INTL FCSTONE INC.
Form 10-Q
May 08, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2013

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From to

Commission File Number 000-23554

INTL FCStone Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	59-2921318 (I.R.S. Employer Identification No.)

708 Third Avenue, Suite 1500
New York, NY 10017
(Address of principal executive offices) (Zip Code)
(212) 485-3500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 305 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company.

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of May 6, 2013, there were 19,189,177 shares of the registrant’s common stock outstanding.

Table of Contents

INTL FCStone Inc.
Quarterly Report on Form 10-Q for the Quarterly Period Ended March 31, 2013
Table Of Contents

Table of Contents

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
INTL FCStone Inc.
Condensed Consolidated Balance Sheets

(in millions, except par value and share amounts)	March 31, 2013 (Unaudited)	September 30, 2012
ASSETS		
Cash and cash equivalents	$262.0	$ 236.3
Cash, securities and other assets segregated under federal and other regulations (including $43.9 and $72.8 at fair value at March 31, 2013 and September 30, 2012, respectively)	382.3	357.5
Deposits and receivables from:		
Exchange-clearing organizations (including $1,460.4 and $1,510.0 at fair value at March 31, 2013 and September 30, 2012, respectively)	1,672.2	1,619.8
Broker-dealers, clearing organizations and counterparties (including $0.5 and $(0.7) at fair value at March 31, 2013 and September 30, 2012, respectively)	170.7	127.4
Receivables from customers, net	127.0	68.9
Notes receivable, net	78.8	104.0
Income taxes receivable	13.4	11.9
Financial instruments owned, at fair value	176.0	171.7
Physical commodities inventory	152.0	131.6
Deferred income taxes, net	20.1	21.9
Property and equipment, net	18.8	18.9
Goodwill and intangible assets, net	56.8	54.7
Other assets	30.3	34.3
Total assets	$3,160.4	$ 2,958.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and other accrued liabilities (including $18.4 and $14.8 at fair value at March 31, 2013 and September 30, 2012, respectively)	$126.0	$ 127.0
Payables to:		
Customers	2,234.3	2,072.3
Broker-dealers, clearing organizations and counterparties	2.6	39.4
Lenders under loans	226.0	218.2
Income taxes payable	4.9	5.5
Financial instruments sold, not yet purchased, at fair value	237.4	175.4
Deferred income taxes	—	2.0
Total liabilities	2,831.2	2,639.8
Commitments and contingencies (Note 11)		
Stockholders' Equity:		
Preferred stock, $0.01 par value. Authorized 1,000,000 shares; no shares issued or outstanding	—	—
Common stock, $0.01 par value. Authorized 30,000,000 shares; 19,507,852 issued and 19,168,770 outstanding at March 31, 2013 and 19,214,219 issued and 18,984,951 outstanding at September 30, 2012	0.2	0.2
Common stock in treasury, at cost - 339,082 shares at March 31, 2013 and 229,064 shares at September 30, 2012, respectively	(6.1)	(4.1)
Additional paid-in capital	216.9	213.2

Retained earnings	126.8	112.0
Accumulated other comprehensive loss, net	(8.6)	(2.2)
Total stockholders' equity	329.2	319.1
Total liabilities and stockholders' equity	$3,160.4	$ 2,958.9

See accompanying notes to condensed consolidated financial statements.

1

Table of Contents

INTL FCStone Inc.
Condensed Consolidated Income Statements
(Unaudited)

(in millions, except share and per share amounts)	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Six Months Ended March 31, 2013	Six Months Ended March 31, 2012
Revenues:				
Sales of physical commodities	$12,999.7	$16,861.6	$25,587.6	$34,037.5
Trading gains, net	58.9	38.0	138.8	111.4
Commission and clearing fees	43.4	41.5	83.4	73.5
Consulting and management fees	7.7	7.3	16.0	13.5
Interest income	3.1	2.3	6.4	5.0
Other income	0.3	0.3	0.4	0.5
Total revenues	13,113.1	16,951.0	25,832.6	34,241.4
Cost of sales of physical commodities	12,995.8	16,831.4	25,589.6	34,025.5
Operating revenues	117.3	119.6	243.0	215.9
Interest expense	2.9	3.6	6.4	5.7
Net revenues	114.4	116.0	236.6	210.2
Non-interest expenses:				
Compensation and benefits	52.0	55.1	98.7	100.9
Clearing and related expenses	29.1	27.1	54.1	49.8
Introducing broker commissions	9.6	8.0	18.0	13.8
Communication and data services	5.8	5.6	11.1	10.2
Occupancy and equipment rental	3.2	2.7	6.1	5.5
Professional fees	3.5	3.6	7.2	6.3
Depreciation and amortization	2.3	1.9	4.1	3.4
Bad debts and impairments	(0.3)	(0.1)	0.1	—
Other	7.8	8.5	17.0	17.4
Total non-interest expenses	113.0	112.4	216.4	207.3
Income from operations, before tax	1.4	3.6	20.2	2.9
Income tax (benefit) expense	(0.1)	1.2	5.4	1.0
Net income	1.5	2.4	14.8	1.9
Add: Net loss attributable to noncontrolling interests	—	—	—	0.1
Net income attributable to INTL FCStone Inc. common stockholders	$1.5	$2.4	$14.8	$2.0
Basic earnings per share:				
Net income attributable to INTL FCStone Inc. common stockholders	$0.08	$0.13	$0.78	$0.11
Diluted earnings per share:				
Net income attributable to INTL FCStone Inc. common stockholders	$0.08	$0.12	$0.75	$0.10
Weighted-average number of common shares outstanding:				
Basic	18,380,971	18,303,968	18,327,517	18,233,340
Diluted	18,834,592	19,187,360	18,821,799	19,167,927

See accompanying notes to condensed consolidated financial statements.

Table of Contents

INTL FCStone Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
(in millions)	2013	2012	2013	2012
Net income	$1.5	$2.4	$14.8	$1.9
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment, net of tax	(0.3)	(0.1)	(0.6)	(0.2)
Pension liabilities adjustment, net of tax	—	—	0.4	0.1
Net unrealized gain or loss on available-for-sale securities, net of tax	0.4	0.3	0.2	0.2
Reclassification of adjustment for gains included in net income:				
Foreign currency translation adjustment (included in other income)	(0.1)	—	(0.1)	—
Realized gain on available-for-sale securities (included in trading gains, net)	—	—	(8.3)	—
Income tax expense from reclassification adjustments (included in income tax expense)	—	—	2.0	—
Reclassification adjustment for gains included in net income:	(0.1)	—	(6.4)	—
Other comprehensive income (loss)	—	0.2	(6.4)	0.1
Comprehensive income (loss)	$1.5	$2.6	$8.4	$2.0

See accompanying notes to condensed consolidated financial statements.

Table of Contents

INTL FCStone Inc.
Condensed Consolidated Cash Flows Statements
(Unaudited)

	Six Months Ended March 31,	
(in millions)	2013	2012
Cash flows from operating activities:		
Net income	$14.8	$1.9
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	4.1	3.4
Provision for bad debts and impairments	0.1	—
Deferred income taxes	(0.3)	(0.5)
Amortization of debt issuance costs and debt discount	0.6	0.8
Amortization of stock-based compensation expense	3.5	2.3
Gain on sale of exchange memberships and common stock	(9.2)	—
Changes in operating assets and liabilities, net:		
Cash, securities and other assets segregated under federal and other regulations	(24.9)	(316.2)
Deposits and receivables from exchange-clearing organizations	(52.4)	313.3
Deposits and receivables from broker-dealers, clearing organizations, and counterparties	(43.4)	19.2
Receivable from customers, net	(58.1)	(42.2)
Notes receivable, net	25.2	8.4
Income taxes receivable	(1.5)	0.5
Financial instruments owned, at fair value	(12.6)	23.2
Physical commodities inventory	(20.4)	55.7
Other assets	3.1	6.5
Accounts payable and other accrued liabilities	(3.2)	4.2
Payable to customers	162.1	(56.3)
Payable to broker-dealers, clearing organizations and counterparties	(36.8)	(0.5)
Income taxes payable	1.4	(2.8)
Financial instruments sold, not yet purchased, at fair value	62.0	(170.5)
Net cash provided by (used in) operating activities	14.1	(149.6)
Cash flows from investing activities:		
Deconsolidation of affiliates	—	0.4
Cash paid for acquisitions, net	—	(1.3)
Sale of exchange memberships and common stock	10.2	—
Purchase of property and equipment	(3.1)	(5.8)
Net cash provided by (used in) investing activities	7.1	(6.7)
Cash flows from financing activities:		
Net change in payable to lenders under loans	7.7	117.0
Payments related to earn-outs on acquisitions	(0.3)	(0.3)
Debt issuance costs	(0.2)	—
Exercise of stock options	0.5	1.5
Share repurchases	(2.2)	—
Tax shortfall on stock options and awards	(0.3)	—
Net cash provided by financing activities	5.2	118.2
Effect of exchange rates on cash and cash equivalents	(0.7)	(0.2)
Net increase (decrease) in cash and cash equivalents	25.7	(38.3)
Cash and cash equivalents at beginning of period	236.3	220.6
Cash and cash equivalents at end of period	$262.0	$182.3

Supplemental disclosure of cash flow information:		
Cash paid for interest	$4.7	$4.0
Income taxes paid, net of cash refunds	$6.0	$3.5
Supplemental disclosure of non-cash investing and financing activities:		
Identified intangible assets and goodwill on acquisitions	$3.1	$0.7
Additional consideration payable related to acquisitions, net	$3.9	$1.4

See accompanying notes to condensed consolidated financial statements.

Table of Contents

INTL FCStone Inc.
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)

(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances as of September 30, 2012	$0.2	$(4.1)	$213.2	$112.0	$ (2.2)	$319.1
Net income				14.8		14.8
Other comprehensive loss					(6.4)	(6.4)
Exercise of stock options			0.2			0.2
Stock-based compensation			3.5			3.5
Share repurchases		(2.0)				(2.0)
Balances as of March 31, 2013	$0.2	$(6.1)	$216.9	$126.8	$ (8.6)	$329.2

See accompanying notes to condensed consolidated financial statements.

Table of Contents

INTL FCStone Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 – Basis of Presentation and Consolidation and Recently Issued Accounting Standards

INTL FCStone Inc., a Delaware corporation, and its consolidated subsidiaries (collectively “INTL” or “the Company”), form a financial services group focused on domestic and select international markets. The Company’s services include comprehensive risk management advisory services for commercial customers; execution of listed futures and options-on-futures contracts on all major commodity exchanges; structured over-the-counter (“OTC”) products in a wide range of commodities; physical trading and hedging of precious and base metals and select other commodities; trading of more than 130 foreign currencies; market-making in international equities; debt origination and asset management. The Company provides these services to a diverse group of more than 20,000 customers located throughout the world, including producers, processors and end-users of nearly all widely-traded physical commodities to manage their risks and enhance margins; to commercial counterparties who are end-users of the firm’s products and services; to governmental and non-governmental organizations; and to commercial banks, brokers, institutional investors and major investment banks.

Basis of Presentation and Consolidation

The accompanying condensed consolidated balance sheet as of September 30, 2012, which has been derived from audited financial statements, and the unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to those rules and regulations. The Company believes that the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the condensed consolidated financial statements for the interim periods presented have been reflected as required by Rule 10-01 of Regulation S-X.

Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. It is suggested that these interim condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and related notes contained in the Company’s Form 10-K for the fiscal year ended September 30, 2012 filed with the SEC.

These condensed consolidated financial statements include the accounts of INTL FCStone Inc. and all other entities in which the Company has a controlling financial interest. All material intercompany transactions and balances have been eliminated in consolidation.

The Company's fiscal year end is September 30, and the fiscal quarters end on December 31, March 31, June 30 and September 30. Unless otherwise stated, all dates refer to fiscal years and fiscal interim periods.

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant of these estimates and assumptions relate to fair value measurements for financial instruments and investments, revenue recognition, the provision for potential losses from bad debts, valuation of inventories, valuation of goodwill and intangible assets, incomes taxes and contingencies. Although these and other estimates and assumptions are based on the best available information, actual results could be materially different from these estimates.

Recent Accounting Pronouncements

On December 16, 2011, the Financial Accounting Standards Board ("FASB") issued new guidance on the disclosures about offsetting assets and liabilities. While the FASB retained the existing offsetting models under U.S. GAAP, the new standard requires disclosures to allow investors to better compare and understand significant quantitative differences in financial statements prepared under U.S. GAAP. The new standard is effective for annual periods beginning on or after January 1, 2013, and interim periods within those annual periods. Retrospective application is required. This guidance is effective for the Company's fiscal year beginning October 1, 2013. The Company expects to adopt this guidance starting with the first quarter of fiscal year 2014. The adoption of this guidance is expected to change some of the Company's disclosures within the notes to its condensed consolidated financial statements.

In July 2012, the FASB issued final guidance on indefinite-lived intangible assets impairment testing. Under the guidance, entities testing indefinite-lived intangibles for impairment have the option of first performing a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If a company determines that it

Table of Contents

is more likely than not that the fair value of such an asset exceeds its carrying amount, it would not need to calculate the fair value of the asset in that year. However, if a company concludes otherwise, it must calculate the fair value of the asset, compare that value with its carrying amount and record an impairment charge, if any. The guidance does not revise the requirement to test indefinite-lived intangible assets annually for impairment. In addition, the guidance does not amend the requirement to test indefinite-lived intangible assets for impairment between annual tests if events or circumstances warrant, however, it does revise the examples of events and circumstances that an entity should consider. The guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The Company adopted this guidance and it did not have a material impact on the Company's condensed consolidated financial statements.

In February 2013, the FASB issued Accounting Standards Update ("ASU") No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income requiring new disclosures regarding reclassification adjustments from accumulated other comprehensive income ("AOCI"). ASU No. 2013-02 requires disclosure of amounts reclassified out of AOCI by component. In addition, the entity is required to present, either on the face of the statement where net income is presented or the notes, significant amounts reclassified out of AOCI by the respective line items of net income. The Company expects to adopt this guidance starting with the first quarter of fiscal year 2014. The adoption of this guidance is not expected to have a material impact on the Company's condensed consolidated financial statements.

Note 2 – Earnings per Share

The Company presents basic and diluted earnings per share ("EPS") using the two-class method which requires all outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends and therefore participate in undistributed earnings with common stockholders be included in computing earnings per share. Under the two-class method, net earnings are reduced by the amount of dividends declared in the period for each class of common stock and participating security. The remaining undistributed earnings are then allocated to common stock and participating securities, based on their respective rights to receive dividends. Restricted stock awards granted to certain employees and directors and shares held in trust for the Provident Group acquisition contain non-forfeitable rights to dividends at the same rate as common stock, and are considered participating securities.

Basic EPS has been computed by dividing net income by the weighted-average number of common shares outstanding. The following is a reconciliation of the numerator and denominator of the diluted net income per share computations for the periods presented below.

	Three Months Ended March 31,		Six Months Ended March 31,	
(in millions, except share amounts)	2013	2012	2013	2012
Numerator:				
Income from operations attributable to INTL FCStone Inc. stockholders	$1.5	$2.4	$14.8	$2.0
Less: Allocation to participating securities	(0.1)	(0.1)	(0.6)	(0.1)
Income from operations allocated to common stockholders	$1.4	$2.3	$14.2	$1.9
Diluted net income	$1.5	$2.4	$14.8	$2.0
Less: Allocation to participating securities	(0.1)	(0.1)	(0.6)	(0.1)
Diluted net income allocated to common stockholders	$1.4	$2.3	$14.2	$1.9
Denominator:				
Weighted average number of:				
Common shares outstanding	18,380,971	18,303,968	18,327,517	18,233,340
Dilutive potential common shares outstanding:				
Share-based awards	453,621	883,392	494,282	934,587
Diluted weighted-average shares	18,834,592	19,187,360	18,821,799	19,167,927

The dilutive effect of share-based awards is reflected in diluted net income per share by application of the treasury stock method, which includes consideration of unamortized share-based compensation expense required under the

Compensation – Stock Compensation Topic of the Accounting Standards Codification ("ASC").

Table of Contents

Options to purchase 1,490,288 shares of common stock for the three and six months ended March 31, 2013, respectively, and options to purchase 1,190,859 shares of common stock for the three and six months ended March 31, 2012, respectively, were excluded from the calculation of diluted earnings per share because they would have been anti-dilutive.

Note 3 – Assets and Liabilities, at Fair Value

The Company's financial and nonfinancial assets and liabilities reported at fair value are included within the following captions on the condensed consolidated balance sheets:

- Cash and cash equivalents
- Cash, securities and other assets segregated under federal and other regulations
- Deposits and receivables from exchange-clearing organizations, broker-dealers, clearing organizations and counterparties
- Financial instruments owned
- Accounts payable and other accrued liabilities
- Payables to customers
- Payables to broker-dealers, clearing organizations and counterparties
- Financial instruments sold, not yet purchased

Fair Value Hierarchy

The majority of financial assets and liabilities on the condensed consolidated balance sheets are reported at fair value. Cash is reported at the balance held at financial institutions. Cash equivalents include money market funds, which are valued at period-end at the net asset value provided by the fund's administrator, and certificates of deposit, which are stated at cost plus accrued interest, which approximates fair value. Cash, securities and other assets segregated under federal and other regulations include the value of cash collateral as well as the value of other pledged investments, primarily U.S. Treasury bills and obligations issued by government sponsored entities and commodities warehouse receipts. Deposits with and receivables from exchange-clearing organizations and broker-dealers, clearing organizations and counterparties and payables to customers and broker-dealers, clearing organizations and counterparties include the value of cash collateral as well as the value of money market funds and other pledged investments, primarily U.S. Treasury bills and obligations issued by government sponsored entities and mortgage-backed securities. These balances also include the fair value of exchange-traded futures and options-on-futures and exchange-cleared swaps and options determined by prices on the applicable exchange. Financial instruments owned and sold, not yet purchased include the value of U.S. and foreign government obligations, corporate debt securities, derivative financial instruments, commodities and mutual funds. The fair value of exchange common stock is determined by quoted market prices, and the fair value of exchange memberships is determined by recent sale transactions. Payable to lenders carry variable rates of interest and thus approximate fair value.

The fair value estimates presented in the condensed consolidated financial statements are based on pertinent information available to management as of March 31, 2013 and September 30, 2012. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these condensed consolidated financial statements since that date and current estimates of fair value may differ significantly from the amounts presented in the condensed consolidated financial statements.

Cash equivalents, securities, commodities warehouse receipts, derivative financial instruments, commodities leases, exchange common stock and contingent liabilities are carried at fair value, on a recurring basis, and are classified and disclosed into three levels within the fair value hierarchy. The Company did not have any fair value adjustments for assets or liabilities measured at fair value on a non-recurring basis during the six months ended March 31, 2013. The three levels of the fair value hierarchy under the Fair Value Measurements and Disclosures Topic of the ASC are:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for identical or similar assets or liabilities in markets that are less active, that is, markets in which there are few transactions for the asset or liability that are observable for substantially the full term; and
Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Table of Contents

The following tables set forth the Company's financial and nonfinancial assets and liabilities accounted for at fair value, on a recurring basis, as of March 31, 2013 and September 30, 2012 by level within the fair value hierarchy.

	March 31, 2013				
(in millions)	Level 1	Level 2	Level 3	Netting and Collateral (1)	Total
Assets:					
Money market funds	$0.1	$—	$—	$—	$0.1
Certificate of deposits	2.7	—	—	—	2.7
Unrestricted cash equivalents	2.8	—	—	—	2.8
Commodities warehouse receipts	20.9	—	—	—	20.9
U.S. government obligations	—	23.0	—	—	23.0
Securities and other assets segregated under federal and other regulations	20.9	23.0	—	—	43.9
Money market funds	572.2	—	—	—	572.2
U.S. government obligations	—	901.8	—	—	901.8
Mortgage-backed securities	—	6.1	—	—	6.1
Derivatives	1,936.2	74.4	—	(2,030.3)	(19.7)
Deposits and receivables from exchange-clearing organizations	2,508.4	982.3	—	(2,030.3)	1,460.4
Deposits and receivables from broker-dealers, clearing organizations and counterparties - derivatives	0.6	—	—	(0.1)	0.5
Common and preferred stock and American Depositary Receipts ("ADRs")	45.7	30.5	0.9	—	77.1
Exchangeable foreign ordinary equities and ADRs	18.3	—	—	—	18.3
Corporate and municipal bonds	—	—	3.8	—	3.8
U.S. government obligations	—	0.3	—	—	0.3
Foreign government obligations	9.8	—	—	—	9.8
Derivatives	225.2	387.5	—	(574.6)	38.1
Commodities leases	—	59.7	—	(43.1)	16.6
Commodities warehouse receipts	5.4	—	—	—	5.4
Exchange firm common stock	3.7	0.2	—	—	3.9
Mutual funds and other	2.7	—	—	—	2.7
Financial instruments owned	310.8	478.2	4.7	(617.7)	176.0
Total assets at fair value	$2,843.5	$1,483.5	$4.7	$(2,648.1)	$1,683.6
Liabilities:					
Accounts payable and other accrued liabilities - contingent liabilities	$—	$—	$18.4	$—	$18.4
Payables to exchange-clearing organizations, broker-dealers and counterparties - derivatives	1,829.2	16.7	—	(1,845.9)	—
Common and preferred stock and ADRs	67.3	16.8	—	—	84.1
Exchangeable foreign ordinary equities and ADRs	7.8	—	—	—	7.8
Derivatives	219.0	404.6	—	(584.2)	39.4
Commodities leases	—	249.2	—	(143.1)	106.1
	294.1	670.6	—	(727.3)	237.4

Financial instruments sold, not yet purchased					
Total liabilities at fair value	$2,123.3	$687.3	$18.4	$(2,573.2)	$255.8

(1) Represents cash collateral and the impact of netting across the levels of the fair value hierarchy. Netting among positions classified within the same level is included in that level.

Table of Contents

(in millions)	September 30, 2012 Level 1	Level 2	Level 3	Netting and Collateral (1)	Total
Assets:					
Money market funds	$0.1	$—	$—	$—	$0.1
Certificate of deposits	10.4	—	—	—	10.4
Unrestricted cash equivalents	10.5	—	—	—	10.5
Commodities warehouse receipts	22.3	—	—	—	22.3
U.S. government obligations	—	50.5	—	—	50.5
Securities and other assets segregated under federal and other regulations	22.3	50.5	—	—	72.8
Money market funds	335.1	—	—	—	335.1
U.S. government obligations	—	1,318.3	—	—	1,318.3
Mortgage-backed securities	—	7.0	—	—	7.0
Derivatives	3,344.3	—	—	(3,494.7)	(150.4)
Deposits and receivables from exchange-clearing organizations	3,679.4	1,325.3	—	(3,494.7)	1,510.0
Deposits and receivables from broker-dealers, clearing organizations and counterparties - derivatives	0.7	5.0	—	(6.4)	(0.7)
Common and preferred stock and American Depositary Receipts ("ADRs")	17.8	5.6	0.9	—	24.3
Exchangeable foreign ordinary equities and ADRs	10.0	—	—	—	10.0
Corporate and municipal bonds	0.3	0.6	3.6	—	4.5
U.S. government obligations	—	0.3	—	—	0.3
Foreign government obligations	14.8	—	—	—	14.8
Derivatives	315.6	785.3	—	(1,047.0)	53.9
Commodities leases	—	135.2	—	(93.1)	42.1
Commodities warehouse receipts	7.5	—	—	—	7.5
Exchange firm common stock	3.4	9.0	—	—	12.4
Mutual funds and other	1.9	—	—	—	1.9
Financial instruments owned	371.3	936.0	4.5	(1,140.1)	171.7
Total assets at fair value	$4,084.2	$2,316.8	$4.5	$(4,641.2)	$1,764.3
Liabilities:					
Accounts payable and other accrued liabilities - contingent liabilities	$—	$—	$14.8	$—	$14.8
Payables to exchange-clearing organizations, broker-dealers and counterparties - derivatives	3,562.3	—	—	(3,562.3)	—
Common and preferred stock and ADRs	16.4	5.9	—	—	22.3
Exchangeable foreign ordinary equities and ADRs	5.7	—	—	—	5.7
Derivatives	338.1	775.2	—	(1,068.7)	44.6
Commodities leases	—	220.0	—	(117.2)	102.8
Financial instruments sold, not yet purchased	360.2	1,001.1	—	(1,185.9)	175.4
Total liabilities at fair value	$3,922.5	$1,001.1	$14.8	$(4,748.2)	$190.2

(1) Represents cash collateral and the impact of netting across the levels of the fair value hierarchy. Netting among positions classified within the same level is included in that level.

Realized and unrealized gains and losses are included within ‘trading gains, net’ in the condensed consolidated income statements.

Table of Contents

Information on Level 3 Financial Assets and Liabilities

The Company's financial assets at fair value classified within level 3 of the fair value hierarchy as of March 31, 2013 and September 30, 2012 are summarized below:

(in millions)	March 31, 2013	September 30, 2012
Total level 3 assets	$4.7	$4.5
Level 3 assets for which the Company bears economic exposure	$4.7	$4.5
Total assets	$3,160.4	$2,958.9
Total financial assets at fair value	$1,683.6	$1,764.3
Total level 3 assets as a percentage of total assets	0.1 %	0.2 %
Level 3 assets for which the Company bears economic exposure as a percentage of total assets	0.1 %	0.2 %
Total level 3 assets as a percentage of total financial assets at fair value	0.3 %	0.3 %

The following tables set forth a summary of changes in the fair value of the Company's level 3 financial assets and liabilities during the three and six months ended March 31, 2013 and 2012, including a summary of unrealized gains (losses) during the respective periods on the Company's level 3 financial assets and liabilities still held as of March 31, 2013.

Level 3 Financial Assets and Financial Liabilities
For the Three Months Ended March 31, 2013

(in millions)	Balances at beginning of period	Realized gains (losses) during period	Unrealized gains (losses) during period	Purchases/issuances	Settlements	Transfers in or (out) of Level 3	Balances at end of period
Assets:							
Common stock and ADRs	$0.9	$—	$—	$ —	$—	$—	$0.9
Corporate and municipal bonds	3.6	—	0.2	—	—	—	3.8
	$4.5	$—	$0.2	$ —	$—	$—	$4.7
Liabilities:							
Contingent liabilities	$17.9	$—	$0.5	$ —	$—	$—	$18.4

Level 3 Financial Assets and Financial Liabilities
For the Six Months Ended March 31, 2013

(in millions)	Balances at beginning of period	Realized gains (losses) during period	Unrealized gains (losses) during period	Purchases/issuances	Settlements	Transfers in or (out) of Level 3	Balances at end of period
Assets:							
Common stock and ADRs	$0.9	$—	$—	$ —	$—	$—	$ 0.9
Corporate and municipal bonds	3.6	—	0.2	—	—	—	3.8
	$4.5	$—	$0.2	$ —	$—	$—	$ 4.7
Liabilities:							
Contingent liabilities	$14.8	$—	$0.8	$ 3.1	$(0.3)	$—	$ 18.4

Level 3 Financial Assets and Financial Liabilities
For the Three Months Ended March 31, 2012

(in millions)	Balances at beginning of period	Realized gains (losses) during period	Unrealized gains (losses) during period	Purchases/issuances	Settlements	Transfers in or (out) of Level 3	Balances at end of period

Assets:							
Common stock and ADRs	$1.1	$ —	$—	$ —	$—	$—	$ 1.1
Corporate and municipal bonds	3.5	—	0.1	—	—	—	3.6
Mutual funds and other	0.4	—	—	—	—	—	0.4
	$5.0	$ —	$0.1	$ —	$—	$—	$ 5.1
Liabilities:							
Contingent liabilities	$22.9	$ —	$0.4	$ —	$—	$—	$ 23.3

Table of Contents

Level 3 Financial Assets and Financial Liabilities
For the Six Months Ended March 31, 2012

(in millions)	Balances at beginning of period	Realized gains (losses) during period	Unrealized gains (losses) during period	Purchases/issuances	Settlements	Transfers in or (out) of Level 3	Balances at end of period
Assets:							
Common stock and ADRs	$1.1	$ —	$—	$ —	$—	$—	$ 1.1
Corporate and municipal bonds	3.6	—	—	—	—	—	3.6
Mutual funds and other	0.4	—	—	—	—	—	0.4
	$5.1	$ —	$—	$ —	$—	$—	$ 5.1
Liabilities:							
Contingent liabilities	$22.3	$ —	$1.3	$ —	$(0.3)	$—	$ 23.3

In accordance with the Fair Value Measurements and Disclosures Topic of the ASC, the Company has estimated on a recurring basis each period the fair value of debentures issued by a single asset owning company of Suriwongse Hotel located in Chiang Mai, Thailand. The Company has classified its investment in the hotel within level 3 of the fair value hierarchy because the fair value is determined using significant unobservable inputs, which include projected cash flows. These cash flows are discounted employing present value techniques. The Company estimates the fair value of its investment in these debentures by using a management-developed forecast, which is based on the income approach. The Company continues to evaluate the fair value of the debentures. There were no significant changes in the fair value of the debentures during the six months ended March 31, 2013 and 2012.

The Company is required to make additional future cash payments based on certain financial performance measures of its acquired businesses. The Company is required to remeasure the fair value of the cash earnout arrangements on a recurring basis in accordance with the guidance in the Business Combinations Topic of the ASC. The Company has classified its net liabilities for the contingent earnout arrangements within level 3 of the fair value hierarchy because the fair value is determined using significant unobservable inputs, which include projected cash flows. The estimated fair value of the contingent purchase consideration is based upon management-developed forecasts, a level 3 input in the fair value hierarchy. These cash flows are discounted employing present value techniques in arriving at the acquisition-date fair value. The discount rate was developed using market participant company data and there have been no significant changes in the discount rate environment. From the dates of acquisition to March 31, 2013, certain acquisitions have had changes in the estimates of undiscounted cash flows, based on actual performances fluctuating from estimates. During the three and six months ended March 31, 2013, the fair value of the contingent consideration increased $0.5 million and $0.8 million, respectively, with the corresponding amount classified as 'other expense' within the condensed consolidated income statements.

The Company reports transfers in and out of levels 1, 2 and 3, as applicable, using the fair value of the securities as of the beginning of the reporting period in which the transfer occurred.

On March 31, 2013, the commodities market experienced downward limit price movements on certain commodities. As a result, certain exchange-traded derivative contracts, which would normally be valued using quoted market prices and classified as level 1 within the fair value hierarchy, were priced using a valuation model using observable inputs. Due to the change in valuation techniques because of the limit moves, derivative assets of $74.4 million and derivative liabilities of $16.7 million were classified as level 2 at March 31, 2013. Such derivative assets and liabilities were valued using quoted market prices, and as such, were classified as level 1 prior to March 31, 2013.

Except as described above, the Company did not have any additional significant transfers between level 1 and level 2 fair value measurements for the six months ended March 31, 2013 and 2012.

The Company has recorded unrealized gains, net of income tax expense, related to U.S. government obligations and corporate bonds classified as available-for-sale securities in other comprehensive income ("OCI") as of March 31, 2013.

Table of Contents

The following tables summarize the amortized cost basis, the aggregate fair value and gross unrealized holding gains and losses of the Company’s investment securities classified as available-for-sale as of March 31, 2013 and September 30, 2012:

March 31, 2013

Amounts included in deposits with and receivables from exchange-clearing organizations:

	Amortized	Unrealized Holding		Estimated
(in millions)	Cost	Gains	(Losses)	Fair Value
U.S. government obligations	$852.3	$0.1	$—	$852.4
Mortgage-backed securities	6.0	0.1	—	6.1
	$858.3	$0.2	$—	$858.5

September 30, 2012

Amounts included in deposits with and receivables from exchange-clearing organizations:

	Amortized	Unrealized Holding(1)		Estimated
(in millions)	Cost	Gains	(Losses)	Fair Value
U.S. government obligations	$1,298.9	$—	$—	$1,298.9
Mortgage-backed securities	6.8	0.1	—	6.9
	$1,305.7	$0.1	$—	$1,305.8

(1) Unrealized gain/loss on U.S. government obligations as of September 30, 2012, were less than $0.1 million.

As of March 31, 2013 and September 30, 2012, investments in debt securities classified as available-for-sale ("AFS") mature as follows:

March 31, 2013

	Due in		Estimated
(in millions)	Less than 1 year	1 year or more	Fair Value
U.S. government obligations	$852.4	$—	$852.4
Mortgage-backed securities	—	6.1	6.1
	$852.4	$6.1	$858.5

September 30, 2012

	Due in		Estimated
(in millions)	Less than 1 year	1 year or more	Fair Value
U.S. government obligations	$1,298.9	$—	$1,298.9
Mortgage-backed securities	—	6.9	6.9
	$1,298.9	$6.9	$1,305.8

There were no sales of AFS securities, other than noted below, during the six months ended March 31, 2013 and 2012, and as a result, no realized gains or losses were recorded for the six months ended March 31, 2013 and 2012.

For the purposes of the maturity schedule, mortgage-backed securities, which are not due at a single maturity date, have been allocated over maturity groupings based on the expected maturity of the underlying collateral. Mortgage-backed securities may mature earlier than their stated contractual maturities because of accelerated principal repayments of the underlying loans.

The Company has also classified equity investments in exchange firms' common stock not pledged for clearing purposes as available-for-sale. The investments are recorded at fair value, with unrealized gains and losses recorded, net of taxes, as a component of OCI until realized. As of March 31, 2013, the cost and fair value of all the equity investments in exchange firms was $4.0 million, respectively.

In June 2012, the board of LME Holdings Limited ("LME Holdings"), the parent company of The London Metal Exchange ("LME"), entered into a framework agreement regarding the terms of a recommended cash offer for the entire issued and outstanding ordinary share capital of LME Holdings. In July 2012, the shareholders of LME Holdings approved the sale of LME Holdings to the Hong Kong Exchanges & Clearing Limited. In December 2012, the Company received proceeds of $8.6 million from the sale of its shares in the LME. The shares of the LME were previously held by the Company as available-for-sale and the unrealized gain for those shares was reflected in OCI.

For the six months ended March 31, 2013, the Company reclassified the unrealized gain remaining in accumulated OCI of approximately $6.3 million, net of income tax expense of $2.0 million, into the current period earnings.

Table of Contents

The Company recorded unrealized gains of $0.2 million, net of income tax expense of $0.1 million, for the six months ended March 31, 2013, in OCI related to the remaining equity investments in exchange firms as of March 31, 2013. The Company monitors the fair value of exchange common stock on a periodic basis, and does not consider any current unrealized losses to be anything other than a temporary impairment.

In December 2012, the Company sold its exchange membership seats in the Board of Trade of Kansas City, Missouri, Inc. ("KCBT"), in connection with the acquisition of the KCBT by Chicago Mercantile Exchange ("CME"). The Company was required to hold these exchange membership seats for clearing purposes and, as a result, the associated KCBT shares were being held at cost on the condensed consolidated balance sheet. The Company received proceeds of $1.5 million and recognized a gain of $0.9 million before taxes, during the six months ended March 31, 2013, in connection with the sale of these seats.

Note 4 – Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk

The Company is party to certain financial instruments with off-balance sheet risk in the normal course of its business. The Company has sold financial instruments that it does not currently own and will therefore be obliged to purchase such financial instruments at a future date. The Company has recorded these obligations in the condensed consolidated financial statements as of March 31, 2013 at the fair values of the related financial instruments. The Company will incur losses if the fair value of the underlying financial instruments increases subsequent to March 31, 2013. The total of $237.4 million as of March 31, 2013 includes $39.4 million for derivative contracts, which represents a liability to the Company based on their fair values as of March 31, 2013.

Derivatives

The Company utilizes derivative products in its trading capacity as a dealer in order to satisfy client needs and mitigate risk. The Company manages risks from both derivatives and non-derivative cash instruments on a consolidated basis. The risks of derivatives should not be viewed in isolation, but in aggregate with the Company’s other trading activities. The majority of the Company’s derivative positions are included in the consolidated balance sheets within ‘financial instruments owned, at fair value’, ‘deposits and receivables from exchange-clearing organizations’ and ‘financial instruments sold, not yet purchased, at fair value’.

The Company continues to employ an interest rate risk management strategy, implemented in April 2010, that uses derivative financial instruments in the form of interest rate swaps to manage a portion of the aggregate interest rate position. The Company’s objective is to invest the majority of customer segregated deposits in high quality, short-term investments and swap the resulting variable interest earnings into the medium-term interest stream, by using a strip of interest rate swaps that mature every quarter, in order to achieve the two year moving average of the two year swap rate. The risk mitigation of these interest rate swaps is not within the documented hedging designation requirements of the Derivatives and Hedging Topic of the ASC, and as a result they are recorded at fair value, with changes in the fair value of the financial instruments recorded within 'trading gains' in the condensed consolidated income statements. As of March 31, 2013, approximately $400 million in notional principal of interest rate swaps were outstanding with a weighted-average life of 3 months.

Table of Contents

Listed below are the fair values of the Company's derivative assets and liabilities as of March 31, 2013 and September 30, 2012. Assets represent net unrealized gains and liabilities represent net unrealized losses.

	March 31, 2013		September 30, 2012	
(in millions)	Assets [1]	Liabilities [1]	Assets [1]	Liabilities [1]
Derivative contracts not accounted for as hedges:				
Exchange-traded commodity derivatives	$1,999.8	$1,813.3	$3,325.6	$3,565.3
OTC commodity derivatives	437.6	451.1	823.6	841.4
Exchange-traded foreign exchange derivatives	43.1	39.6	63.0	47.7
OTC foreign exchange derivatives [2]	94.1	109.2	215.4	196.6
Exchange-traded interest rate derivatives	3.7	5.6	0.9	2.6
OTC interest rate derivatives	0.5	—	1.6	—
Equity index derivatives	45.1	50.7	20.8	22.0
Gross fair value of derivative contracts	2,623.9	2,469.5	4,450.9	4,675.6
Impact of netting and collateral	(2,605.0)	(2,430.1)	(4,548.1)	(4,631.0)
Total fair value included in ‘Deposits and receivables from exchange-clearing organizations’	$(19.7)		$(150.4)	
Total fair value included in 'Deposits and receivables from broker-dealers, clearing organizations and counterparties'	$0.5		$(0.7)	
Total fair value included in ‘Financial instruments owned, at fair value’	$38.1		$53.9	
Fair value included in ‘Financial instruments sold, not yet purchased, at fair value’		$39.4		$44.6

(1) As of March 31, 2013 and September 30, 2012, the Company’s derivative contract volume for open positions were approximately 3.2 million and 4.1 million contracts, respectively.

(2) In accordance with agreements with counterparties, the Company is allowed to periodically take advances against its open trade fair value. There were no advances against open trade fair value outstanding as of March 31, 2013 and September 30, 2012.

The Company’s derivative contracts are principally held in its Commodities and Risk Management Services ("C&RM") segment. The Company assists its C&RM segment customers in protecting the value of their future production by entering into option or forward agreements with them on an OTC basis. The Company also provides its C&RM segment customers with sophisticated option products, including combinations of buying and selling puts and calls. The Company mitigates its risk by offsetting the customer's transaction simultaneously with one of the Company's trading counterparties or with a similar but not identical position on the exchange. The risk mitigation of these offsetting trades is not within the documented hedging designation requirements of the Derivatives and Hedging Topic of the ASC. These derivative contracts are traded along with cash transactions because of the integrated nature of the markets for these products. The Company manages the risks associated with derivatives on an aggregate basis along with the risks associated with its proprietary trading and market-making activities in cash instruments as part of its firm-wide risk management policies. In particular, the risks related to derivative positions may be partially offset by inventory, unrealized gains in inventory or cash collateral paid or received.

The following table sets forth the Company's gains (losses) related to derivative financial instruments for the three and six months ended March 31, 2013 and 2012, in accordance with the Derivatives and Hedging Topic of the ASC. The gains (losses) set forth below are included within ‘trading gains, net’ in the condensed consolidated income statements.

	Three Months Ended March 31,		Six Months Ended March 31,	
(in millions)	2013	2012	2013	2012
Commodities	$10.8	$(7.9)	$41.4	$26.3
Foreign exchange	3.1	0.9	5.7	5.6
Interest rate	—	1.7	0.1	0.7
Net gains (losses) from derivative contracts	$13.9	$(5.3)	$47.2	$32.6

15

Credit Risk

In the normal course of business, the Company purchases and sells financial instruments, commodities and foreign currencies as either principal or agent on behalf of its customers. If either the customer or counterparty fails to perform, the Company may be required to discharge the obligations of the nonperforming party. In such circumstances, the Company may sustain a loss if the fair value of the financial instrument or foreign currency is different from the contract value of the transaction.

The majority of the Company’s transactions and, consequently, the concentration of its credit exposure are with commodity exchanges, customers, broker-dealers and other financial institutions. These activities primarily involve collateralized and uncollateralized arrangements and may result in credit exposure in the event that a counterparty fails to meet its contractual obligations. The Company’s exposure to credit risk can be directly impacted by volatile financial markets, which may impair the ability of counterparties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit limits based upon a review of the counterparties’ financial condition and credit ratings. The Company monitors collateral levels on a daily basis for compliance with regulatory and internal guidelines and requests changes in collateral levels as appropriate.

The Company is a party to financial instruments in the normal course of its business through customer and proprietary trading accounts in exchange-traded and OTC derivative instruments. These instruments are primarily the execution of orders for commodity futures, options on futures and forward foreign currency contracts on behalf of its customers, substantially all of which are transacted on a margin basis. Such transactions may expose the Company to significant credit risk in the event margin requirements are not sufficient to fully cover losses which customers may incur. The Company controls the risks associated with these transactions by requiring customers to maintain margin deposits in compliance with individual exchange regulations and internal guidelines. The Company monitors required margin levels daily and, therefore, may require customers to deposit additional collateral or reduce positions when necessary. The Company also establishes credit limits for customers, which are monitored daily. The Company evaluates each customer’s creditworthiness on a case by case basis. Clearing, financing, and settlement activities may require the Company to maintain funds with or pledge securities as collateral with other financial institutions. Generally, these exposures to both customers and exchanges are subject to master netting, or customer agreements, which reduce the exposure to the Company by permitting receivables and payables with such customers to be offset in the event of a customer default. Management believes that the margin deposits held as of March 31, 2013 and September 30, 2012 were adequate to minimize the risk of material loss that could be created by positions held at that time. Additionally, the Company monitors collateral fair value on a daily basis and adjusts collateral levels in the event of excess market exposure. Generally, these exposures to both customers and counterparties are subject to master netting or customer agreements which reduce the exposure to the Company.

Derivative financial instruments involve varying degrees of off-balance sheet market risk whereby changes in the fair values of underlying financial instruments may result in changes in the fair value of the financial instruments in excess of the amounts reflected in the condensed consolidated balance sheets. Exposure to market risk is influenced by a number of factors, including the relationships between the financial instruments and the Company’s positions, as well as the volatility and liquidity in the markets in which the financial instruments are traded. The principal risk components of financial instruments include, among other things, interest rate volatility, the duration of the underlying instruments and changes in foreign exchange rates. The Company attempts to manage its exposure to market risk through various techniques. Aggregate market limits have been established and market risk measures are routinely monitored against these limits.

Note 5 – Receivables From Customers, Net and Notes Receivable, Net

Receivables from customers, net and notes receivable, net include an allowance for bad debts, which reflects the Company's best estimate of probable losses inherent in the receivables from customers and notes receivable. The Company provides for an allowance for doubtful accounts based on a specific-identification basis. The Company continually reviews its allowance for bad debts. The allowance for doubtful accounts related to receivables from customers was $1.0 million and $0.9 million as of March 31, 2013 and September 30, 2012, respectively. The allowance for doubtful accounts related to notes receivable was $0.1 million as of March 31, 2013 and September 30, 2012, respectively.

The Company originates short-term notes receivable from customers with the outstanding balances being insured 90% to 98% by a third party, including accrued interest. The total balance outstanding under insured notes receivable was $21.7 million and $10.2 million as of March 31, 2013 and September 30, 2012, respectively.

See discussion of notes receivable related to commodity repurchase agreements in Note 10.

Table of Contents

Note 6 – Physical Commodities Inventory

Physical commodities inventories are stated at the lower of cost or market ("LCM") using the weighted-average price and first-in first-out cost method. Cost includes finished commodity or raw material and processing costs related to the purchase and processing of inventories. Commodities in process include commodities in the process of being recycled. As of March 31, 2013 and September 30, 2012, $97.0 million and $129.1 million, respectively, of physical commodities inventory served as collateral under one of the Company's credit facilities, as detailed further in Note 9. The carrying values of the Company's inventory as of March 31, 2013 and September 30, 2012 are shown below.

(in millions)	March 31, 2013	September 30, 2012
Commodities in process	$0.5	$13.6
Finished commodities	151.5	118.0
Physical commodities inventory	$152.0	$131.6

As a result of declining market prices for some commodities, the Company has recorded LCM adjustments for physical commodities inventory of $2.7 million and $0.4 million as of March 31, 2013 and September 30, 2012, respectively. The adjustments are included within 'cost of sales of physical commodities' in the condensed consolidated income statements.

Note 7 – Goodwill

The carrying value of goodwill by segment is as follows:

(in millions)	March 31, 2013	September 30, 2012
Commodity and Risk Management Services	$32.0	$ 32.0
Foreign Exchange	6.3	6.3
Securities	5.3	5.3
Goodwill	$43.6	$ 43.6

Note 8 – Intangible Assets

The gross and net carrying values of intangible assets as of the balance sheet dates, by major intangible asset class are as follows:

	March 31, 2013			September 30, 2012		
(in millions)	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets subject to amortization						
Noncompete agreement	$3.7	$(3.5)	$0.2	$3.7	$(3.0)	$0.7
Trade name	0.7	(0.6)	0.1	0.7	(0.5)	0.2
Software programs/platforms	2.2	(1.2)	1.0	2.2	(1.0)	1.2
Customer base	12.7	(2.0)	10.7	9.6	(1.8)	7.8
	19.3	(7.3)	12.0	16.2	(6.3)	9.9
Intangible assets not subject to amortization						
Trade name	1.2	—	1.2	1.2	—	1.2
Total intangible assets	$20.5	$(7.3)	$13.2	$17.4	$(6.3)	$11.1

Amortization expense related to intangible assets was $1.1 million and $1.2 million for the six months ended March 31, 2013 and 2012, respectively.

Table of Contents

As of March 31, 2013, the estimated future amortization expense was as follows:

(in millions)	
Fiscal 2013 (remaining six months)	$1.7
Fiscal 2014	1.7
Fiscal 2015	1.4
Fiscal 2016	1.0
Fiscal 2017	1.0
Fiscal 2018 and thereafter	5.2
	$12.0