint proxy statement / prospectus dated April 30, 2013 (available at http://ice.q4cdn.com/b1fd6a4a-7113-4470-9ca9-7d3f9016914e.pdf) (the “U.S. Prospectus”) for a discussion of the material U.S. federal income tax consequences of the mergers to U.S. shareholders of NYSE Euronext common shares. Shareholders who held solely ICE common shares (and who held no NYSE Euronext common shares) immediately prior to the mergers should also refer to such discussion.


We note that the transaction structure referred to as the “Alternative Transaction” in such documents was not implemented.

How many ICE Group common shares were outstanding immediately following the mergers of IntercontinentalExchange, Inc. (“ICE”) and NYSE Euronext (the “mergers”)?

115,047,396. This total is comprised of 72,913,847 shares of ICE that were converted into ICE Group common shares and 42,133,549 ICE Group common shares that were issued in exchange
for NYSE Euronext common shares (including common shares issued under certain NYSE Euronext equity awards that vested as a result of the NYSE Euronext merger). See ICE Form 8-K filed November 13, 2013 (available at http://ice.q4cdn.com/98f7fe1e-baed-4582-bb17-5c55fa042e8c.pdf).

**What was the total amount of cash consideration paid to NYSE Euronext shareholders in connection with the NYSE Euronext merger?**

$2,741,902,721.79

**What was the average of the high and low prices for ICE Group common shares on the effective date of the NYSE Euronext merger (November 13, 2013)?**

$199.61 (based on a high price of $201.42 and a low price of $197.80 on the effective date of the NYSE Euronext merger). ICE Group has reported the fair market value of the ICE Group Shares on Internal Revenue Service ("IRS") Form 8937 as equal to $199.61 per ICE Group common share.

**How should the cash consideration paid to NYSE Euronext shareholders that did not receive, directly or by attribution, ICE Group common shares in connection with the mergers be characterized for U.S. federal income tax purposes?**

A NYSE Euronext shareholder that received cash consideration pursuant to the NYSE Euronext merger and that did not receive, directly or by attribution, any ICE Group common shares in connection with the mergers generally will recognize gain or loss in an amount equal to the difference between the amount of cash received and such shareholder’s tax basis in the NYSE Euronext common shares exchanged for such cash consideration in the NYSE Euronext merger.

**How should the cash consideration paid to NYSE Euronext shareholders that also received ICE Group common shares in connection with the mergers be characterized for U.S. federal income tax purposes?**

The U.S. federal income tax treatment of the cash consideration received by a NYSE Euronext shareholder will depend on the individual shareholder’s circumstances, including whether the shareholder was also a shareholder of ICE immediately prior to the mergers. Depending upon an individual shareholder’s circumstances, such cash consideration may be treated as a non-taxable return of capital, gain on the sale or exchange of NYSE Euronext common shares or a dividend.

A NYSE Euronext shareholder who received a combination of ICE Group common shares and cash (other than in lieu of a fractional share) in exchange for NYSE Euronext common shares generally will recognize gain (but not loss) in an amount equal to the lesser of (1) the amount, if any, by which the sum of the fair market value of the ICE Group common shares and cash received by a NYSE Euronext shareholder exceeds such shareholder’s tax basis in its NYSE Euronext common shares and (2) the amount of such cash received by such shareholder.

Any gain recognized generally will be treated as a capital gain unless the receipt of cash by a NYSE Euronext shareholder has “the effect of a distribution of a dividend,” in which case such gain may be treated as ordinary dividend income. As discussed in more detail below, whether a
distribution has “the effect of a distribution of a dividend” is determined on a shareholder-by-shareholder basis under section 302 of the Internal Revenue Code of 1986, as amended.

A NYSE Euronext shareholder that receives cash instead of a fractional share of ICE Group common stock should refer to the discussion under “Material United States Federal Income Tax Consequences of the Mergers—Cash Received Instead of a Fractional Share of ICE Group Common Stock” on page 165 of the U.S. Prospectus or on page 364 of the E.U. Prospectus, as applicable, for a discussion of the U.S. federal income tax consequences resulting from the receipt of such cash.

For a non-U.S. shareholder of NYSE Euronext, will payments of cash consideration be subject to withholding of U.S. tax?

To the extent that a cash distribution is characterized as a dividend for U.S. federal income tax purposes and is paid to a non-U.S. shareholder, the dividend could be subject to withholding tax at a 30 percent tax rate (or a reduced rate available under a treaty between the recipient’s country of residence and the United States, provided that the appropriate documentation regarding the recipient’s ability to claim treaty benefits is obtained). Any cash treated as received pursuant to a sale or exchange transaction generally would not be subject to U.S. federal income tax for most non-U.S. holders. As discussed above, the determination of whether the cash consideration is treated as a dividend or is received pursuant to a sale or exchange transaction is determined on a shareholder-by-shareholder basis. Each non-U.S. shareholder will need to certify whether the cash received should be characterized as a dividend for U.S. federal income tax purposes. Prior to the receipt of such certification, 30 percent (or a reduced rate applicable under an income tax treaty) of the cash consideration paid to a non-U.S. holder will be retained in escrow. If the non-U.S. shareholder returns the required certification within a specified period (as determined by the custodian of the relevant shares) and such certification indicates that the cash consideration should not be classified as a dividend for U.S. federal income tax purposes, the relevant U.S. withholding agent will release such amount to the non-U.S. shareholder (or the non-U.S. shareholder’s custodian, as applicable). If not, the relevant U.S. withholding agent will remit such amount to the IRS. Each non-U.S. shareholder should consult its own tax advisor and the custodian of its shares regarding such certification and the method for obtaining a refund of any taxes withheld.

How should a NYSE Euronext shareholder that receives cash consideration and ICE Group common shares in connection with the mergers determine whether recognized gain has “the effect of a distribution of a dividend” for U.S. federal income tax purposes?

Solely for purposes of determining the character of the cash consideration to NYSE Euronext shareholders, ICE Group is deemed to have acquired NYSE Euronext common shares in exchange only for its own common shares and then immediately after, as a second step, to have redeemed part of such ICE Group common shares issued to NYSE Euronext shareholders in exchange for the cash actually received by them (the “Deemed Redemption”). In order to determine the tax treatment of those cash proceeds (i.e., sale or exchange treatment or dividend treatment), each NYSE Euronext shareholder needs to compare its proportional interest in ICE Group immediately before and after such Deemed Redemption, taking into account ICE Group common shares received in connection with both of the mergers. In addition to common shares
that a shareholder owns directly, a shareholder is considered for this purpose to own any common shares owned (directly or indirectly) by or for certain family members and entities that are treated as related to the shareholder under applicable attribution rules. Each shareholder should consult its own tax advisor regarding the application of such attribution rules.

The computation of each NYSE Euronext shareholder’s proportional interest in ICE Group immediately before and after the Deemed Redemption is made as follows:

**Step 1:** Determine the total number of ICE Group common shares that ICE Group would have issued pursuant to the mergers and prior to the Deemed Redemption had it not paid any cash consideration to NYSE Euronext shareholders and had instead issued additional ICE Group common shares

This step is completed by taking the total cash consideration paid in the mergers and dividing that amount by an assumed per-share price (as discussed further below).

**Step 2:** Determine the total number of ICE Group common shares that the shareholder would have received pursuant to the mergers had ICE Group paid no cash consideration and the shareholder had instead received additional ICE Group common shares

This step is completed by taking the total cash consideration received by the shareholder and dividing that amount by an assumed per-share price (as discussed further below).

**Step 3:** Determine each shareholder’s percentage interest in ICE Group prior to the Deemed Redemption

This step is completed by dividing the result obtained in Step 2 by the result obtained in Step 1.

**Step 4:** Determine each shareholder’s percentage interest in ICE Group immediately following the Deemed Redemption

This step is completed by dividing the number of shares actually held by such shareholder (directly or by attribution) immediately following the mergers by the total number of shares issued pursuant to the mergers.

**Step 5:** Compare each shareholder’s percentage interest in ICE Group prior to the Deemed Redemption to such shareholder’s percentage interest after the Deemed Redemption

This step is completed by dividing the result obtained in Step 4 by the result obtained in Step 3.

In general, if a shareholder’s percentage interest in ICE Group as a result of the Deemed Redemption is less than 80 percent of such shareholder’s percentage interest immediately prior to the Deemed Redemption, the Deemed Redemption is treated as a “substantially
disproportionate distribution” and is treated as made pursuant to a sale or exchange transaction. In addition, the IRS has indicated in rulings that any reduction in the interest of a stockholder that owns a small percentage of shares in a publicly and widely held corporation (a “minority shareholder”) and that exercises no control over corporate affairs is a “meaningful reduction” resulting in sale or exchange treatment. In one published ruling, for example, a reduction from 0.000118 percent to 0.0001081 percent was held to be a meaningful reduction (even though it would not satisfy the “substantially disproportionate” test. Thus, even if the Deemed Redemption is not deemed to be “substantially disproportionate,” any reduction in percentage ownership by certain minority shareholders may also be considered as “not essentially equivalent to a dividend.” In either of those cases, any cash consideration received pursuant to the NYSE Euronext merger would be treated as proceeds from a sale or exchange and not as a dividend. If neither of these exceptions applies to a shareholder, the payment will be treated as a dividend for U.S. federal income tax purposes.

Most shareholders owning a small percentage interest in ICE Group should expect under these rules to have capital gain treatment for any gain recognized pursuant to the mergers. Certain shareholders, however, particularly those which had large interests in ICE relative to their interests in NYSE Euronext prior to the mergers, may have dividend treatment. Each shareholder should consult with its own tax advisor regarding the appropriate characterization of any cash consideration received pursuant to the mergers.

**How should a NYSE Euronext shareholder calculate the number of ICE Group common shares deemed issued and redeemed pursuant to the Deemed Redemption?**

There is no guidance that specifies how to determine the number of ICE Group common shares that are deemed to be issued and redeemed pursuant to the Deemed Redemption in a situation similar to the NYSE Euronext merger. Although the total number of ICE Group common shares outstanding following the mergers and the total cash consideration paid in connection with the mergers is known, it is not clear under U.S. federal income tax law whether the number of such shares deemed to be issued and redeemed should be based on the implied price per ICE Group common share determined by comparing the number of ICE Group common shares that a NYSE Euronext shareholder would have received under the various elections that a NYSE Euronext shareholder was permitted to make in connection with the merger, the actual trading price for ICE Group common shares as of the effective date of the mergers or some other methodology. A shareholder should consult with its own tax advisor in making this determination.

Each shareholder, especially (a) any shareholder that held (actually or constructively) both ICE and NYSE Euronext common shares immediately prior to the mergers, (b) any non-U.S. shareholder and (c) any shareholder owning (actually or constructively) a substantial amount of ICE Group common shares immediately following the mergers, should consult its own tax advisor to determine the U.S. federal income tax treatment of any cash received in connection with the mergers, including the method for determining whether a reduction in such shareholder’s percentage interest in ICE Group satisfies the “not essentially equivalent to a dividend” test described above.