



# ITG First Quarter 2011 Earnings

May 5, 2011



PRESENTED BY

Bob Gasser, CEO and President

Steve Vigliotti, CFO



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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. These factors are noted throughout ITG's 2010 Annual Report, on its Form 10-K, and on its Form 10-Qs and include, but are not limited to, the actions of both current and potential new competitors, fluctuations in market trading volumes, financial market volatility, changes in commission pricing, potential impairment charges related to goodwill and other long-lived assets, evolving industry regulations, errors or malfunctions in our systems or technology, rapid changes in technology, cash flows into or redemptions from equity funds, effects of inflation, 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 companies we have acquired, changes in tax policy or accounting rules, fluctuations in foreign exchange rates, adverse changes or volatility in interest rates, our ability to attract and retain talented employees, as well as general economic, business, credit and financial market conditions, internationally or nationally. 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

## Mission Statement

## Summary

## Industry Conditions

- ITG Volumes
- Fund Flows

## International Performance

- Canada
- Europe
- Asia Pacific

## Competitive Strategy

- Investment Research

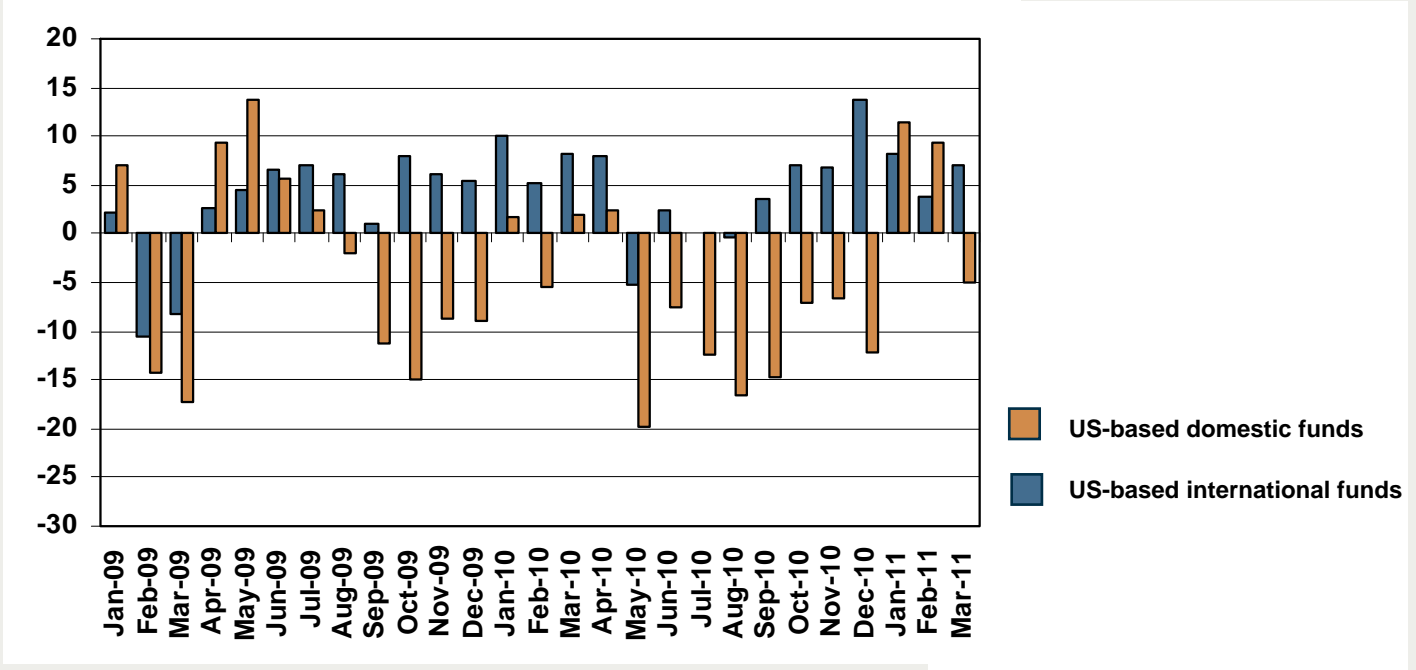
## Capital Allocation

## Financial Overview

## Q&A

# Domestic vs. International Equity Mutual Funds

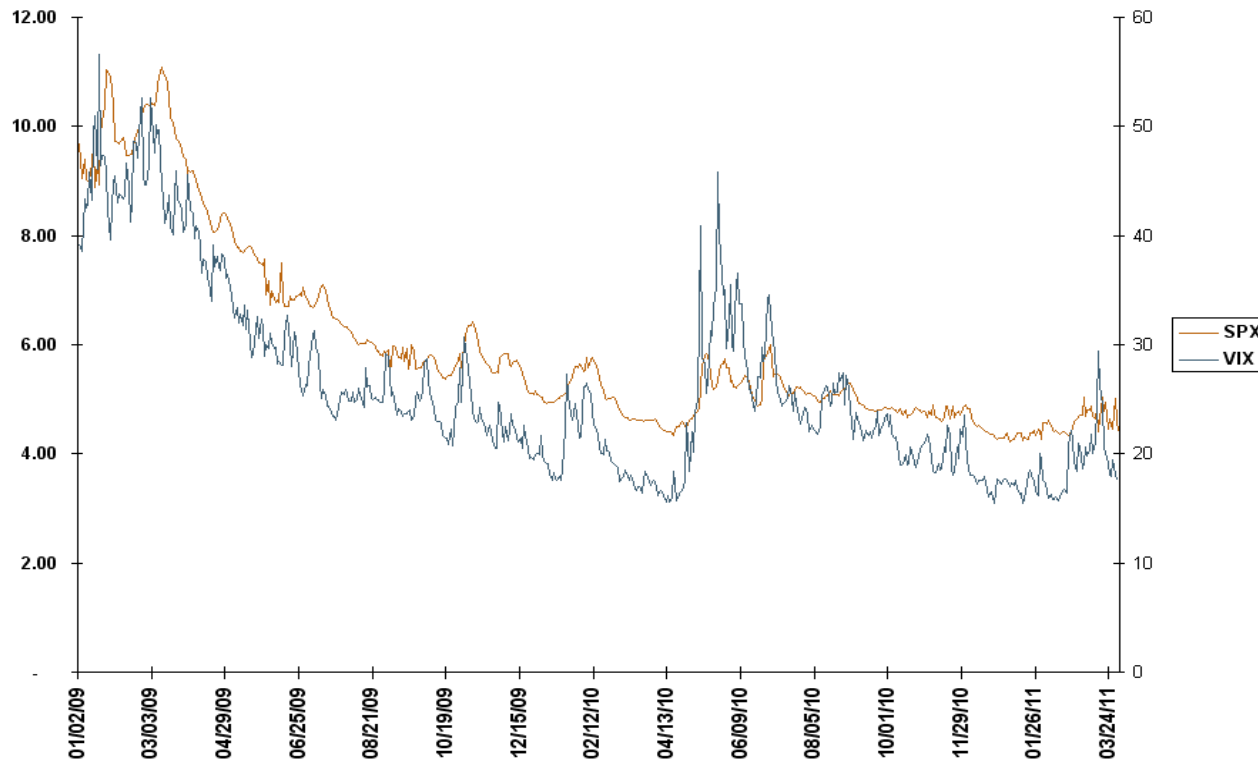
(in billions)



Source: Investment Company Institute. Data are subject to revision.



# Equity Returns and Risk: VIX and S&P 500 Bid/Ask Spreads



Source: Thomson Reuters.

# Agenda

## **Mission Statement**

## **Summary**

## **Industry Conditions**

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## **International Performance**

- Canada
- Europe
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## **Competitive Strategy**

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## **Capital Allocation**

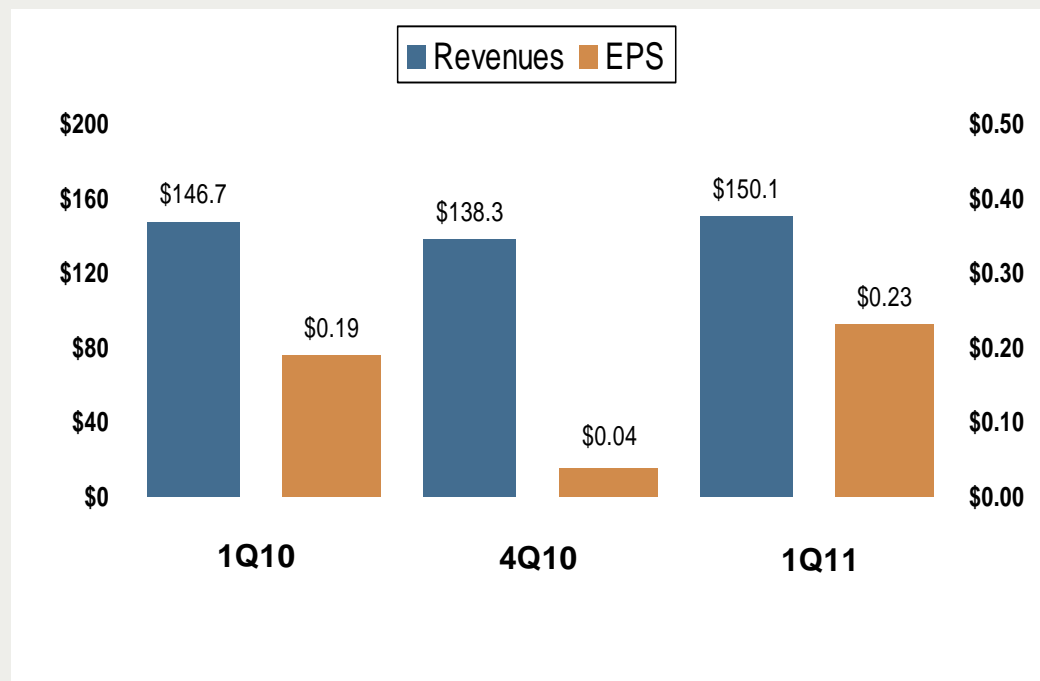
## **Financial Overview**

## **Q&A**

# First Quarter 2011 GAAP Results

(\$ in millions except EPS)

	vs. 4Q10	vs. 1Q10
Revenues	8%	2%
Revenues per day	12%	1%
Net Income	422%	13%
EPS	426%	21%



# Reconciliation of Adjusted Results

## 4Q10 and 1Q10

(\$ in millions except EPS)

	4Q10			1Q10		
	Pre-Tax	Post-Tax	EPS	Pre-Tax	Post-Tax	EPS
GAAP Earnings	\$ 3.1	\$ 1.8	\$ 0.04	\$ 15.4	\$ 8.4	\$ 0.19
Non-Operating Expense (Income)						
Acquisition Related Costs						
Professional and Other	0.9	0.7	0.02	---	---	---
Acceleration of Stock Awards	0.8	0.8	0.02	---	---	---
Employee Termination	0.7	0.4	0.01	---	---	---
	2.4	1.9	0.05	---	---	---
Restructuring						
Lease Abandonment	2.1	1.3	0.03	---	---	---
Employee Termination	0.1	0.1	0.00	---	---	---
FX Gain on Liquidation of Subsidiary	(0.4)	(0.4)	(0.1)	---	---	---
Software / Intangible Write-down	---	---	---	6.1	3.5	0.08
	1.8	1.0	0.02	6.1	3.5	\$0.08
Adjusted Earnings	\$7.3	\$4.7	\$0.11	\$21.5	\$11.9	\$0.27





# Adjusted Results

1Q11 vs. 4Q10 vs. 1Q10

*(\$ in millions except EPS)*

	US Operations			Non-US Operations			Total		
	1Q11	4Q10	1Q10	1Q11	4Q10	1Q10	1Q11	4Q10	1Q10
Revenues:									
Commissions	\$ 75.8	\$ 69.0	\$ 81.7	\$ 42.9	\$ 41.6	\$ 40.2	\$ 118.7	\$ 110.6	\$ 121.9
Recurring	21.9	21.0	17.0	5.3	5.5	5.0	27.2	26.5	22.0
Other	2.8	(0.5)	1.2	1.4	1.7	1.6	4.2	1.2	2.8
Total Revenues	\$ 100.5	\$ 89.5	\$ 99.9	\$ 49.6	\$ 48.8	\$ 46.8	\$ 150.1	\$ 138.3	\$ 146.7
Expenses	87.0	87.4	80.6	46.0	43.6	44.6	133.0	131.0	125.2
Pre-tax Income	13.5	2.1	19.3	3.6	5.2	2.2	17.1	7.3	21.5
<i>Pre-tax Margin</i>	<i>13.4%</i>	<i>2.3%</i>	<i>19.3%</i>	<i>7.3%</i>	<i>10.7%</i>	<i>4.7%</i>	<i>11.4%</i>	<i>5.3%</i>	<i>14.7%</i>
Tax Expense	5.7	(0.2)	8.0	1.9	2.8	1.6	7.6	2.6	9.6
Net Income	\$ 7.8	\$ 2.3	\$ 11.3	\$ 1.7	\$ 2.4	\$ 0.6	\$ 9.5	\$ 4.7	\$ 11.9
EPS	\$ 0.19	\$ 0.05	\$ 0.25	\$0.04	\$0.06	\$0.02	\$ 0.23	\$ 0.11	\$ 0.27



## Summary of US Adjusted Expenses

1Q11, 4Q10 and 1Q10

<i>(\$ in millions)</i>	<b>1Q11</b>	<b>4Q10</b>	<b>1Q10</b>
Comp & Benefits	\$ 38.3	\$ 38.3	\$ 34.3
<i>% of Revenue</i>	38.1%	42.7%	34.3%
Transaction Processing	12.9	12.0	10.3
<i>% of Revenue</i>	12.8%	13.4%	10.3%
Occupancy & Equipment	10.8	11.3	11.3
Telecom & Data Processing	9.6	8.9	8.7
Other G&A	15.1	16.8	15.8
Interest Expense	0.3	0.1	0.2
<b>Total</b>	<b>\$87.0</b>	<b>\$87.4</b>	<b>\$80.6</b>

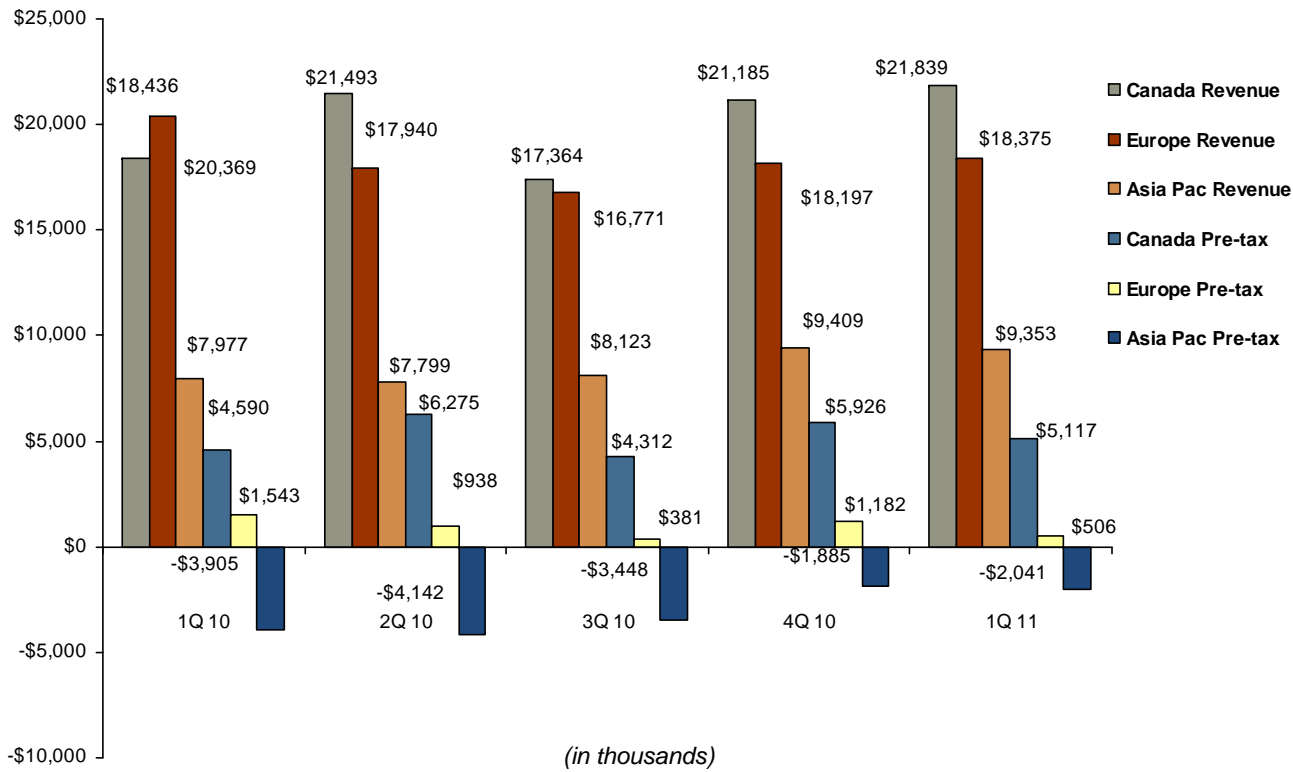
# Non-U.S. Financial Summary

## Adjusted Results

<i>(\$ in millions)</i>	1Q11	4Q10	3Q10	2Q10	1Q10
<b>Revenues</b>					
Asia Pacific	\$9.4	\$9.4	\$8.1	\$7.8	\$8.0
Canada	21.8	21.2	17.4	21.5	18.4
Europe	18.4	18.2	16.8	17.9	20.4
<b>Total Revenues</b>	<b>\$49.6</b>	<b>\$48.8</b>	<b>\$42.3</b>	<b>\$47.2</b>	<b>\$46.8</b>
<b>Expenses</b>					
Compensation and Benefits	\$19.2	\$18.9	\$18.0	\$18.9	\$19.2
<i>% of Revenue</i>	38.7%	38.8%	42.6%	40.0%	41.0%
Transaction Processing	10.1	9.7	8.4	10.6	10.4
<i>% of Revenue</i>	20.4%	20.0%	20.0%	22.5%	22.2%
Occupancy	4.1	4.0	3.9	3.8	3.9
Telecommunications	5.5	5.2	5.0	4.9	5.0
Other G&A	7.1	5.8	5.7	5.9	6.1
<b>Total Expenses</b>	<b>\$46.0</b>	<b>\$43.6</b>	<b>\$41.0</b>	<b>\$44.1</b>	<b>\$44.6</b>
<b>Pre-Tax Income</b>	<b>\$3.6</b>	<b>\$5.2</b>	<b>\$1.3</b>	<b>\$3.1</b>	<b>\$2.2</b>



# Non-US: Adjusted Results Summary



## U.S. Trading Volumes and Revenues Per Share

<i>(\$ in millions except cents per share and trading days)</i>	1Q11	4Q10	3Q10	2Q10	1Q10
Trading Volumes	11,875	10,989	10,334	12,597	10,874
Trading Days	62	64	64	63	61
Trading Volumes Per Day	191.5	171.7	161.5	199.9	178.3
Revenue Per Share (Includes commissions and net executions)	\$0.00553	\$0.00536	\$0.00584	\$0.00614	\$0.00666
Broker Dealer Commissions and Fees	\$65.6	\$58.9	\$60.3	\$77.4	\$72.4
Other Commissions and Fees (Includes ITG Net <sup>®</sup> commission sharing & ITG Derivatives <sup>SM</sup> )	\$10.2	\$10.1	\$10.1	\$12.4	\$9.3
Total Commissions and Fees	\$75.8	\$69.0	\$70.4	\$89.8	\$81.7





# Q&A