

ITG
Q2 2012
Earnings Call
08/09/2012

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Safe Harbor Statement

This document may contain "forward-looking" statements that reflect management's expectations for the future. A variety of important factors could cause results to differ materially from such statements. Certain of these factors are noted throughout ITG's 2011 Annual Report, on its Form 10-K, and on its Form 10-Qs and include, but are not limited to, general economic, business, credit and financial market conditions, internationally and nationally, financial market volatility, fluctuations in market trading volumes, effects of inflation, adverse changes or volatility in interest rates, fluctuations in foreign exchange rates, evolving industry regulations, changes in tax policy or accounting rules, the actions of both current and potential new competitors, changes in commission pricing, potential impairment charges related to goodwill and other long-lived assets, the volatility of our stock price, rapid changes in technology, errors or malfunctions in our systems or technology, cash flows into or redemptions from equity mutual funds, ability to meet liquidity requirements related to the clearing of our customers' trades, customer trading patterns, the success of our products and service offerings, our ability to continue to innovate and meet the demands of our customers for new or enhanced products, our ability to successfully integrate acquired companies, our ability to attract and retain talented employees and our ability to achieve cost savings from our cost reduction plans. The forward-looking statements included herein represent ITG's views as of the date of this release. ITG undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law.

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Agenda

Summary

Market Conditions

- Fund Flows
- ITG Volumes

International Performance

- Europe
- Asia Pacific
- Canada

Competitive Strategy

- Investment Research
- New Product Developments

Balance Sheet

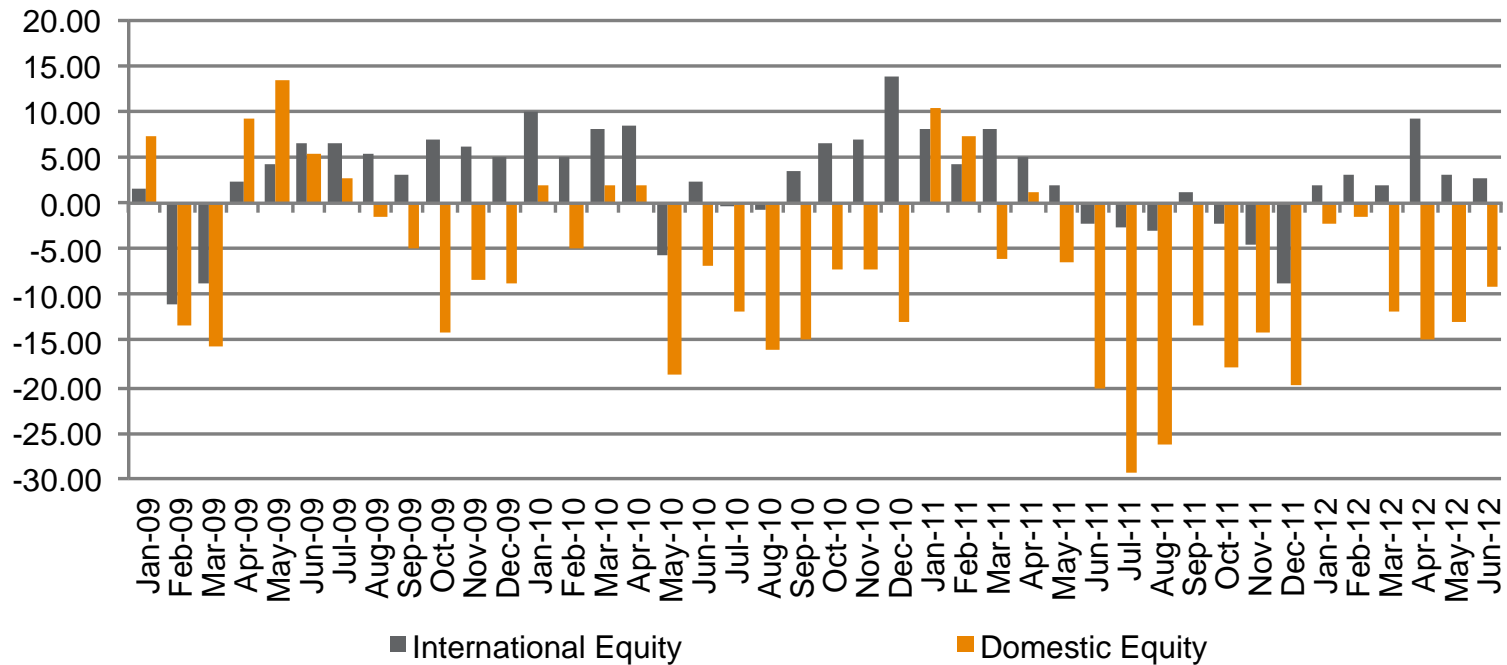
Financial Overview

Q&A



Domestic vs. International Equity Mutual Fund Flows

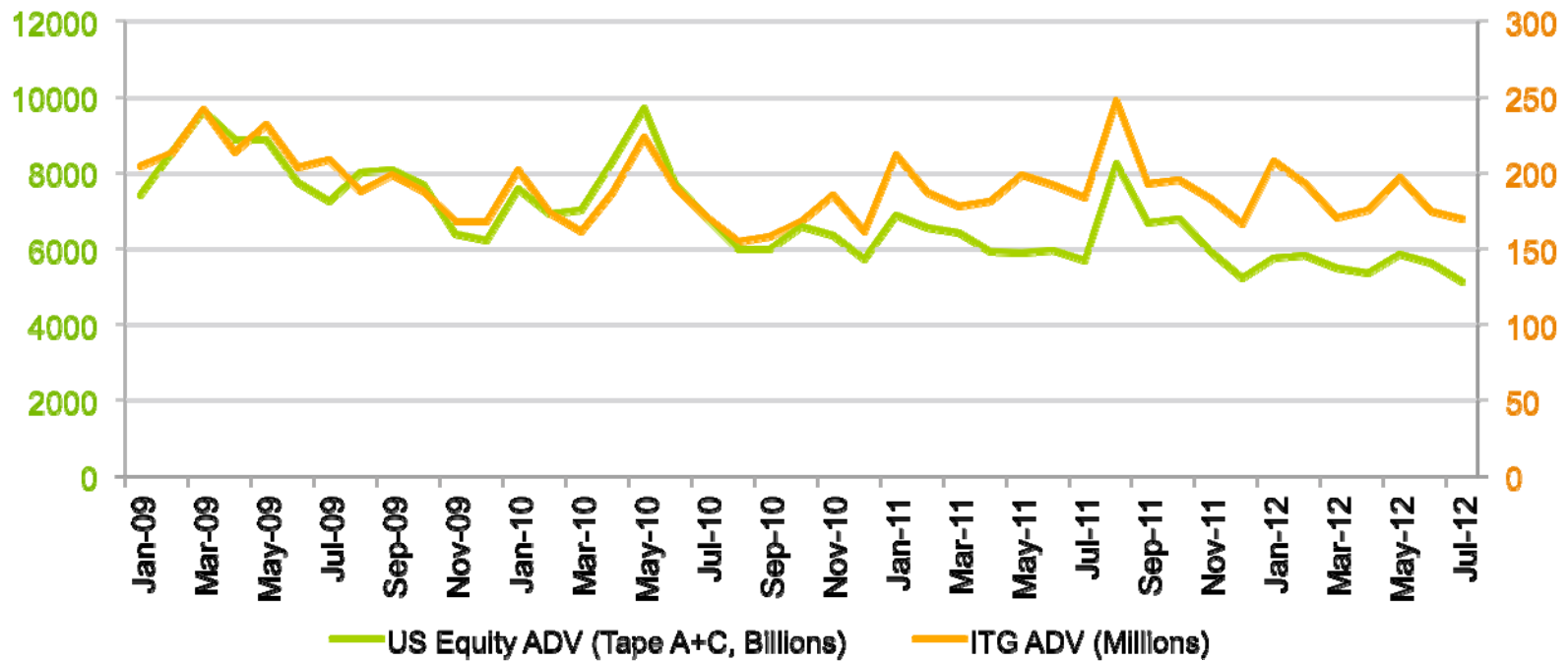
2009-2012, \$ billions



Source: Investment Company Institute



Equity ADV (NYSE & NASDAQ) and ITG ADV



Source: ThomsonReuters and ITG



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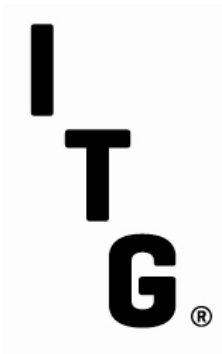
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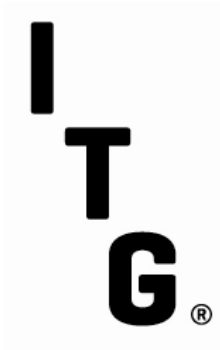
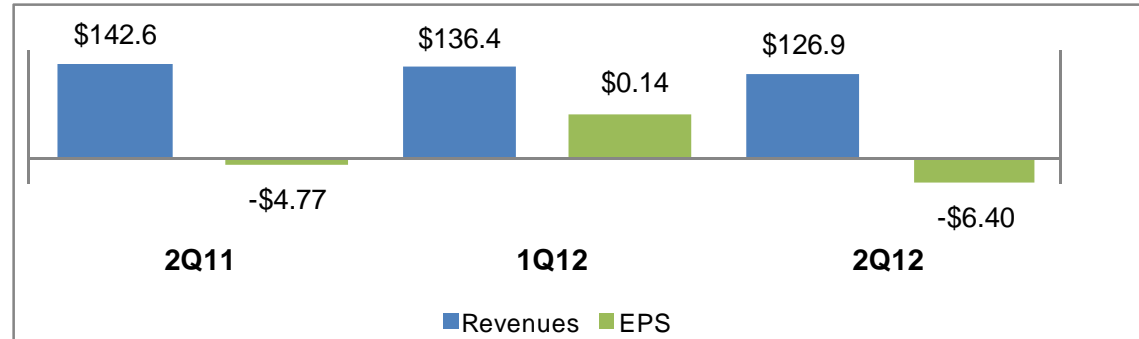
Second Quarter 2012 GAAP Results

(\$ in millions except EPS)

Revenues
Revenues per day

vs. 1Q12
 (7)%
 (8)%

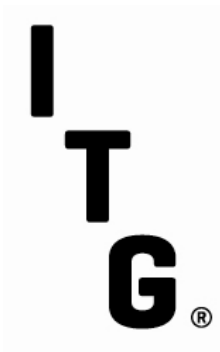
vs. 2Q11
 (11)%
 (11)%



Reconciliation of Adjusted Results

2Q12 and 2Q11

| (\$ in millions except EPS) | 2Q12 | | | 2Q11 | | |
|-------------------------------------|-----------|-----------|----------|-----------|-----------|----------|
| | Pre-Tax | Post-Tax | EPS | Pre-Tax | Post-Tax | EPS |
| GAAP Net Loss | \$(270.6) | \$(247.1) | \$(6.40) | \$(234.6) | \$(196.1) | \$(4.77) |
| <u>Non-Operating Expense</u> | | | | | | |
| Impairment | 274.3 | 249.0 | 6.45 | 225.0 | 189.5 | 4.61 |
| Restructuring | - | - | - | 17.7 | 11.0 | 0.27 |
| Acquisition related costs | - | - | - | 2.5 | 1.5 | 0.04 |
| Adjusted Net Income | \$3.7 | \$1.9 | \$0.05 | \$10.6 | \$5.8 | \$0.14 |



Adjusted Results

2Q12 vs. 1Q12 vs. 2Q11

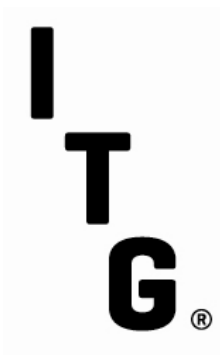
| | US Operations | | | (\$ in millions except EPS) | | | Total | | |
|----------------------------|---------------|------------|------------|-----------------------------|------------|------------|------------|------------|------------|
| | 2Q12 | 1Q12 | 2Q11 | 2Q12 | 1Q12 | 2Q11 | 2Q12 | 1Q12 | 2Q11 |
| Revenues | | | | | | | | | |
| Commissions | \$58.5 | \$61.4 | \$70.5 | \$36.4 | \$43.9 | \$41.4 | \$94.9 | \$105.3 | \$111.9 |
| Recurring | 21.2 | 21.1 | 20.8 | 6.8 | 6.3 | 5.7 | 28.0 | 27.4 | 26.5 |
| Other | <u>2.2</u> | <u>2.1</u> | <u>2.6</u> | <u>1.8</u> | <u>1.6</u> | <u>1.6</u> | <u>4.0</u> | <u>3.7</u> | <u>4.2</u> |
| Total Revenues | 81.9 | 84.6 | 93.9 | 45.0 | 51.8 | 48.7 | 126.9 | 136.4 | 142.6 |
| Adjusted Expenses | 80.7 | 81.2 | 87.1 | 42.5 | 46.7 | 44.9 | 123.2 | 127.9 | 132.0 |
| Pre-tax Income | 1.2 | 3.4 | 6.8 | 2.5 | 5.1 | 3.8 | 3.7 | 8.5 | 10.6 |
| Pre-tax Margin | 1.5% | 4.0% | 7.2% | 5.6% | 9.9% | 8.0% | 2.9% | 6.2% | 7.5% |
| Tax Expense | 0.8 | 1.7 | 3.1 | 1.0 | 1.3 | 1.7 | 1.8 | 3.0 | 4.8 |
| Adjusted Net Income | 0.4 | \$ 1.7 | \$ 3.7 | \$ 1.5 | \$ 3.8 | \$ 2.1 | \$ 1.9 | \$ 5.5 | \$ 5.8 |
| EPS | \$0.01 | \$0.04 | \$0.09 | \$0.04 | \$0.10 | \$0.05 | \$ 0.05 | \$0.14 | \$0.14 |



Summary of US Adjusted Expenses

2Q12, 1Q12 and 2Q11

| (\$ in millions) | 2Q12 | 1Q12 | 2Q11 |
|---------------------------|---------------|---------------|---------------|
| Comp & Benefits | \$33.2 | \$33.6 | \$ 36.9 |
| <i>% of Revenue</i> | 40.5% | 39.7% | 39.3% |
| Transaction Processing | 10.9 | 11.5 | 13.4 |
| <i>% of Revenue</i> | 13.2% | 13.6% | 14.3% |
| Occupancy & Equipment | 10.8 | 10.4 | 10.9 |
| Telecom & Data Processing | 9.3 | 9.7 | 9.6 |
| Other G&A | 15.9 | 15.3 | 15.8 |
| Interest Expense | 0.6 | 0.7 | 0.5 |
| Total | \$80.7 | \$81.2 | \$87.1 |



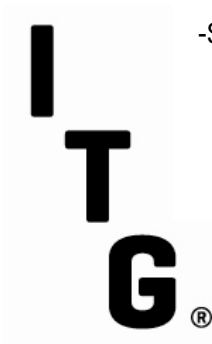
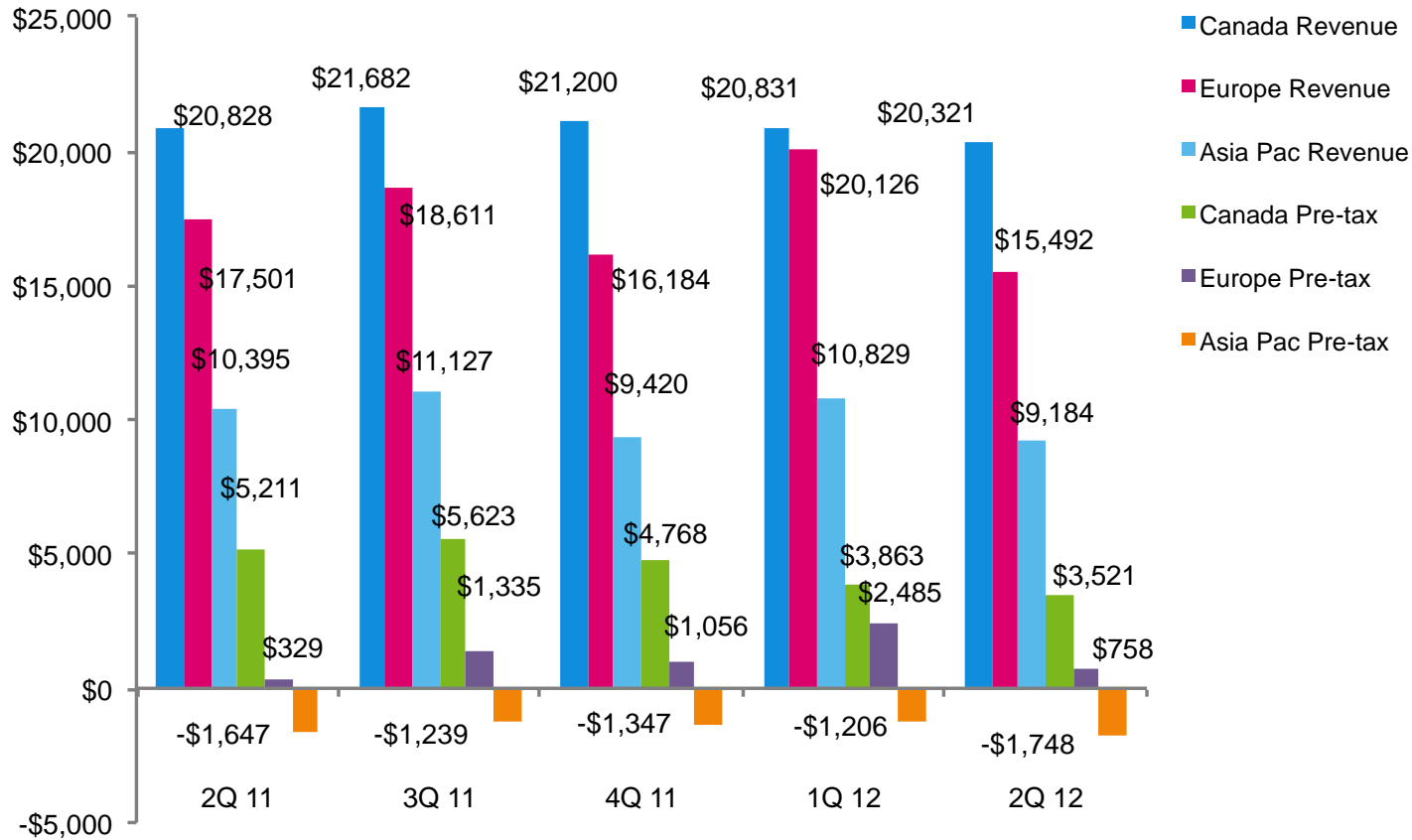
International Financial Summary

Adjusted Results

| (\$ in millions) | 2Q12 | 1Q12 | 4Q11 | 3Q11 | 2Q11 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | | | | | |
| Asia Pacific | \$9.2 | \$10.9 | \$9.4 | \$11.1 | \$10.4 |
| Canada | 20.3 | 20.8 | 21.2 | 21.7 | 20.8 |
| Europe | <u>15.5</u> | <u>20.1</u> | <u>16.2</u> | <u>18.6</u> | <u>17.5</u> |
| Total Revenues | 45.0 | 51.8 | 46.8 | 51.4 | 48.7 |
| Expenses | | | | | |
| Compensation and Benefits | 16.3 | 19.0 | 17.8 | 17.6 | 18.8 |
| <i>% of Revenue</i> | 36.2% | 36.7% | 38.0% | 34.2% | 38.6% |
| Transaction Processing | 8.8 | 10.7 | 8.9 | 10.8 | 9.7 |
| <i>% of Revenue</i> | 19.6% | 20.7% | 19.0% | 21.0% | 19.9% |
| Occupancy | 4.3 | 4.2 | 3.9 | 4.0 | 4.2 |
| Telecom & Data Processing | 5.4 | 5.4 | 4.7 | 5.2 | 5.3 |
| Other G&A | <u>7.7</u> | <u>7.4</u> | <u>7.0</u> | <u>8.1</u> | <u>6.9</u> |
| Total Expenses | 42.5 | 46.7 | 42.3 | 45.7 | 44.9 |
| Pre-Tax Income | \$2.5 | \$5.1 | \$4.5 | \$5.7 | \$3.8 |



International: Adjusted Results Summary



U.S. Trading Volumes and Revenues Per Share

| (\$ in millions except cents per share and trading days) | 2Q12 | 1Q12 | 4Q11 | 3Q11 | 2Q11 |
|---|------------|------------|------------|-------------|------------|
| Trading Volumes | 11,527 | 11,777 | 11,458 | 13,449 | 12,038 |
| Trading Days | 63 | 62 | 63 | 64 | 63 |
| Trading Volumes Per Day | 183.0 | 190.0 | 181.9 | 210.1 | 191.1 |
| Revenue Per Share (Includes commissions and net executions) | \$0.0044 | \$0.0044 | \$0.0044 | \$0.0047 | \$0.0051 |
| Trading Commissions and Fees | \$50.2 | \$51.8 | \$50.3 | \$62.8 | \$61.3 |
| Other Commissions and Fees (Includes ITG Net [®] commission sharing & ITG Derivatives SM) | <u>8.3</u> | <u>9.6</u> | <u>9.1</u> | <u>11.3</u> | <u>9.2</u> |
| Total Commissions and Fees | \$58.5 | \$61.4 | \$59.4 | \$74.1 | \$70.5 |



Q&A

