

Bob Gasser, Chief Executive Officer and President  
Steve Vigliotti, Chief Financial Officer

# 2nd Quarter 2010 – Earnings Presentation

**BUILDING THE NEW BUYSIDE®**



© 2010 Investment Technology Group, Inc. All rights reserved. Not to be reproduced or retransmitted without permission.  
Broker-dealer products and services offered by ITG Inc., member FINRA, SIPC.

## 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. These factors are noted throughout ITG's 2009 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.

Investment Technology Group, POSIT, ITG TCA, ITG Logic, ITG Opt, ITG Channel, Triton, ITG Algorithms, Radical, Macgregor XIP and ITG are registered trademarks of the Investment Technology Group, Inc. companies.



# ITG Second Quarter Earnings Call

## Industry Conditions

- Fund Flows
- Volatility

## ITG Positioning

- Product/Revenue Diversification
- Profitability Improvement

## International Performance

- Canada
- Europe
- Asia Pacific

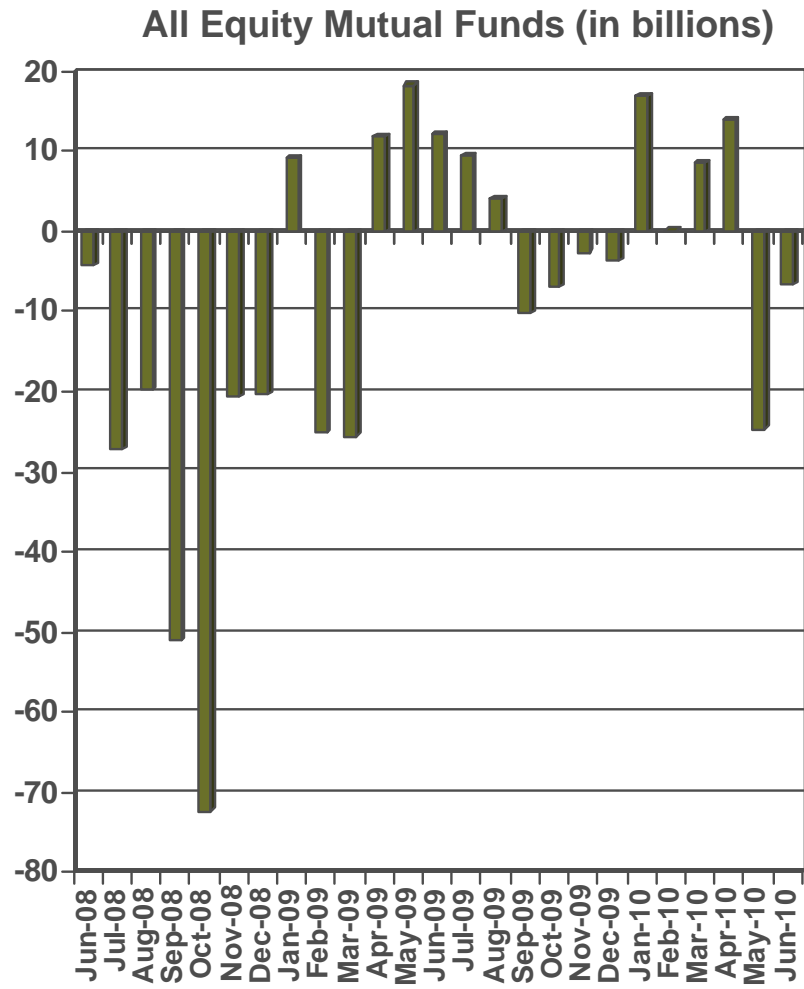
## Share Buybacks

## Financial Overview

## Q&A



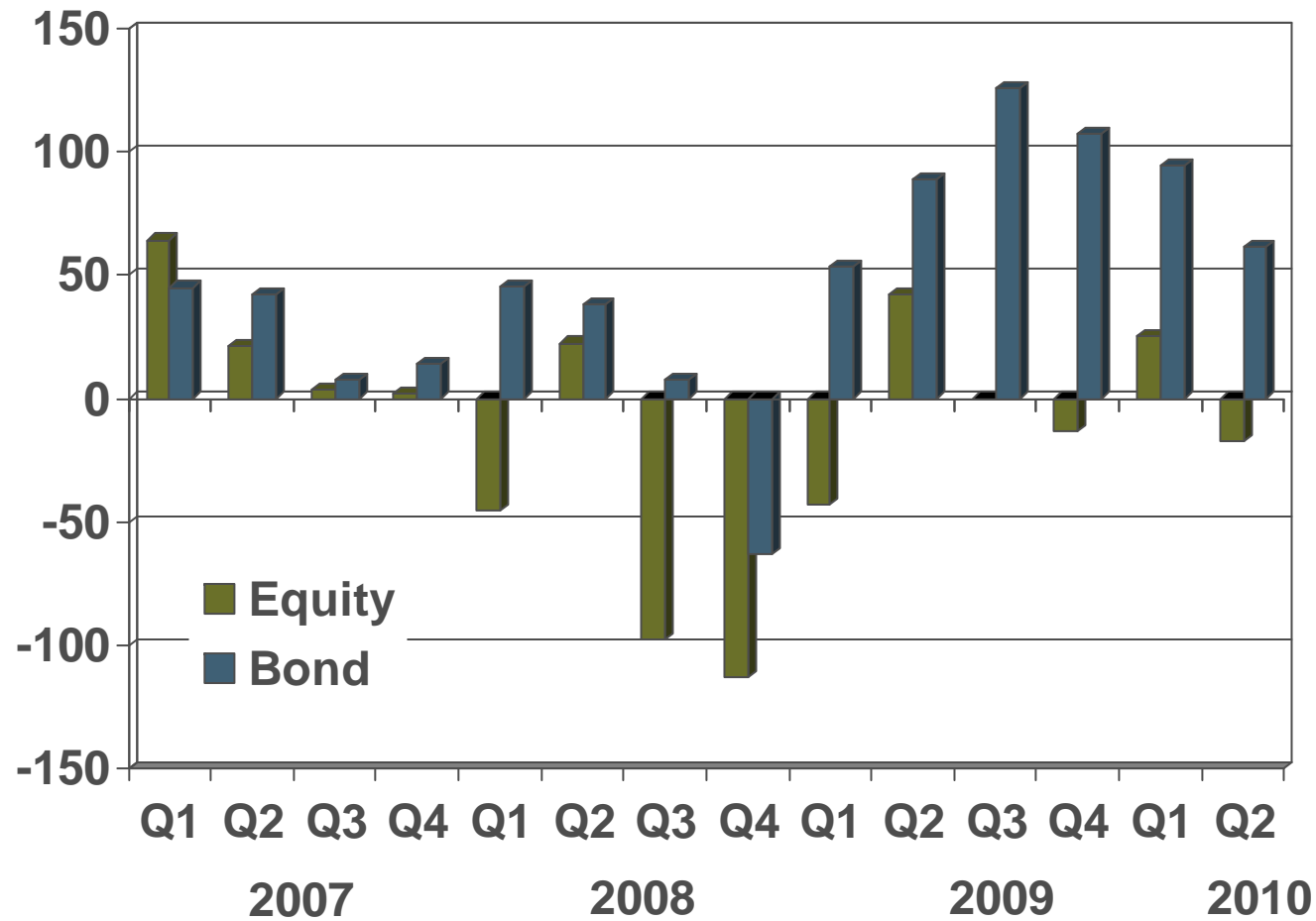
# Equity Mutual Funds Net Monthly Cash Flows



Source: Investment Company Institute. June 2010 data are preliminary and subject to revision.



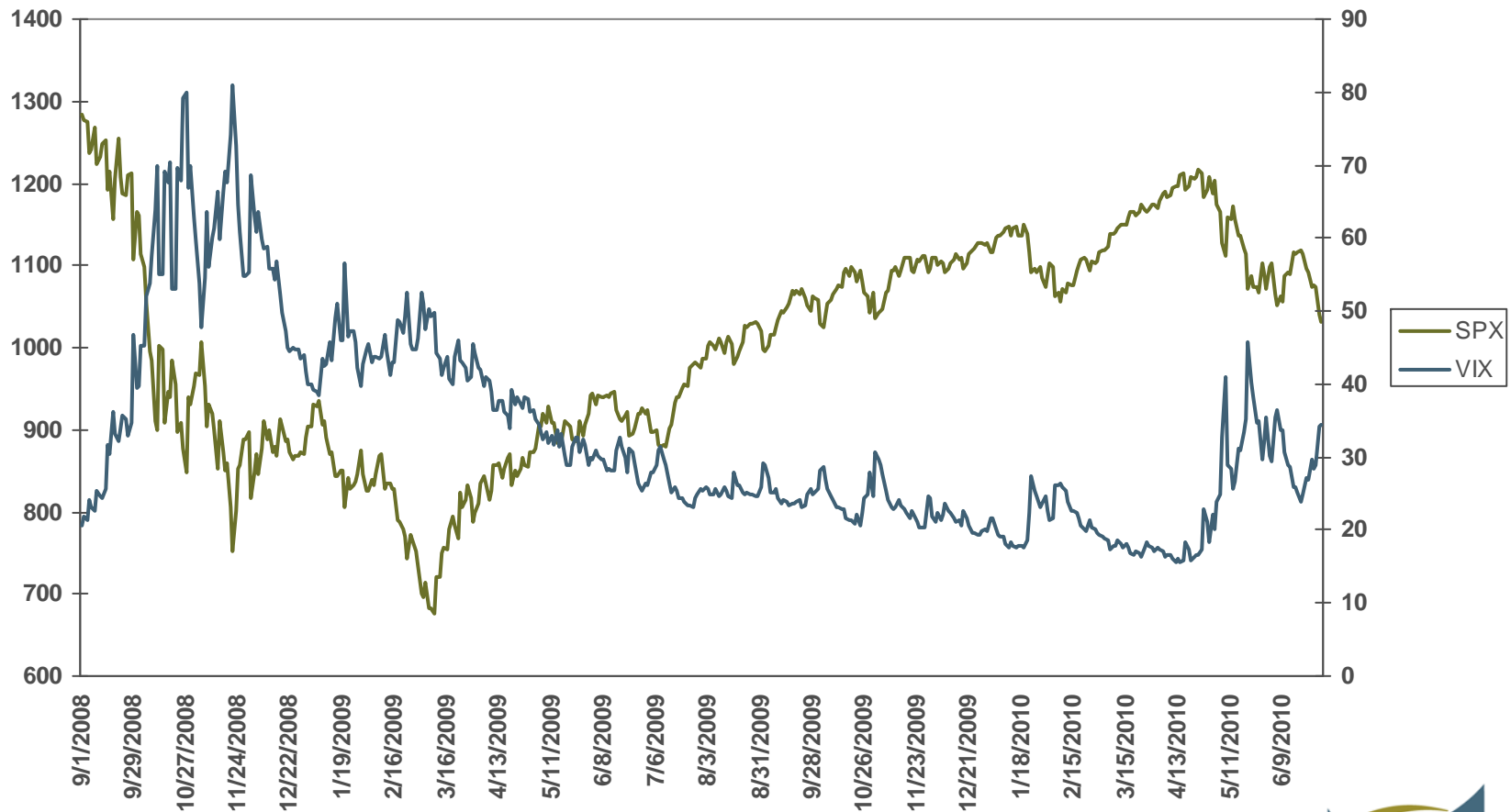
# US Equity and Bond Mutual Funds Net Quarterly Cash Flows



Source: ICI. Q210 data are preliminary and subject to revision.

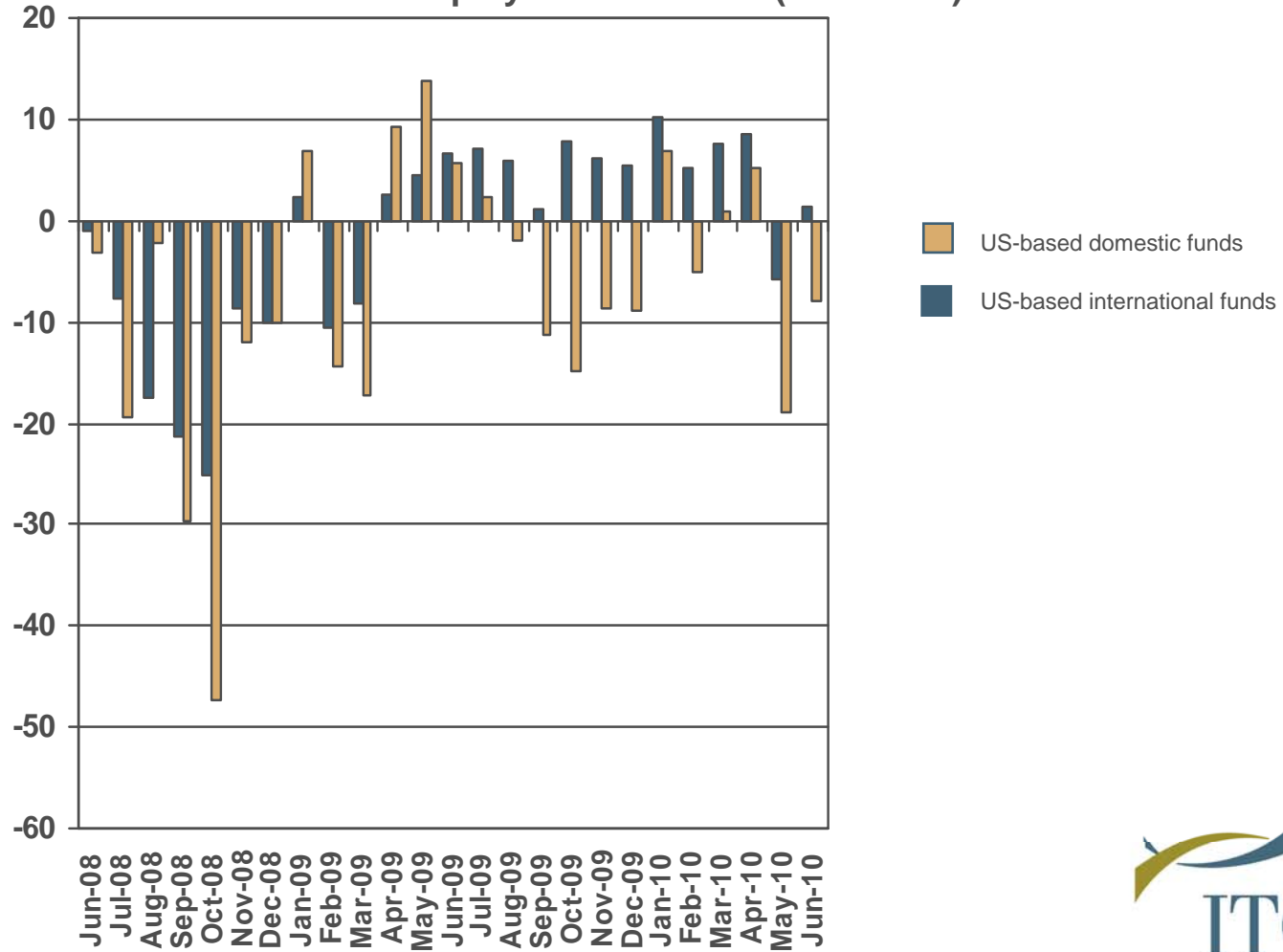


# Equity Returns and Risk



# Domestic vs. International Equity Mutual Funds

Domestic vs International Equity Mutual Funds (in billions)



Source: Investment Company Institute. June 2010 data are preliminary and subject to revision.



# ITG Second Quarter Earnings Call

## Industry Conditions

- Fund Flows
- Volatility

## ITG Positioning

- Product/Revenue Diversification
- Profitability Improvement

## International Performance

- Canada
- Europe
- Asia Pacific

## Share Buybacks

## Financial Overview

## Q&A

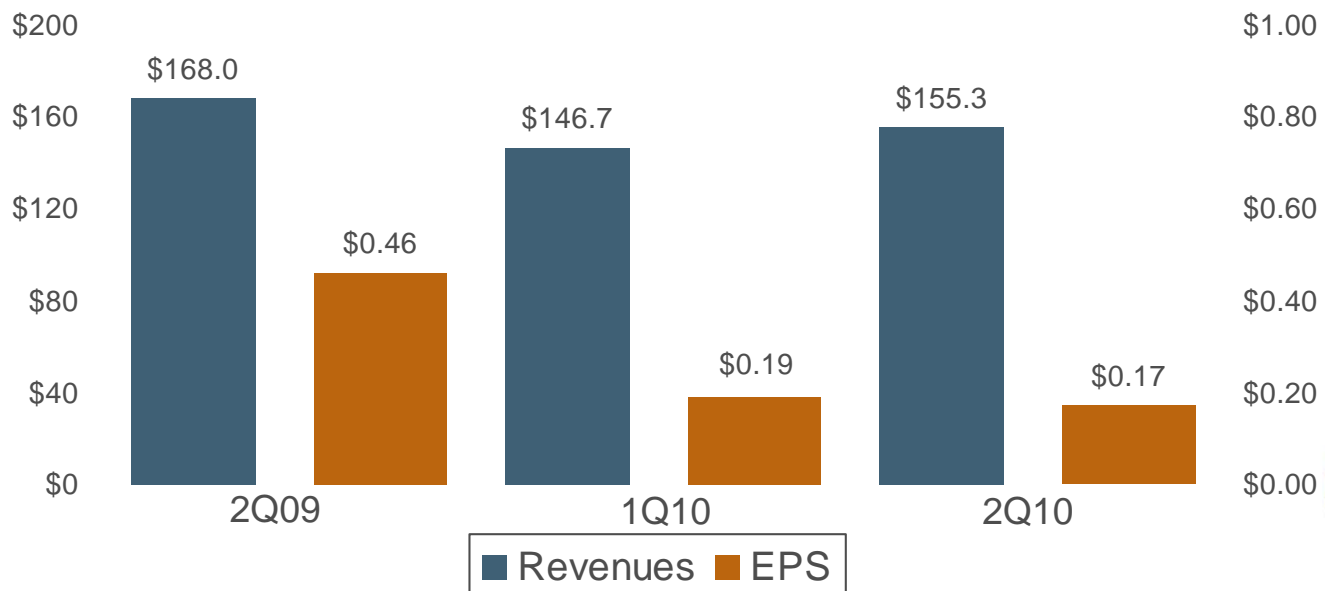




# 2nd Quarter 2010 GAAP Results

	vs. 1Q10	vs. 2Q09
<b>Revenues</b>	<b>6%</b>	<b>(8)%</b>
<b>Revenues per day</b>	<b>3%</b>	<b>(8)%</b>
<b>Net Income</b>	<b>(11)%</b>	<b>(63)%</b>
<b>EPS</b>	<b>(11)%</b>	<b>(63)%</b>

*(in millions except EPS)*



# Non-operating Items

(\$ in millions)	2Q10		1Q10		2Q09	
	<u>Pre-tax</u>	<u>Post-tax</u>	<u>Pre-tax</u>	<u>Post-tax</u>	<u>Pre-tax</u>	<u>Post-tax</u>
<b>GAAP earnings</b>	\$ 19.4	\$ 7.5	\$ 15.4	\$ 8.4	\$ 34.0	\$ 20.3
<b><u>Non-operating expenses:</u></b>						
Goodwill impairment	5.4	5.4	-	-	-	-
Restructuring charges	2.3	2.3	-	-	-	-
Software write-down	-	-	6.1	3.5	-	-
<b>Pro forma operating net income</b>	<b>\$27.1</b>	<b>\$15.3</b>	<b>\$21.5</b>	<b>\$11.9</b>	<b>\$34.0</b>	<b>\$20.3</b>

# Pro Forma Operating Results

## 2Q10 vs. 2Q09

(\$ in millions except EPS)	U.S. Operations		Non-U.S. Operations		Total	
	2Q10	2Q09	2Q10	2Q09	2Q10	2Q09
<b>Revenues:</b>						
<b>Commissions</b>	\$ 89.8	\$ 105.3	\$ 40.7	\$ 38.8	\$ 130.5	\$ 144.1
<b>Recurring</b>	17.4	17.6	5.4	4.4	22.8	22.0
<b>Other</b>	0.9	(0.9)	1.1	2.8	2.0	1.9
<b>Total Revenues</b>	\$ 108.1	\$ 122.0	\$ 47.2	\$ 46.0	\$ 155.3	\$ 168.0
<b>Expenses</b>	84.1	91.8	44.1	42.2	128.2	134.0
<b>Pre-tax Income</b>	24.0	30.2	3.1	3.8	27.1	34.0
<i>Pre-tax Margin</i>	22.2%	24.8%	6.5%	8.2%	17.4%	20.2%
<b>Tax Expense</b>	9.8	12.1	2.0	1.6	11.8	13.7
<b>Net Income</b>	\$ 14.2	\$ 18.1	\$ 1.1	\$ 2.2	\$ 15.3	\$ 20.3
<b>EPS</b>	\$0.33	\$0.41	\$0.02	\$0.05	\$0.35	\$0.46



# Pro Forma Operating Results

## 2Q10 vs. 1Q10

(\$ in millions except EPS)	U.S. Operations		Non-U.S. Operations		Total	
	2Q10	1Q10	2Q10	1Q10	2Q10	1Q10
<b>Revenues:</b>						
<b>Commissions</b>	\$ 89.8	\$ 81.7	\$ 40.7	\$ 40.2	\$ 130.5	\$ 121.9
<b>Recurring</b>	17.4	17.0	5.4	5.0	22.8	22.0
<b>Other</b>	0.9	1.2	1.1	1.6	2.0	2.8
<b>Total Revenues</b>	\$ 108.1	\$ 99.9	\$ 47.2	\$ 46.8	\$ 155.3	\$ 146.7
<b>Expenses</b>	84.1	80.6	44.1	44.6	128.2	125.2
<b>Pre-tax Income</b>	24.0	19.3	3.1	2.2	27.1	21.5
<i>Pre-tax Margin</i>	22.2%	19.3%	6.5%	4.7%	17.4%	14.7%
<b>Tax Expense</b>	9.8	8.0	2.0	1.6	11.8	9.6
<b>Net Income</b>	\$ 14.2	\$ 11.3	\$ 1.1	\$ 0.6	\$ 15.3	\$ 11.9
<b>EPS</b>	\$0.33	\$0.25	\$0.02	\$0.02	\$0.35	\$0.27



# Summary of U.S. Pro forma Operating Expenses

## 2Q10 vs. 2Q09 & 1Q10

*(\$ in millions)*

	2Q10	2Q09	1Q10
<b>Comp &amp; Benefits</b>	<b>\$ 35.7</b>	<b>\$ 40.8</b>	<b>\$ 34.3</b>
<i>% of Revenue</i>	<i>33.0%</i>	<i>33.4%</i>	<i>34.3%</i>
<b>Transaction Processing</b>	<b>13.0</b>	<b>13.8</b>	<b>10.3</b>
<i>% of Revenue</i>	<i>12.0%</i>	<i>11.3%</i>	<i>10.3%</i>
<b>Occupancy &amp; Equipment</b>	<b>11.1</b>	<b>11.6</b>	<b>11.3</b>
<b>Telecom &amp; Data Processing</b>	<b>8.1</b>	<b>9.3</b>	<b>8.7</b>
<b>Other G&amp;A</b>	<b>16.0</b>	<b>15.7</b>	<b>15.8</b>
<b>Interest Expense</b>	<b>0.2</b>	<b>0.6</b>	<b>0.2</b>
<b>Total</b>	<b>\$84.1</b>	<b>\$91.8</b>	<b>\$80.6</b>



# Non-U.S. Financial Summary

## Pro forma Operating Results

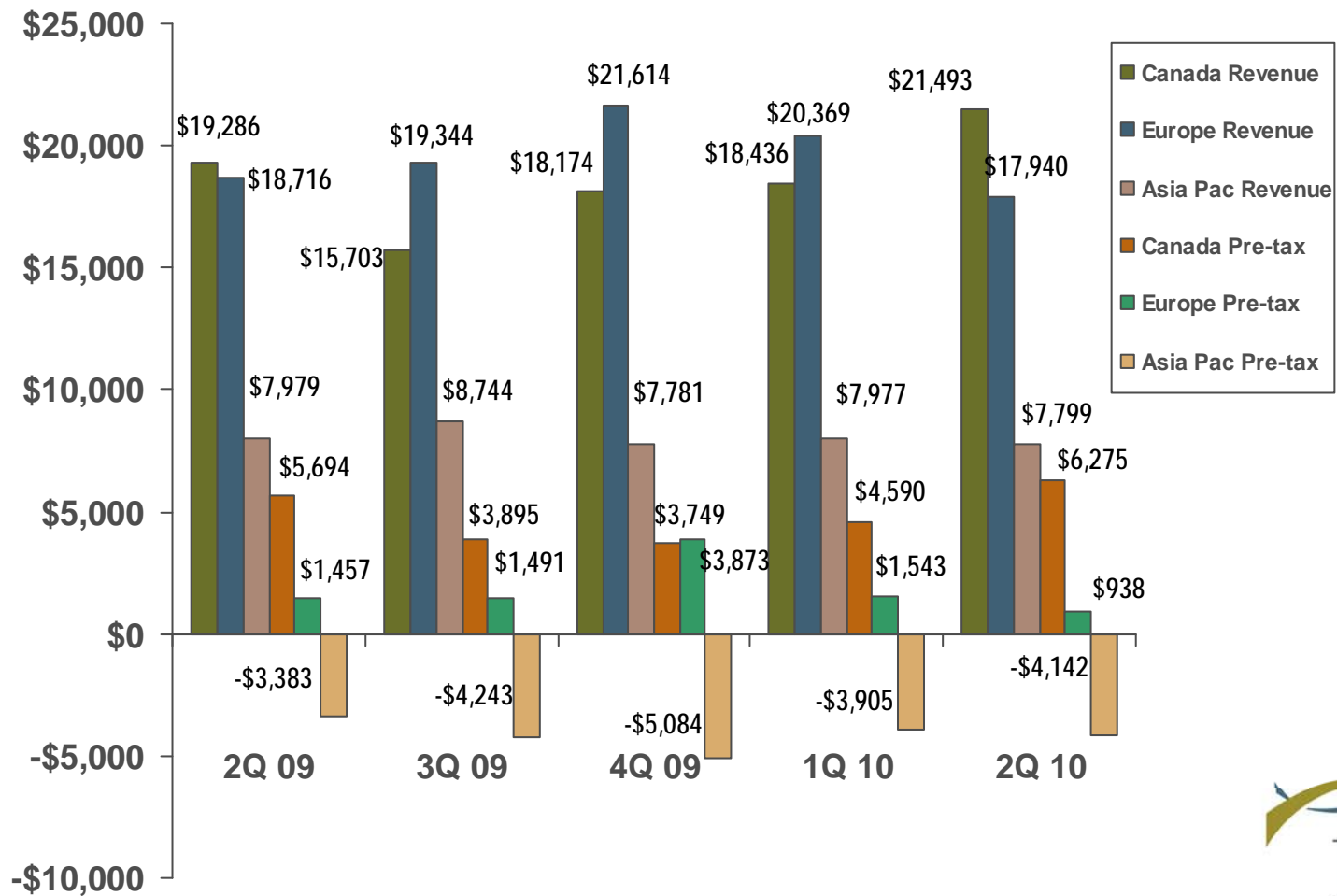
(\$ in millions)

	2Q10	1Q10	4Q09	3Q09	2Q09
Revenues					
Asia Pacific	\$7.8	\$8.0	\$7.8	\$8.8	\$8.0
Canada	21.5	18.4	18.2	15.7	19.3
Europe	17.9	20.4	21.6	19.3	18.7
Total Revenues	\$47.2	\$46.8	\$47.6	\$43.8	\$46.0
Expenses					
Compensation and Benefits	\$18.9	\$19.2	\$19.4	\$18.7	\$18.1
<i>% of Revenue</i>	40.0%	41.0%	40.8%	42.7%	39.3%
Transaction Processing	10.6	10.4	11.4	10.7	11.1
<i>% of Revenue</i>	22.5%	22.2%	23.9%	24.4%	24.1%
Occupancy	3.8	3.9	3.7	3.6	3.3
Telecommunications	4.9	5.0	4.8	4.6	4.0
Other G&A	5.9	6.1	5.8	5.0	5.7
Total Expenses	\$44.1	\$44.6	\$45.1	\$42.6	\$42.2
Pre-Tax Income	\$3.1	\$2.2	\$2.5	\$1.2	\$3.8



# Non-US: Pro forma Results Summary

(in thousands)



# U.S. Trading Volumes and Revenues Per Share

*(in millions except cents per share and trading days)*

	<b>2Q10</b>	<b>1Q10</b>	<b>4Q09</b>	<b>3Q09</b>	<b>2Q09</b>
Trading Volumes	12,597	10,874	11,204	12,728	13,603
Trading Days	63	61	64	64	63
Trading Volumes Per Day	199.9	178.3	175.1	198.9	215.9
Revenue Per Share (Includes commissions and net executions)	\$0.0061				
Broker Dealer Commissions and Fees	\$77.4				
Other Commissions and Fees (Includes ITG Net commission sharing & ITG Derivatives <sup>SM</sup> )	\$12.4				
Total Commissions and Fees	\$89.8				







# Q&A