

ITG  
Q4 2012  
Earnings Call  
1/31/2013

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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, 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.



# Agenda

## Summary

### Industry Conditions

- Fund Flows
- ITG Cost Reductions
- US Volumes

### International Performance

- Europe
- Canada
- Asia Pacific

## Products and Platforms

- Investment Research
- New Products

## Balance Sheet

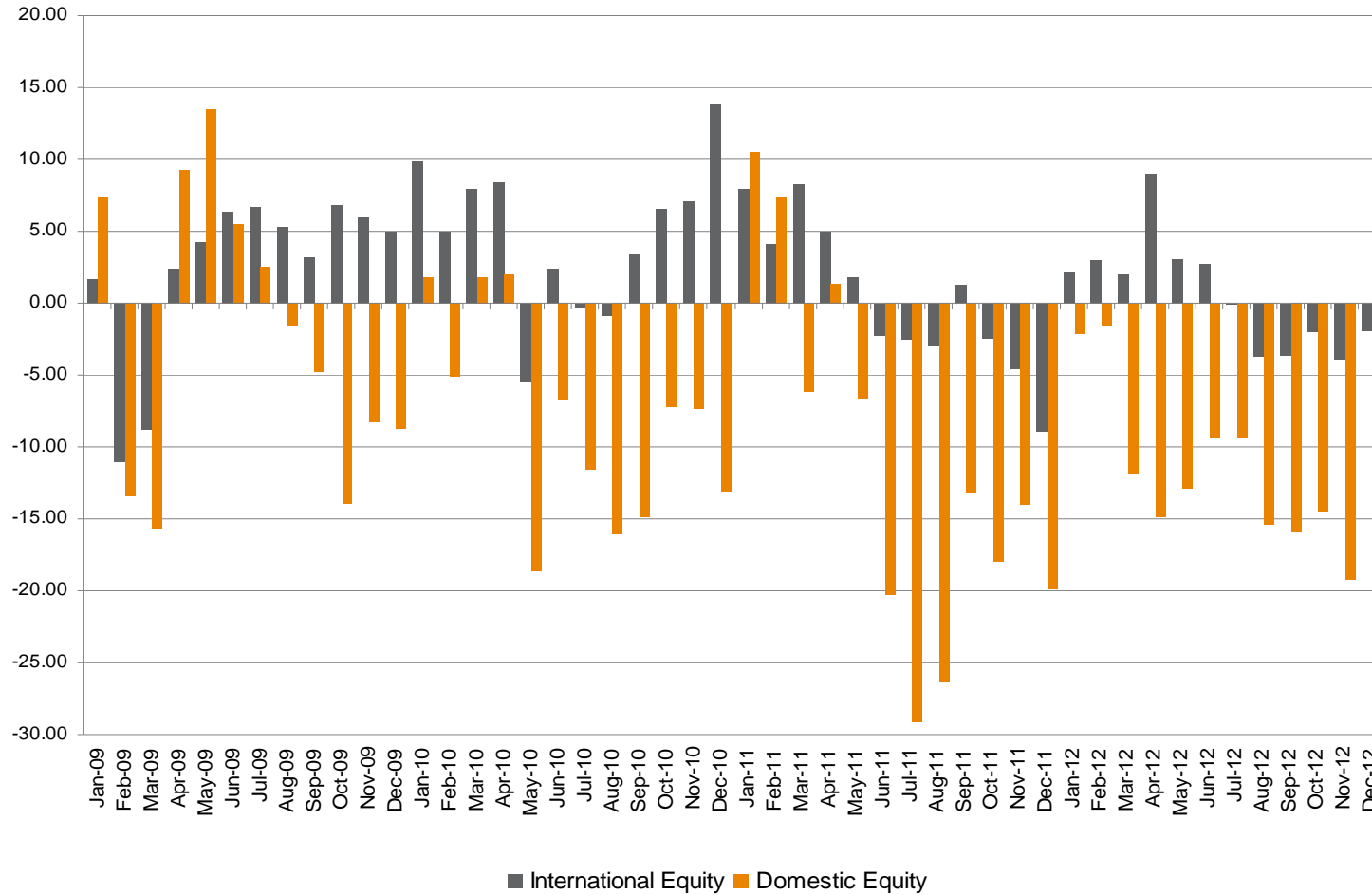
## Financial Overview

## Q&A



# Domestic vs. International Equity Mutual Fund Flows

## 2009-2012, \$ billions

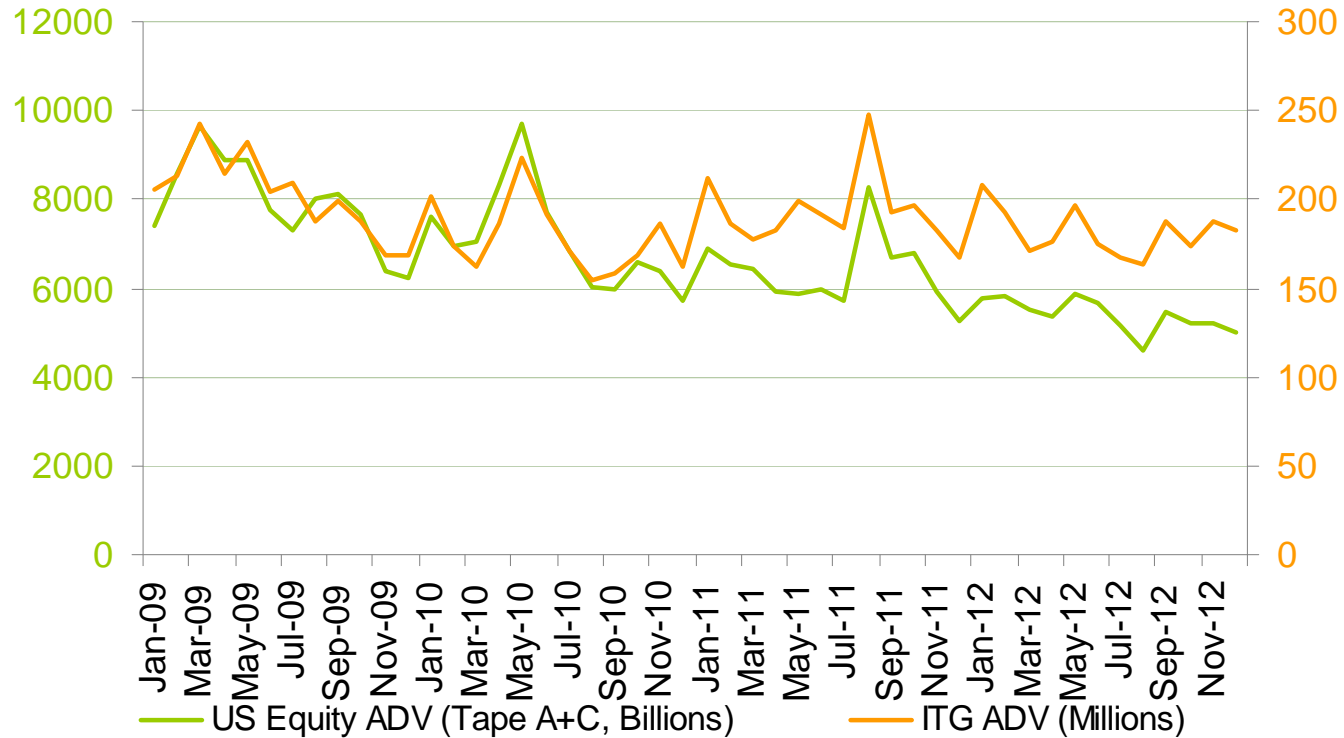


Source: Investment Company Institute

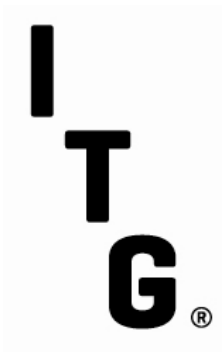
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# Equity ADV (NYSE & NASDAQ) and ITG ADV



Source: ThomsonReuters and ITG



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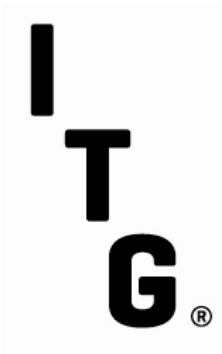
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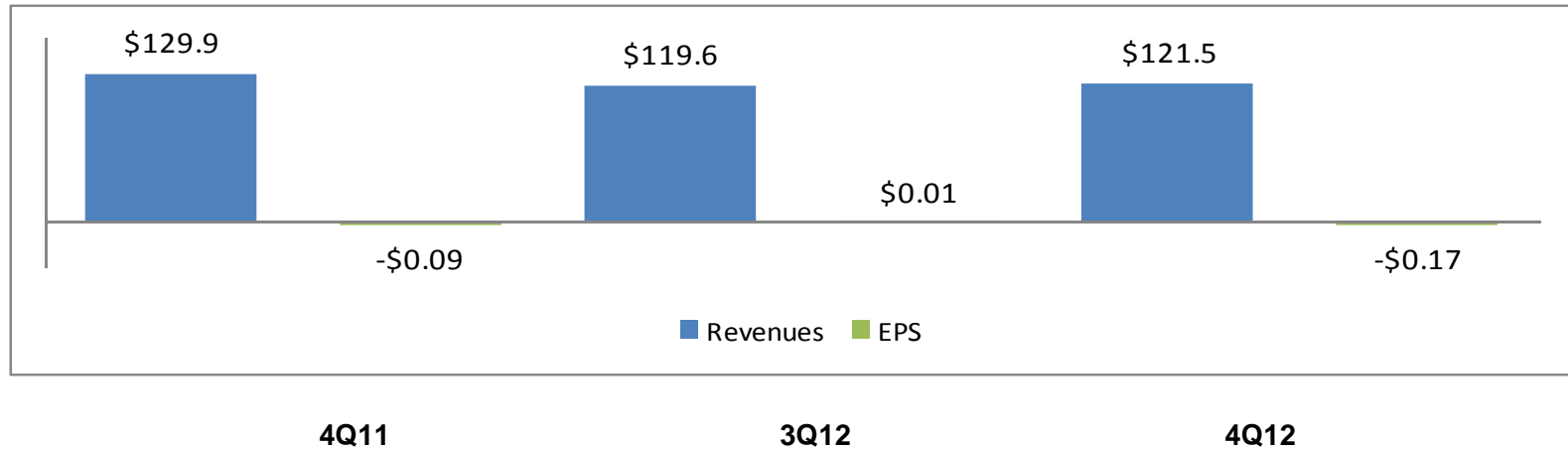
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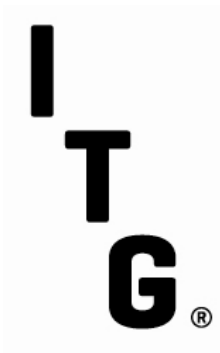


# Fourth Quarter 2012 GAAP Results

(\$ in millions except EPS)



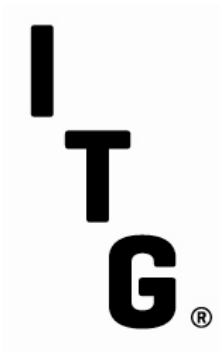
	vs. 3Q12	vs. 4Q11
Revenues	2%	(6)%
Revenues per day	3%	(5)%



# Reconciliation of Adjusted Results

## 4Q12 vs. 4Q11

(\$ in millions except EPS)	4Q12			4Q11		
	Pre-Tax	Post-Tax	EPS	Pre-Tax	Post-Tax	EPS
<b>GAAP Net (Loss)</b>	\$(8.6)	\$(6.5)	\$(0.17)	\$(6.4)	\$(3.7)	\$(0.09)
<b><u>Non-Operating Expense</u></b>						
<b>Impairment</b>	-	-	-	4.3	2.5	0.06
<b>Restructuring</b>	9.5	6.3	0.17	6.8	3.9	0.10
<b>Duplicate Rent</b>	1.4	0.8	0.02	-	-	-
<b>Adjusted Net Income</b>	\$2.3	\$0.6	\$0.02	\$4.7	\$2.7	\$0.07





# Adjusted Results

## 4Q12 vs. 3Q12 vs. 4Q11

(\$ in millions except EPS)	US Operations			International Operations			Total		
	4Q12	3Q12	4Q11	4Q12	3Q12	4Q11	4Q12	3Q12	4Q11
<b>Revenues</b>									
<b>Commissions</b>	\$55.6	\$55.8	\$59.4	\$35.4	\$34.0	\$38.2	\$91.0	\$89.8	\$97.6
<b>Recurring</b>	20.2	20.2	22.2	7.4	6.5	6.5	27.6	26.7	28.7
<b>Other</b>	<u>1.3</u>	<u>1.8</u>	<u>1.5</u>	<u>1.6</u>	<u>1.3</u>	<u>2.1</u>	<u>2.9</u>	<u>3.1</u>	<u>3.6</u>
<b>Total Revenues</b>	77.1	77.8	83.1	44.4	41.8	46.8	121.5	119.6	129.9
<b>Adjusted Expenses</b>	77.3	77.0	82.9	41.9	42.5	42.3	119.2	119.5	125.2
<b>Pre-tax (Loss) income</b>	(0.2)	0.8	0.2	2.5	(0.7)	4.5	2.3	0.1	4.7
<b>Pre-tax Margin</b>	(0.3)%	1.1%	0.2%	5.7%	(1.6)%	9.6%	1.9%	0.2%	3.6%
<b>Tax Expense</b>	0.9	(0.4)	(0.1)	0.8	0.3	2.1	1.7	(0.1)	2.0
<b>Adjusted Net (Loss) Income</b>	\$(1.1)	\$1.2	\$0.3	\$1.7	\$(1.0)	\$2.4	\$0.6	\$0.2	\$2.7
<b>(LPS) EPS</b>	\$(0.03)	\$0.03	\$0.01	\$0.05	\$(0.02)	\$0.06	\$0.02	\$0.01	\$0.07



# Summary of US Adjusted Expenses

## 4Q12, 3Q12 and 4Q11

(\$ in millions)	4Q12	3Q12	4Q11
Comp & Benefits	\$30.8	\$30.9	\$34.2
<i>% of Revenue</i>	39.9%	39.7%	41.2%
Transaction Processing	11.9	10.9	11.8
<i>% of Revenue</i>	15.5%	14.0%	14.1%
Occupancy & Equipment	10.9	11.1	11.3
Telecom & Data Processing	9.8	9.6	9.3
Other G&A	13.3	13.8	15.7
Interest Expense	0.6	0.7	0.6
<b>Total</b>	<b>\$77.3</b>	<b>\$77.0</b>	<b>\$82.9</b>



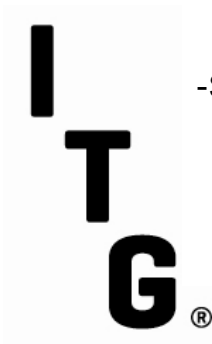
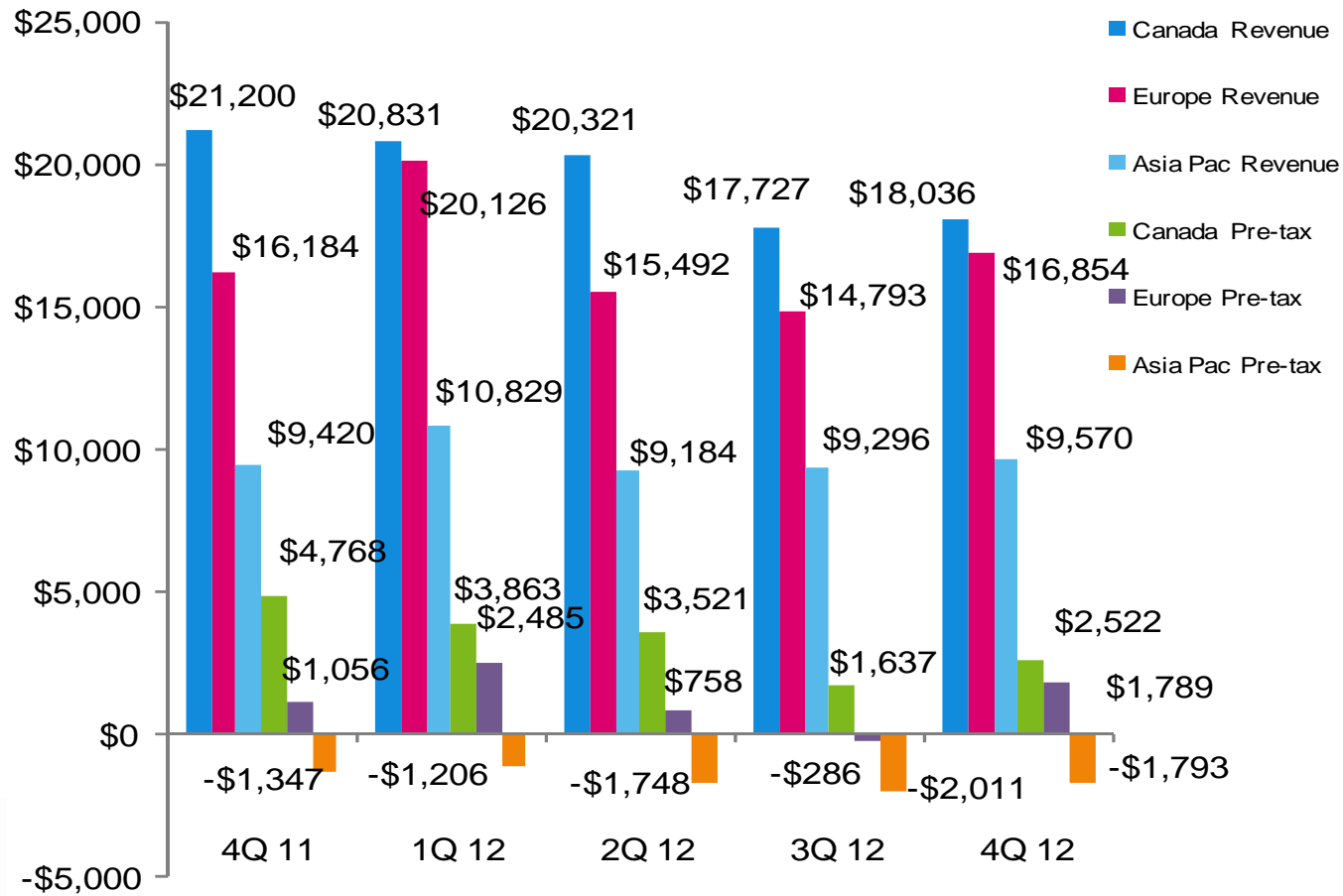
# International Financial Summary

## Adjusted Results

(\$ in millions)	4Q12	3Q12	2Q12	1Q12	4Q11
<b>Revenues</b>					
Asia Pacific	\$9.6	\$9.3	\$9.2	\$10.9	\$9.4
Canada	18.0	17.7	20.3	20.8	21.2
Europe	<u>16.8</u>	<u>14.8</u>	<u>15.5</u>	<u>20.1</u>	<u>16.2</u>
<b>Total Revenues</b>	44.4	41.8	45.0	51.8	46.8
<b>Expenses</b>					
Compensation and Benefits	16.3	16.2	16.3	19.0	17.8
<i>% of Revenue</i>	36.8%	38.8%	36.2%	36.7%	38.0%
Transaction Processing	8.0	8.4	8.8	10.7	8.9
<i>% of Revenue</i>	18.1%	20.2%	19.6%	20.7%	19.0%
Occupancy & Equipment	4.7	5.0	4.3	4.2	3.9
Telecom & Data Processing	5.2	5.5	5.4	5.4	4.7
Other G&A	<u>7.7</u>	<u>7.4</u>	<u>7.7</u>	<u>7.4</u>	<u>7.0</u>
<b>Total Expenses</b>	41.9	42.5	42.5	46.7	42.3
<b>Pre-Tax Income</b>	\$2.5	\$(0.7)	\$2.5	\$5.1	\$4.5



# International: Adjusted Results Summary



# U.S. Trading Volumes and Revenues Per Share

(\$ in millions except cents per share and trading days)	4Q12	3Q12	2Q12	1Q12	4Q11
Trading Volumes	11,232	10,853	11,527	11,777	11,458
Trading Days	62	63	63	62	63
Trading Volumes Per Day	181.2	172.3	183.0	190.0	181.9
Revenue Per Share (Includes commissions and net executions)	\$0.0043	\$0.0044	\$0.0044	\$0.0044	\$0.0044
Trading Commissions and Fees	\$48.2	\$48.3	\$50.2	\$51.8	\$50.3
Other Commissions and Fees (Includes ITG Net <sup>®</sup> commission sharing & ITG Derivatives <sup>SM</sup> )	<u>7.4</u>	<u>7.5</u>	<u>8.3</u>	<u>9.6</u>	<u>9.1</u>
Total Commissions and Fees	\$55.6	\$55.8	\$58.5	\$61.4	\$59.4



# Q&A

