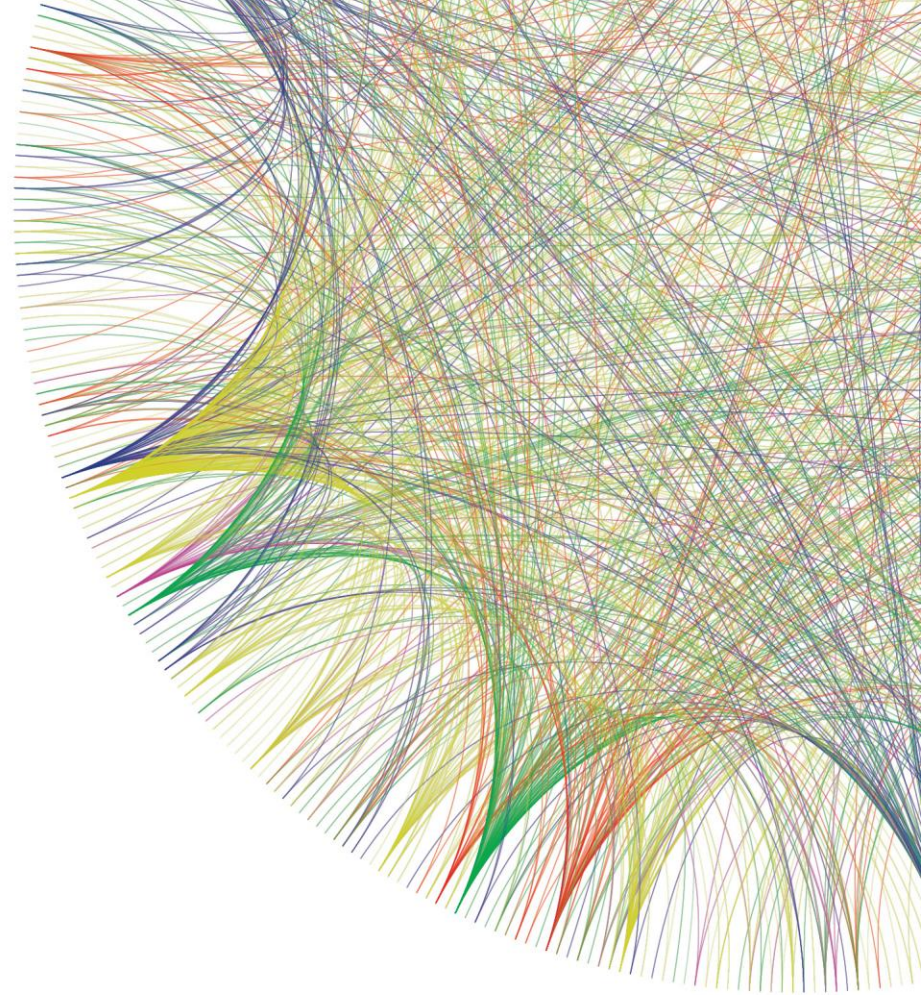


ITG Q2 2016 Earnings Call

July 28, 2016

Frank Troise
CEO and President

Steve Vigliotti
CFO



Safe Harbor Statement

This document may contain "forward-looking" statements that reflect management's expectations for the future. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue" and the negative of these terms and other comparable terminology. A variety of important factors could cause results to differ materially from such statements. Certain of these factors are noted throughout ITG's 2015 Annual Report on Form 10-K, and its Form 10-Qs (as amended, if applicable) and include, but are not limited to, general economic, business, credit, political and financial market conditions, both internationally and domestically, 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 and regulatory scrutiny, customers' reactions to the settlement in August 2015 with the Securities and Exchange Commission, the outcome of contingencies such as legal proceedings or governmental or regulatory investigations, the volatility of our stock price, changes in tax policy or accounting rules, the actions of both current and potential new competitors, changes in commission pricing, 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 protect our intellectual property, our ability to execute on strategic initiatives or transactions, our ability to attract and retain talented employees and our ability to pay dividends or repurchase our common stock in the future. 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.



Agenda

Introduction

2Q16 Operational & Financial Review

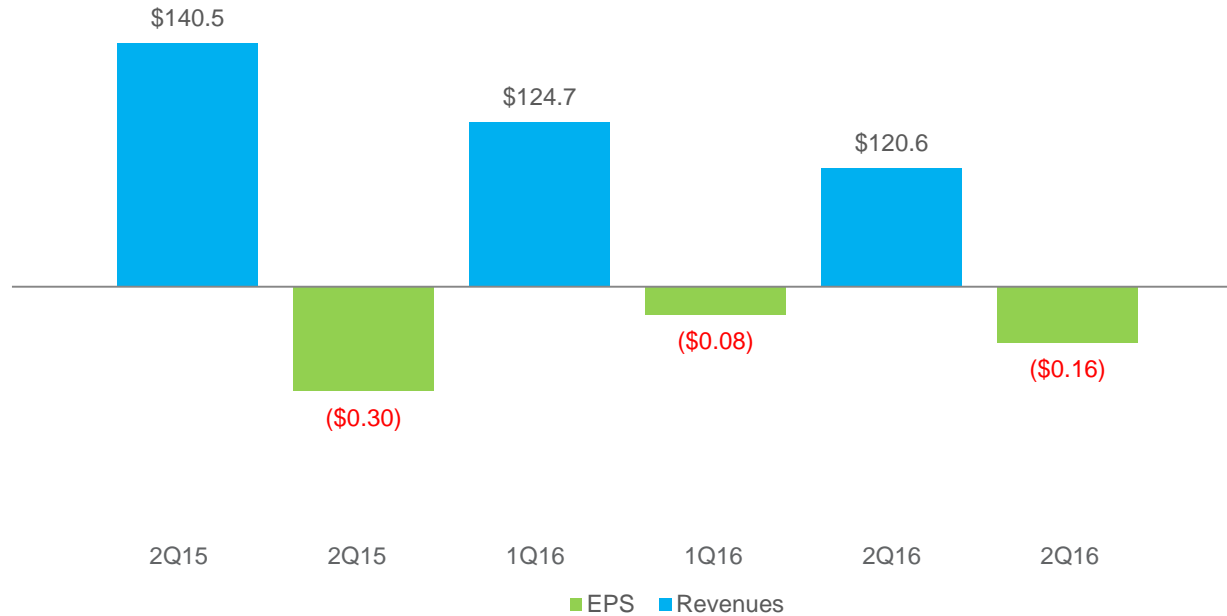
Business Review

Q&A



Second Quarter 2016 GAAP Results

(\$ in millions except EPS)



	vs. 1Q16	vs. 2Q15
2Q16 Revenues	(3)%	(14)%
2Q16 Revenues/day	(8)%	(15)%



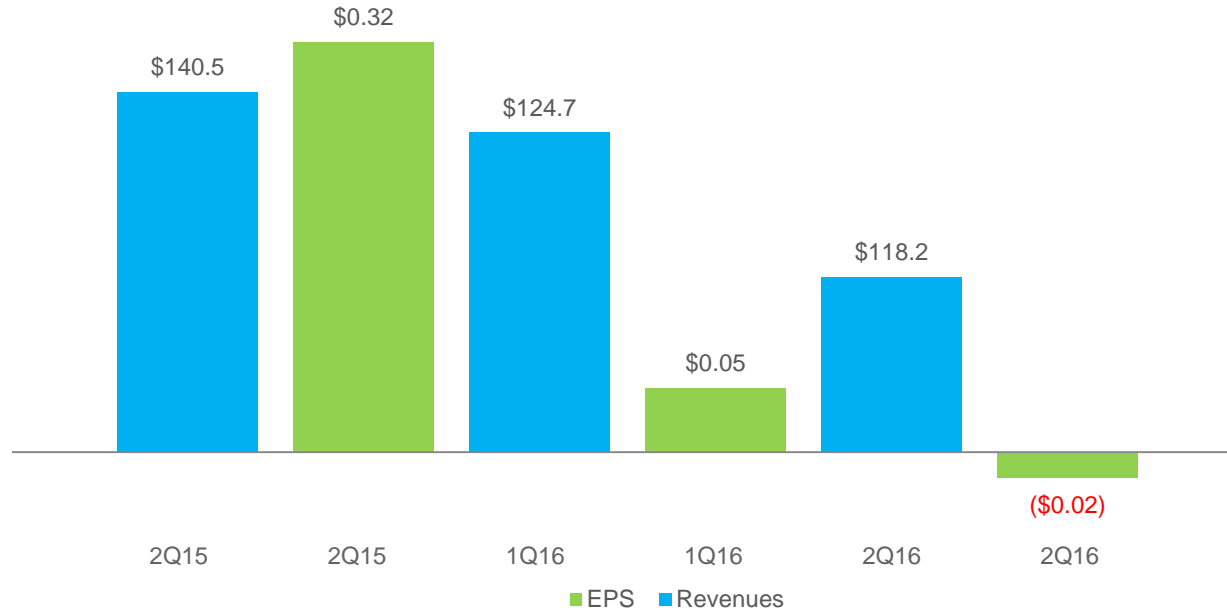
Reconciliation of GAAP to Adjusted Results

2Q16, 1Q16 and 2Q15

(\$ in millions except EPS)	2Q16			1Q16			2Q15		
	Pre-Tax	Post-Tax	EPS	Pre-Tax	Post-Tax	EPS	Pre-Tax	Post-Tax	EPS
GAAP Income	\$(9.7)	\$(5.2)	\$(0.16)	\$(3.6)	\$(2.5)	\$(0.08)	\$(8.9)	\$(10.2)	\$(0.30)
Non-Operating Items:									
Other revenues – gains	(2.4)	(1.5)	(0.04)	-	-	-	-	-	-
Upfront CEO Compensation	0.5	0.5	0.02	2.8	2.6	0.08	-	-	-
Arbitration Settlement & Related Costs	4.7	2.8	0.08	2.8	1.7	0.05	-	-	-
Restructuring	4.4	2.6	0.08	-	-	-	-	-	-
SEC Settlement & Related Costs	-	-	-	-	-	-	22.6	21.6	0.62
Adjusted Income (Loss)	\$(2.5)	\$(0.8)	\$(0.02)	\$2.0	\$1.8	\$0.05	\$13.7	\$11.4	\$0.32

Second Quarter 2016 Adjusted Results

(\$ in millions except EPS)



	vs. 1Q16	vs. 2Q15
2Q16 Revenues	(5)%	(16)%
2Q16 Revenues/day	(10)%	(17)%



Consolidated Adjusted Results

2Q16 vs. 1Q16 vs. 2Q15

(\$ in millions except EPS)	North America			Europe and Asia Pacific			Corporate			Total		
	2Q16	1Q16	2Q15	2Q16	1Q16	2Q15	2Q16	1Q16	2Q15	2Q16	1Q16	2Q15
Revenues												
Commissions	\$56.7	\$62.3	\$68.2	\$38.0	\$36.7	\$42.7	\$ -	\$ -	\$ -	\$94.7	\$99.0	\$110.9
Recurring	16.1	16.8	21.0	5.7	5.4	5.4	-	-	-	21.8	22.2	26.4
Other	1.6	3.3	3.0	(0.2)	(0.2)	-	0.3	0.4	0.2	1.7	3.5	3.2
Total Revenues	74.4	82.4	92.2	43.5	41.9	48.1	0.3	0.4	0.2	118.2	124.7	140.5
Expenses	74.5	77.0	82.8	37.3	36.8	38.7	8.9	8.9	5.3	120.7	122.7	126.8
Pre-tax Income (Loss)	(0.1)	5.4	9.4	6.2	5.1	9.4	(8.6)	(8.5)	(5.1)	(2.5)	2.0	13.7
<i>Pre-tax Margin</i>	<i>(0.1)%</i>	<i>6.6%</i>	<i>10.1%</i>	<i>14.2%</i>	<i>12.1%</i>	<i>19.5%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>(2.1)%</i>	<i>1.6%</i>	<i>9.7%</i>
Tax Expense (Benefit)	0.4	2.3	3.0	1.1	1.0	1.4	(3.2)	(3.1)	(2.1)	(1.7)	0.2	2.3
Net Income (Loss)	\$(0.5)	\$3.1	\$6.4	\$5.1	\$4.1	\$8.0	\$(5.4)	\$(5.4)	\$(3.0)	\$(0.8)	\$1.8	\$11.4
EPS	\$(0.01)	\$0.09	\$0.18	\$0.15	\$0.12	\$0.22	\$(0.16)	\$(0.16)	\$(0.08)	\$(0.02)	\$0.05	\$0.32



Impact of Currency Translation

VS. 2Q15 Exchange Rates			
(\$ in millions except EPS)	Canada	Europe & Asia Pacific	Total
Revenues	\$(0.8)	\$(2.4)	\$(3.2)
Expenses (Benefit)	(0.6)	(1.5)	(2.1)
Pre-tax Income	(0.2)	(0.9)	(1.1)
Tax Expense (Benefit)	(0.0)	(0.1)	(0.1)
Net Income	\$(0.2)	\$(0.8)	\$(1.0)
Loss Per Share	\$(0.01)	\$(0.02)	\$(0.03)

North American Adjusted Results

2Q16 vs. 1Q16 vs. 2Q15

	U.S. Operations			Canada Operations			North America		
(\$ in millions)	2Q16	1Q16	2Q15	2Q16	1Q16	2Q15	2Q16	1Q16	2Q15
Revenues									
Commissions	\$43.6	\$49.5	\$54.8	\$13.1	\$12.8	\$13.4	\$56.7	\$62.3	\$68.2
Recurring	14.8	15.5	19.5	1.3	1.3	1.5	16.1	16.8	21.0
Other	0.2	1.3	1.2	1.4	2.0	1.8	1.6	3.3	3.0
Total Revenues	58.6	66.3	75.5	15.8	16.1	16.7	74.4	82.4	92.2
Expenses									
Compensation and Benefits	27.5	29.4	32.9	4.6	4.7	4.7	32.1	34.1	37.6
<i>% of Revenue</i>	46.9%	44.3%	43.6%	29.7%	29.3%	27.8%	43.2%	41.4%	40.7%
Transaction Processing	9.9	10.3	11.8	2.2	2.5	2.3	12.1	12.8	14.1
<i>% of Revenue</i>	16.9%	15.4%	15.7%	14.2%	15.8%	13.7%	16.3%	15.5%	15.3%
Occupancy and Equipment	9.9	9.9	10.5	1.3	1.2	1.1	11.2	11.1	11.6
Telecom and Data Processing	9.0	9.1	7.5	1.6	1.5	1.4	10.6	10.6	8.9
Other G&A	5.2	5.5	7.1	3.3	2.9	3.5	8.5	8.4	10.6
Total Expenses	61.5	64.2	69.8	13.0	12.8	13.0	74.5	77.0	82.8
Pre-tax Income	\$(2.9)	\$2.1	\$5.7	\$2.8	\$3.3	\$3.7	\$(0.1)	\$5.4	\$9.4
<i>Pre-tax Margin</i>	(4.9)%	3.2%	7.6%	17.6%	20.7%	21.6%	(0.1)%	6.6%	10.1%

Europe & Asia Pacific Adjusted Results

2Q16 vs. 1Q16 vs. 2Q15

	Europe Operations			Asia Pacific Operations			Total		
(\$ in millions)	2Q16	1Q16	2Q15	2Q16	1Q16	2Q15	2Q16	1Q16	2Q15
Revenues									
Commissions	\$28.2	\$27.4	\$29.4	\$9.8	\$9.3	\$13.3	\$38.0	\$36.7	\$42.7
Recurring	4.3	3.9	4.0	1.4	1.5	1.4	5.7	5.4	5.4
Other	(0.3)	(0.2)	0.2	0.1	(0.0)	(0.2)	(0.2)	(0.2)	0.0
Total Revenues	32.2	31.1	33.6	11.3	10.8	14.5	43.5	41.9	48.1
Expenses									
Compensation and Benefits	9.6	9.6	9.8	4.6	4.5	5.1	14.2	14.1	14.9
<i>% of Revenue</i>	<i>29.9%</i>	<i>30.9%</i>	<i>29.2%</i>	<i>40.0%</i>	<i>41.9%</i>	<i>35.3%</i>	<i>32.6%</i>	<i>33.7%</i>	<i>31.1%</i>
Transaction Processing	7.6	7.6	7.9	2.4	2.4	3.2	10.0	10.0	11.1
<i>% of Revenue</i>	<i>23.4%</i>	<i>24.5%</i>	<i>23.4%</i>	<i>21.6%</i>	<i>22.5%</i>	<i>22.2%</i>	<i>22.9%</i>	<i>24.0%</i>	<i>23.0%</i>
Occupancy and Equipment	1.7	1.6	1.6	1.1	1.1	1.1	2.8	2.7	2.7
Telecom and Data Processing	2.6	2.5	2.5	1.6	1.7	1.6	4.2	4.2	4.1
Other G&A	4.4	4.1	4.0	1.7	1.7	1.9	6.1	5.8	5.9
Total Expenses	25.9	25.4	25.8	11.4	11.4	12.9	37.3	36.8	38.7
Pre-tax Income (Loss)	\$6.3	\$5.7	\$7.8	\$(0.1)	\$(0.6)	\$1.6	\$6.2	\$5.1	\$9.4
<i>Pre-tax Margin</i>	<i>19.5%</i>	<i>18.2%</i>	<i>23.1%</i>	<i>(0.8)%</i>	<i>(5.6)%</i>	<i>11.0%</i>	<i>14.2%</i>	<i>12.1%</i>	<i>19.5%</i>

Adjusted Revenues by Product Group

(\$ in millions)	2Q16	1Q16	4Q15	3Q15	2Q15
Execution Services	\$83.4	\$89.8	\$82.0	\$85.7	\$105.4
Workflow Technology	23.1	23.6	22.7	22.9	23.6
Analytics	11.4	10.9	11.5	11.6	11.3
Corporate	0.3	0.4	0.3	0.2	0.2
Total	\$118.2	\$124.7	\$116.5	\$120.4	\$140.5



Adjusted Product Group Margins Second Quarter 2016

(\$ in millions)	Execution Services	Workflow Technology	Analytics	Corp	Total
Revenues	\$83.4	\$23.1	\$11.4	\$ 0.3	\$118.2
Depreciation & Amortization	5.7	3.0	1.6	0.6	10.9
Interest	-	-	-	0.6	0.6
All Other Expenses	75.7	17.1	8.7	7.7	109.2
Total Expenses	81.4	20.1	10.3	8.9	120.7
Pre-Tax Income (Loss)	\$2.0	\$3.0	\$1.1	\$(8.6)	\$(2.5)
Pre-Tax Margin Mar QTD 2016	2.4%	12.9%	9.7%	N/A	(2.1)%
Pre-Tax Margin Mar QTD 2016	7.1%	14.8%	5.7%	N/A	1.6%
Pre-Tax Margin June QTD 2015	13.9%	13.2%	8.3%	N/A	9.7%

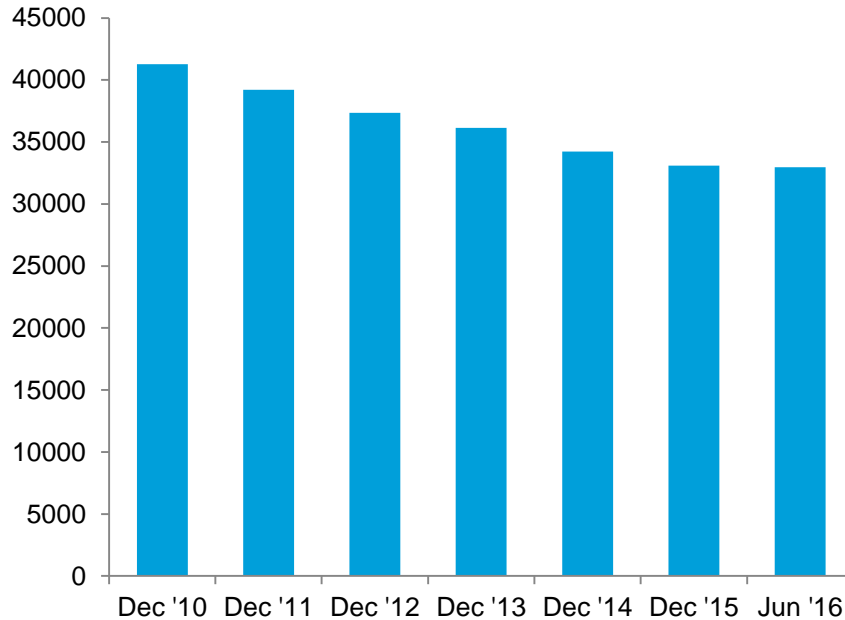
U.S. Trading Volumes and Revenues Per Share

(\$ in millions except cents per share and trading days)	2Q16	1Q16	4Q15	3Q15	2Q15
Trading Volumes	8,419	9,870	7,976	9,720	11,505
Trading Days	64	61	64	64	63
Trading Volumes Per Day	131.5	161.8	124.6	151.9	182.6
Revenue Per Share (Includes commissions and net executions)	\$0.0042	\$0.0043	\$0.0044	\$0.0040	\$0.0042
Trading Commissions and Fees	\$35.5	\$42.7	\$35.4	\$38.5	\$48.3
Other Commissions and Fees (Includes ITG Net [®] commission sharing & ITG Derivatives)	8.1	6.8	6.6	6.6	6.5
Total Commissions and Fees	\$43.6	\$49.5	\$42.0	\$45.1	\$54.8

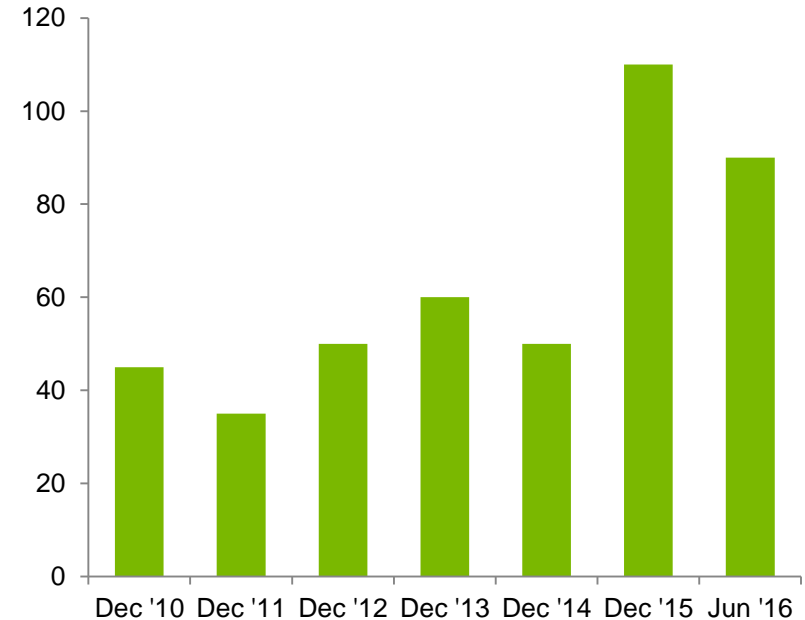


Capital Return and Available Cash

Basic Shares Outstanding (thousands)



Available Excess Cash* (\$millions)



- Consistent capital return program has reduced outstanding shares by ~25% since 1Q 2010
- Dividend payout since 2Q 2015 of \$0.07/share (\$2mm+/quarter)
- Sale of Energy Research group increased available free cash - \$90mm at June 30, 2016

*Cash over and above the amount needed for regulatory capital, clearing margin, compensation accruals and other liabilities.
Source: ITG

Business Review



Agenda

End-to-End Business Review:

- Initial actions
- Process

Market Opportunity

Strategic Operating Plan

Key Financial Targets/Cost Saves

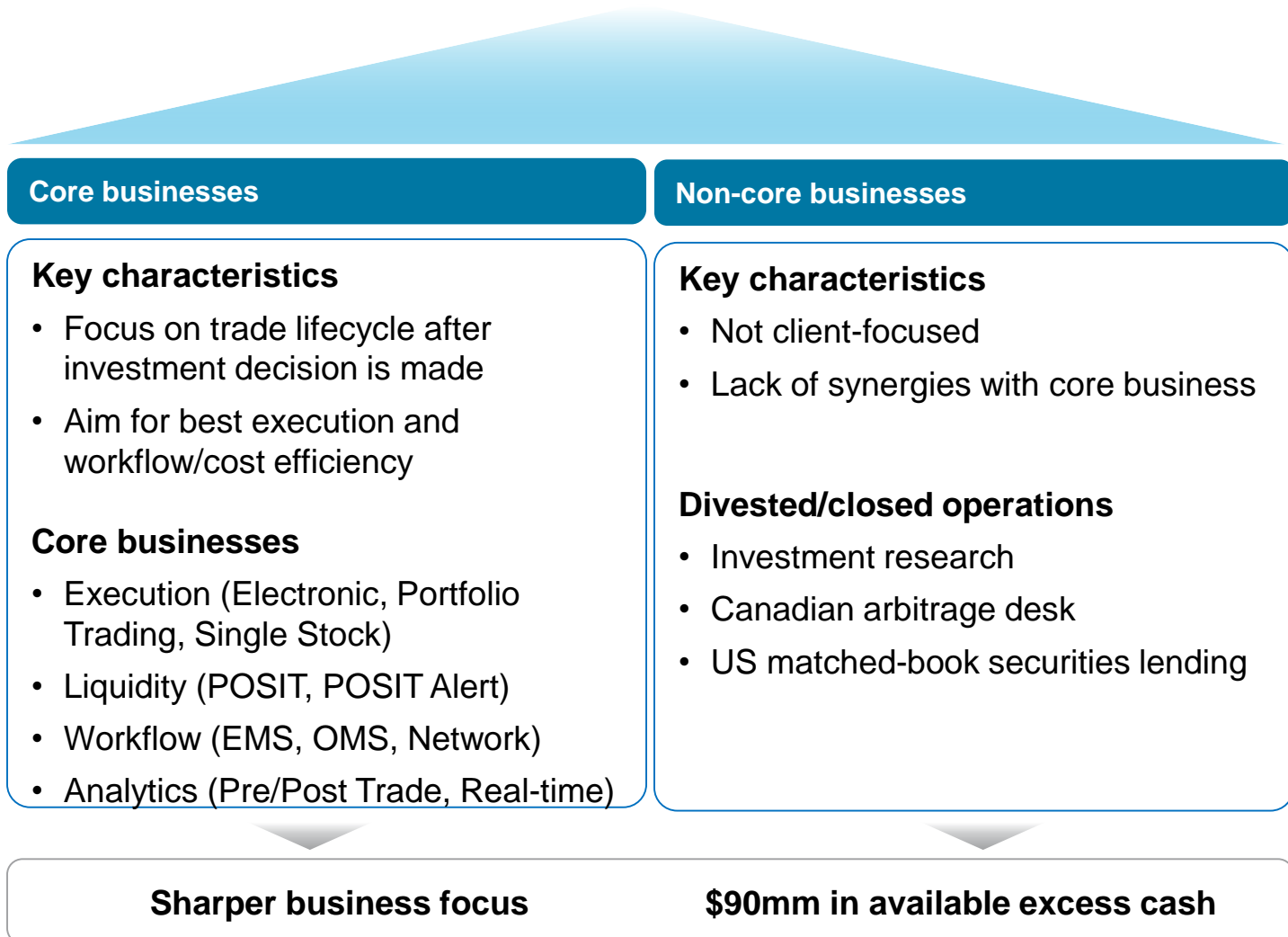
Capital Allocation

Closing Thoughts

Q&A



End-to-End Business Review: Initial Actions



End-to-End Business Review: Process

External analysis

Assessment of opportunities

- Review of key trends, industry size and growth characteristics
- Evaluation of key client segments
- Identification of target markets

Competitive analysis

- Review of key competitors
 - Analysis of strengths/capabilities
- Identification of key competitive trends

Review of capabilities

Internal review

- Comprehensive bottoms-up review of products/services, client experience, brand/marketing, costs, and leadership/culture

External feedback

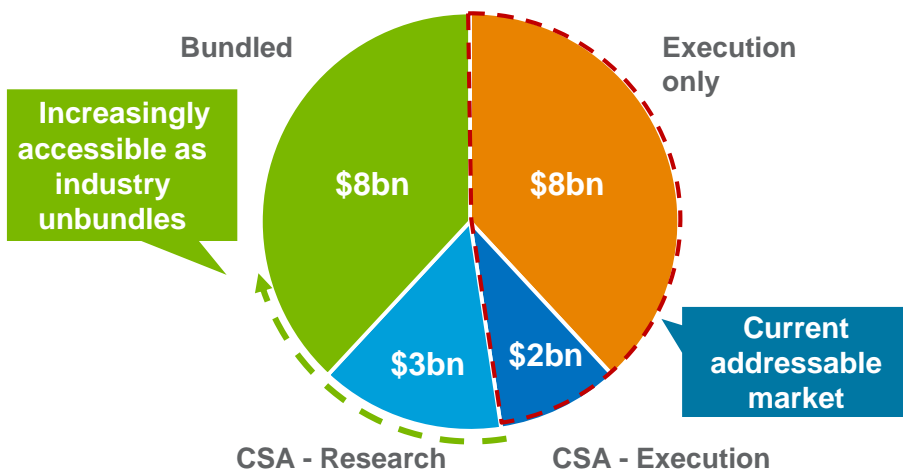
- In-depth client feedback on ITG's comparative strengths and capabilities
- External analysis and benchmarking

- 50+ senior managers around the globe
- Over 150 global clients
- Executive Committee & Regional MDs
- Industry consultant

Market Size and Conditions

Sizable and growing addressable market

2015 global equities commission pool: \$21bn



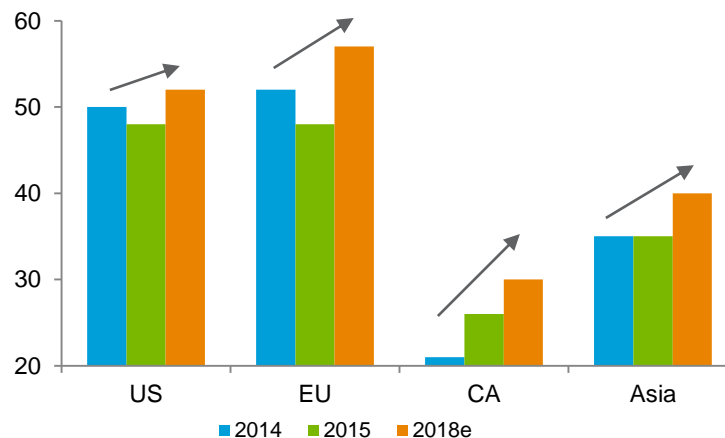
- ITG today has the ability to compete for ~50% of the global wallet
- With MiFID II in EU and the global trend towards unbundling research and execution, ITG expects to compete for a larger share of the total wallet

Significant opportunity to capture value



Continued growth in electronic equity execution

Electronic Equity Trading (% of total value traded)



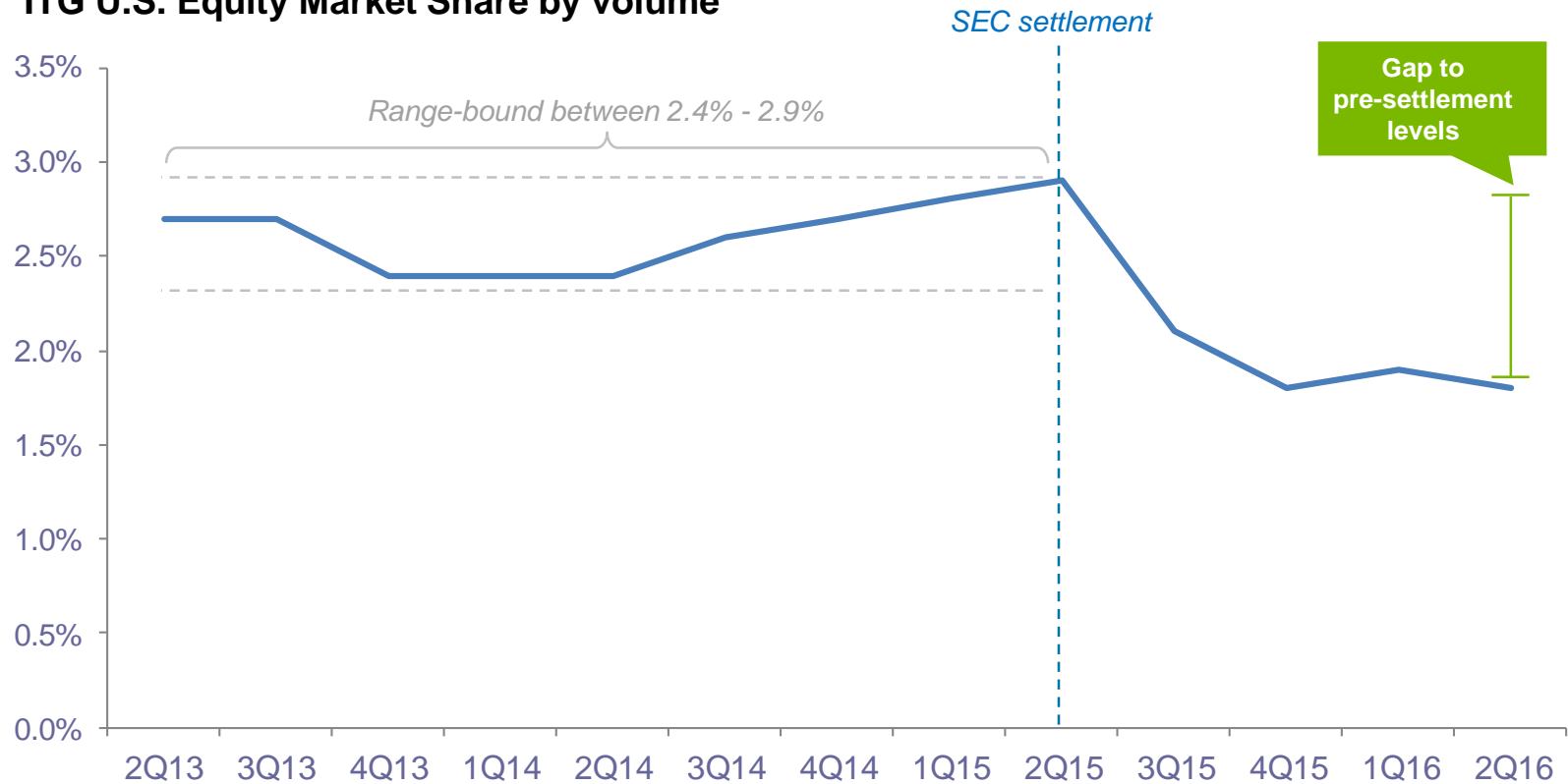
Source: Greenwich Associates

- Importance of electronic execution continues to grow in the equity markets

Increasing importance of best-in-class, technology-enabled execution

ITG U.S. Market Share: Key Earnings Driver

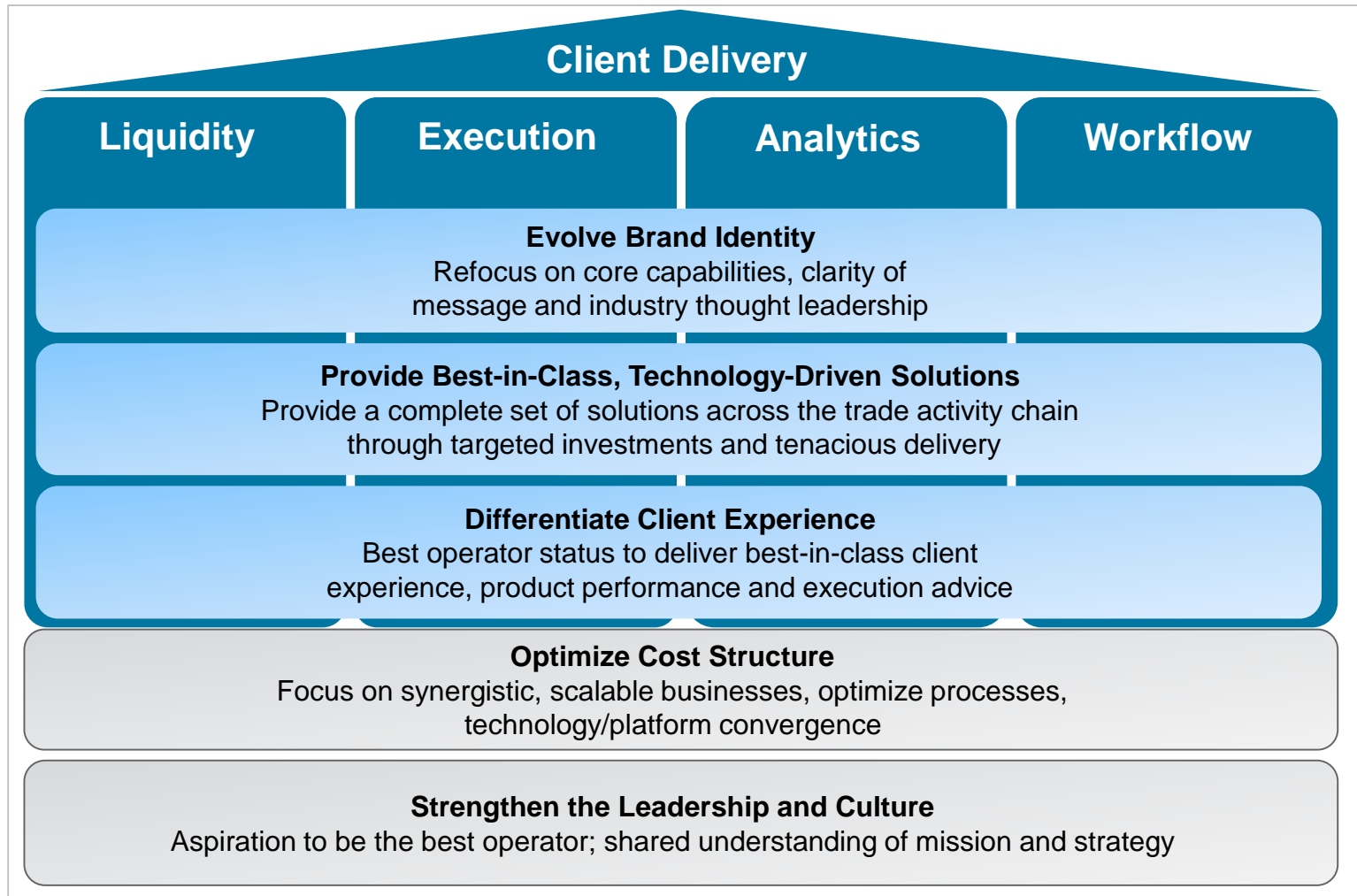
ITG U.S. Equity Market Share by volume



Percentage of consolidated volume (Tape A+B+C) Source: ITG

- In 1Q15, 2.8% US share was a major driver of \$0.40 in quarterly EPS (excluding divestitures/closed operations)
- 50%+ incremental pre-tax margins in U.S. (and other regions)
- Every 0.10% gain in US share is approximately \$0.08 in annual EPS

Strategic Operating Plan



Capture Scale and Foster a Leadership Culture

End-to-End Business Review: Key findings

ITG is well-positioned as a leader in technology-enabled equity execution

Continued investment needed to keep product offering strong, stay ahead of competition

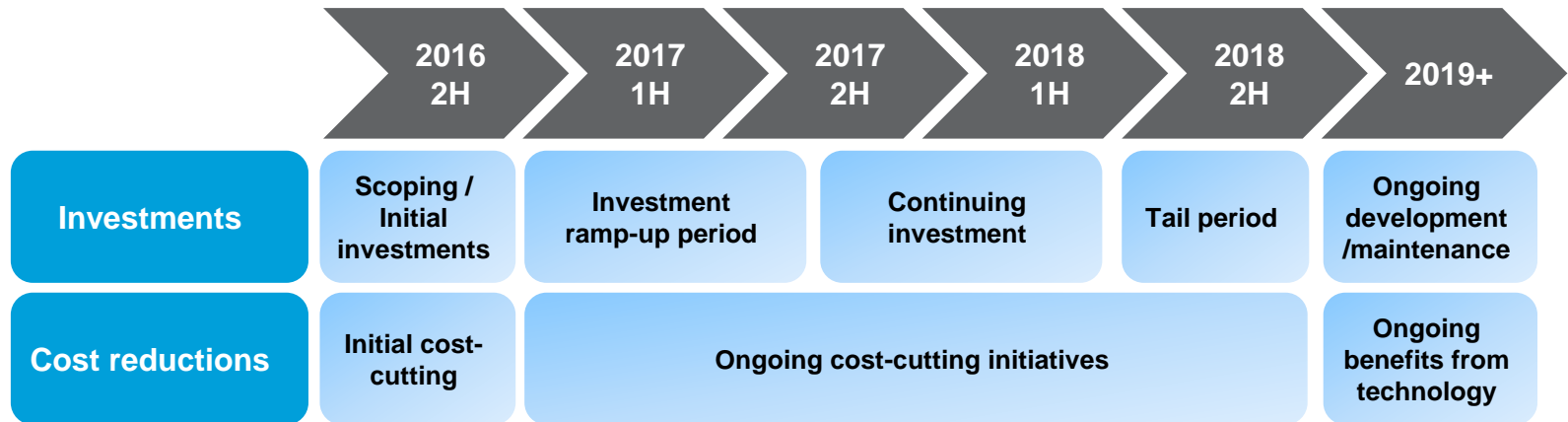
Streamlining client desktop access to products is a differentiator

Refine client coverage model and resources to apply tools and best practices globally and consistently

Investments: Timing and Cost Savings Offsets

- ~\$40 million in incremental investment planned over next ten quarters
 - Anticipate ~½ operating, ~½ capitalized with 3-year amortization
- Cost reduction measures to be phased in starting 2H16
 - Areas of focus: Compensation, connectivity, market data, and vendors
 - Expected to reduce costs by at least \$5mm/yr
 - Reduced costs expected to provide funding for >\$10mm of incremental investment
- Technology investments, process improvements to cut expenses by additional \$5mm/yr 2019 onwards

Illustrative timetable



Investment Specifics: Technology and People

Technology investment priorities

- Enhanced liquidity, execution, analytics and workflow products and services, including global customization for Triton and algos (2Q17-1Q18)
- Upgraded client workflow and UX for Alert, SOR, Triton, TCA (4Q16-3Q17)
- Improved globalization of portfolio trading and PT analytics (3Q16-4Q17)
- Enhanced commission management (CSA) platform (1Q17)
- Core trading and post-trade processing plant upgrade (3Q16-2Q18)
- Current investments: PowerMatch, enhanced SOR, European trading plant

People investments

- Hire 60+ staff total in 2017-2018 in technology and product management as well as on client service teams for Alert, algos, Triton, portfolio trading
- Current staffing level (963 globally, -100 y/y) expected to be flat through 2016

Process enhancements: Best Operator

Adopt best practices in client engagement, product cross-sell consistently across all regions

Seek opportunities for economies of scale and scope in trading plant

Technology enhancements to client coverage and service tools

Financial Targets

- Revenue growth expected to take place over several years
 - Growth expected to accelerate starting in mid-2017
- Forecasts assume flat global trading volumes
- Expense reductions from technology investments, process improvements (globalization, operations optimization)

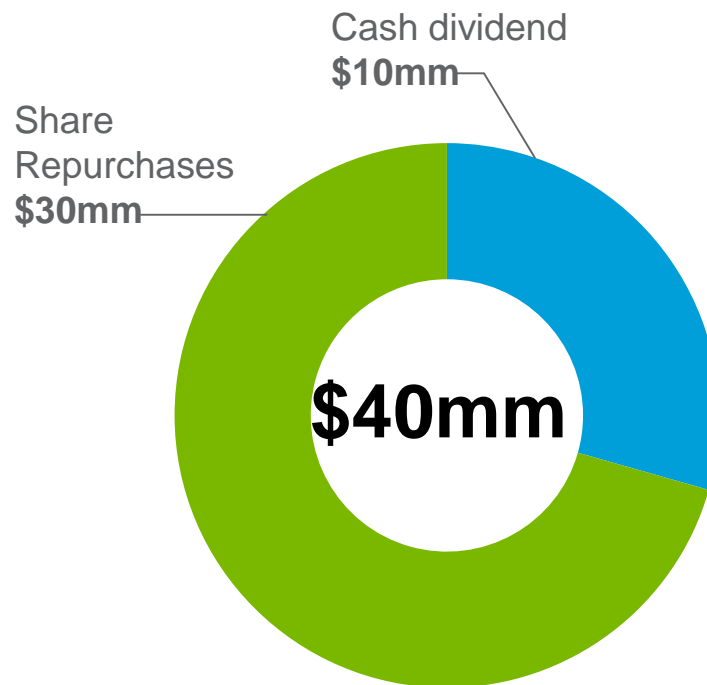
Run-rate financial targets

<i>Run-rate revenue (exiting 2018)</i>	▶	<i>Up 25% from 2015 pro forma¹</i>
<i>Revenue CAGR (2016-18)</i>	▶	<i>Mid-to-high single digits</i>
<i>Pre-tax margin (exiting 2018)</i>	▶	<i>~15%</i>
<i>Run-rate expense reductions (2019 on)</i>	▶	<i>Additional \$5mm annually</i>

¹ Excluding divested and closed businesses

Capital Allocation

- Expect 2H16 share repurchases on par with 1H16 (~\$15mm) for total FY16 capital return of \$40mm
- FY17 capital return expected to be similar: \$40mm (\$30mm buyback + \$10mm dividend)
- Planned investments still leave us with ~\$50mm available free cash



Expected minimum capital return for FY16 and FY17

Closing Thoughts: Culture

Best operator culture, instilling core values of passion, discipline and commitment

Capitalize on ITG history as a high-integrity innovator

Culture is a key performance benchmark for ITG management

Q&A

