BUSINESS TRANSFORMED

Annual Report 2012

TO OUR STOCKHOLDERS

Walter W. Buckley, III
Co-founder, Chairman
and Chief Executive Officer

To Our Stockholders,

ICG has evolved into a B2B software and solutions provider with a strong recurring revenue base model focused in four sectors: procurement, government, compliance and insurance. We are focused on driving EPS and are pleased to announce that we expect to reach profitability this year.

LEVERAGING OUR UNIQUE BUSINESS MODEL TO CREATE STOCKHOLDER VALUE

When we set out to transition our model in 2010, we outlined plans to own more of our profitable recurring revenue platforms, acquire new recurring revenue platforms, sell or consolidate our minority holdings and improve the bottom line.

In 2012, we made important progress in transitioning several of our minority holdings by divesting them or increasing ownership to include them in our consolidated platform.

In July, we increased our stake in Channel Intelligence, which became a consolidated platform. Under our leadership, Channel Intelligence drove record bookings and established a strong partnership with Google that culminated in its recently-announced sale to Google for $125 million, a sale that generated $60.5 million of cash for ICG. Also, in January 2013, we sold Investor Force to MSCI Inc. for $23.5 million, resulting in approximately $21 million in cash proceeds for ICG.

We increased our ownership position in two important companies. Through the successful completion of a tender offer, we increased our ownership in Procurian from 81% to 85%. We also increased our ownership in Bolt Solutions, a digital insurance platform formerly known as SeaPass, from 38% to 53%, bringing Bolt into our group of consolidated companies.

INVESTING IN OUR CORE CAPABILITIES

We achieved important product development milestones in 2012 across our procurement, government and compliance businesses as a result of our research and development investment of approximately $14 million. We implemented a new version of the SavingsLink customer portal at Procurian, giving our customers increased visibility into the savings they are achieving on a real-time basis. We also released a new version of network software at GovDelivery, and at MSDSonline, we added new chemical management and workflow capabilities, as well as a new mobile interface onto the company's SaaS platform.

We made investments of $22 million in sales and marketing throughout the year, enabling us to enhance the sales and marketing capabilities of our businesses across the board. We successfully rebranded Procurian to capitalize on its unique value proposition, and established Procurian's UK and European sales and marketing teams. We significantly expanded the sales teams at our government and compliance businesses and enhanced the lead generation capabilities at each of our businesses. We also expanded globally from a delivery perspective, launching a central European buying center for our procurement business and opening procurement delivery centers in Buenos Aires and Shanghai.

THE INVESTMENTS WE MADE IN 2012 HAVE PAID OFF, AS ALL OF OUR BUSINESSES ACHIEVED RECORD BOOKINGS DURING THE YEAR

In addition to making strategic investments to drive growth, we continued to execute our strategy of making accretive acquisitions to bolster our market positions.

In March 2012, we acquired a 96% ownership in MSDSonline, ICG's compliance platform. MSDSonline is a clear leader in a rapidly growing market, offering sustainable solutions that help environmental, health and safety (EH&S) professionals more efficiently manage and reduce potential workplace and environmental hazards as part of their overall social responsibility and compliance programs. The continued growth of MSDSonline's client base and its high client renewal rate is a testament to the real value that its cloud-based solutions bring to the EH&S market and, along with its recurring revenue model, fit our business strategy perfectly.

During the year, we also completed two tuck-in acquisitions at Procurian – MediaIQ and Utilities Analyses – strengthening the Company's marketing and energy practices.

STRONG PERFORMANCE IN 2012

The investments we made in 2012 have paid off, as all of our businesses achieved record bookings during the year. As a result of this strong operating performance, we are pleased to have exceeded the top end of our revenue guidance range, with $191.5 million of core consolidated revenue[1], an increase of 36% from 2011. Furthermore, even with significant investments into the businesses, we reported $19.7 million of core consolidated EBITDA[2], which was at the upper end of our guidance range, compared to $17.7 million for 2011.

Consolidated Company Highlights

- **Procurian** – As the leading provider of comprehensive procurement solutions, Procurian manages $28 billion in spend for over 40 customers in over 100 categories, saving customers on average 11% of spend under management. In 2012, Procurian signed 7 new clients, including market-moving wins with Zurich and Harley-Davidson, and extended or expanded relationships with 24 clients, including a 4-year renewal with a key CPG client.

- **GovDelivery** – GovDelivery made good progress in 2012, adding more than 4 million unique end-users, bringing total unique end-users to 39 million. The Company signed 63 new contracts in 2012, including its largest contracts to date in each of the Company's major markets (federal, state/local and Europe).

[1] For Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures please see page 4.
[2] Same as above

• **MSDSonline** – MSDSonline had a strong 2012 with record customer activity, adding nearly 1,400 new customers to its platform, bringing its total number of customers to over 8,000.

• **Bolt** – Bolt, which became a consolidated company in December 2012, is a recurring revenue SaaS platform that drives efficiencies and savings through its software, data and BPO services in the property & casualty insurance marketplace. With $1.4 billion in premiums flowing through its platform today, and an overall market opportunity that is estimated by industry analysts to be $250 billion of annual premiums, we believe Bolt is well-positioned with the potential to drive significant value for ICG over the next several years.

EFFECTIVE DEPLOYMENT OF CAPITAL TO CREATE SHAREHOLDER VALUE

We are committed to deploying capital in a manner that we believe will fuel continued long-term growth. Our priorities are keenly focused on owning more of our businesses and reinvesting in those businesses, supporting accretive strategic vertical tuck-in acquisitions and repurchasing our stock.

In 2012, we repurchased approximately 930,000 ICG shares for approximately $8.3 million in the open market under our $50 million share repurchase program. In continuation of this strategy, we expect to repurchase at least $10 million of our stock in 2013, which will represent a significant increase over the average repurchase amount per year over the last five years. This demonstrates not only our commitment to returning capital to our shareholders, but also our board's confidence in our plan.

BUILDING ON OUR MOMENTUM IN 2013

We are excited about the opportunities that lie ahead in 2013. Our customer pipelines are robust, and with a strong foundation of annual recurring revenue and highly underpenetrated markets, we are well positioned to capture the opportunities we see in the marketplace. We will continue to grow our recurring revenue base by investing in sales and marketing, technology development and international expansion, enabling us to drive growth over the long-term.

We are excited about ICG's path ahead and look forward to building on our momentum to drive growth in our businesses and create value for our stockholders. On behalf of the ICG Board of Directors and management team, thank you for your ongoing support.

Sincerely,

Walter W. Buckley, III
Co-Founder, CEO and Chairman of the Board

RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Full Year	
The following table is a reconciliation of non-GAAP financial measures to GAAP results.	**2011**	**2012**
GAAP REVENUE	**133,437**	**166,593**
Deferred revenue not recorded in purchase accounting	—	5,192
Impact of discontinued operations	7,090	19,677
NON-GAAP REVENUE	**140,527**	**191,462**
GAAP NET INCOME (LOSS) ATTRIBUTABLE TO ICG:	**27,566**	**22,989**
Share-based compensation	4,260	6,926
Amortization of intangibles	1,351	5,590
Impairment related and other	753	1,547
Other (income) loss, net	(42,624)	(57,879)
Acquired businesses' deferred revenue	—	5,192
Equity loss	11,964	8,672
Income tax expense (benefit) – deferred	(4,316)	133
Impact of discontinued operations	239	2,482
NON-GAAP NET INCOME (LOSS)	**(807)**	**(4,348)**
Net income (loss) attributable to non-controlling interests	2,235	592
Interest (income) expense, net	184	110
Depreciation	3,061	4,539
Corporate/other	12,666	17,342
Income tax expense (benefit) - current	29	1,203
Impact of discontinued operations	312	237
CORE CONSOLIDATED EBITDA (EXCLUDING SHARE-BASED COMPENSATION AND UNUSUAL ITEMS)	**17,680**	**19,673**
GAAP NET INCOME (LOSS) PER DILUTED SHARE:	**0.74**	**0.63**
Share-based compensation	0.12	0.19
Amortization of intangibles	0.04	0.16
Impairment related and other	0.02	0.04
Other income (loss), net	(1.16)	(1.61)
Acquired businesses' deferred revenue	0.00	0.15
Equity loss	0.32	0.24
Income tax expense (benefit) - deferred	(0.12)	0.01
Discontinued Operations	0.01	0.07
NON-GAAP NET INCOME (LOSS) PER DILUTED SHARE	**(0.03)**	**(0.12)**
SHARES USED IN CALCUATION OF GAAP NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO ICG		
Basic	36,656	35,890
Diluted	37,460	36,543
SHARES USED IN CALCUATION OF NON-GAAP NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO ICG		
Basic	36,656	35,890
Diluted	36,656	35,890

NON-GAAP FINANCIAL MEASURES

Non-GAAP revenue, core consolidated EBITDA, non-GAAP net income (loss) and non-GAAP net income (loss) per share are non-GAAP financial measures and have no standardized measurement prescribed by GAAP. Non-GAAP revenue, formerly defined as core consolidated revenue, is the sum of the revenue of ICG's core consolidated companies. Core consolidated EBITDA is the sum of the earnings (losses) before interest, taxes, depreciation and amortization, share-based compensation and unusual items of ICG's core consolidated companies. ICG's management considers charges unusual when they are transaction-driven or non-recurring. Non-GAAP net income (loss) is GAAP net income (loss) attributable to ICG, including acquired businesses' deferred revenue and excluding share-based compensation, amortization of intangibles, impairment related and other, other (income) loss, net, equity loss and income tax expense (benefit)-deferred amounts. Non-GAAP net income (loss) per share is non-GAAP net income (loss) divided by (1) for income, GAAP shares including the any impact of incremental dilutive securities or (2) for loss, GAAP shares excluding any impact of incremental dilutive securities. ICG's core consolidated companies are Procurian, CIML (Channel Intelligence/myList), GovDelivery, Investor Force, MSDSonline and Bolt. Please note the following:

- Bolt became a consolidated company on December 27, 2012 and ICG has deemed their operating results for those final four days of 2012 consolidation purposes insignificant. Therefore, Bolt is included in equity loss for all periods presented and Bolt's results will be presented in consolidation going forward in 2013.
- MSDSonline's results are not included in ICG's results for periods prior to Q2 2012 because ICG did not acquire MSDSonline until March 30, 2012; and
- CIML's results are not included in ICG's consolidated results prior to July, 11 2013. CIML was an equity method company for periods prior to July 11, 2012 and, accordingly, was included in the equity loss line item.
- Channel Intelligence and Investor Force were sold in Q1 2013 and are treated as discontinued operations under GAAP however the results of Channel Intelligence and Investor Force remain included within our non-GAAP measures to provide comparable measures against ICG's guidance metrics that included Channel Intelligence and Investor Force. The results are presented within our non-GAAP measures as "Impact from discontinued operations."

ICG's management believes these non-GAAP financial measures provide useful information to investors and potential investors that enables them to view ICG's business in a similar manner as ICG's management and provides meaningful supplemental information regarding ICG's operating results as they exclude amounts that ICG excludes as part of its monitoring of operating results and assessment of the performance of its business.

DIRECTORS

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COMMON STOCK DATA

Our stock is traded on the NASDAQ Global Select Market under the symbol "ICGE"

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