

ITG
Q3 2012
Earnings Call
11/01/2012

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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

Industry Conditions

- Fund Flows
- ITG US Volumes

International Performance

- Canada
- Europe
- Asia Pacific

Competitive Strategy

- Investment Research
- New Product Developments

Balance Sheet

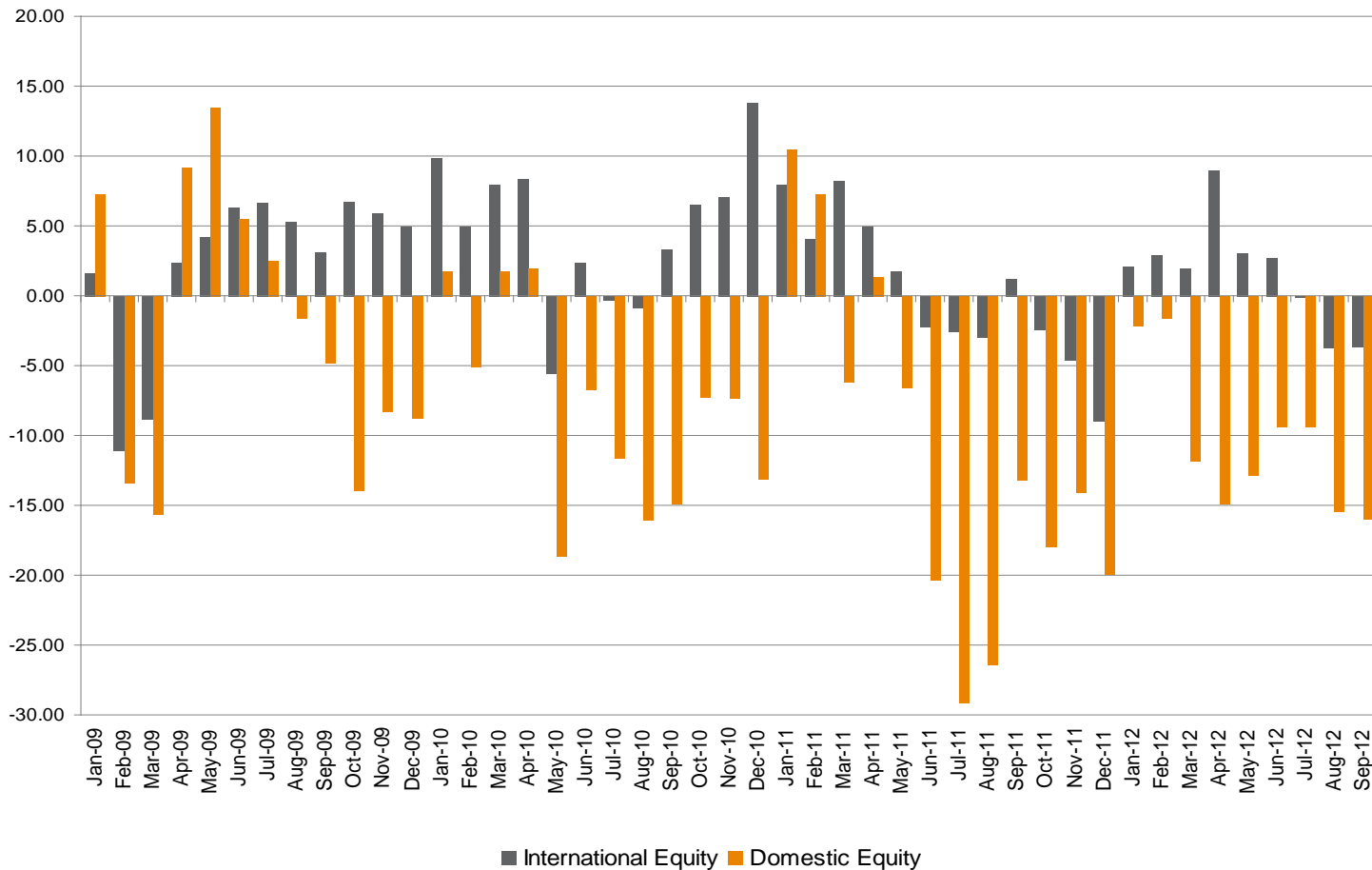
Financial Overview

Q&A



Domestic vs. International Equity Mutual Fund Flows

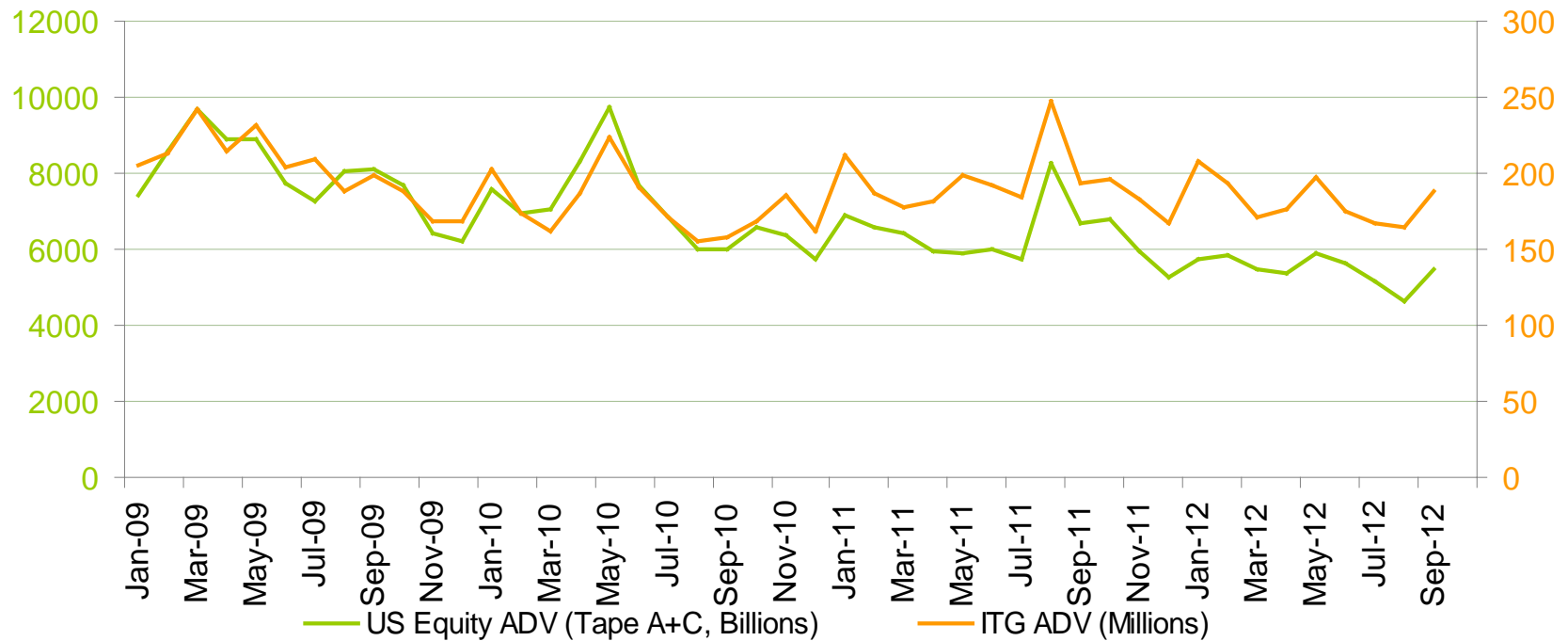
2009-2012, \$ billions



Source: Investment Company Institute



Equity ADV (NYSE & NASDAQ) and ITG ADV



Source: ThomsonReuters and ITG



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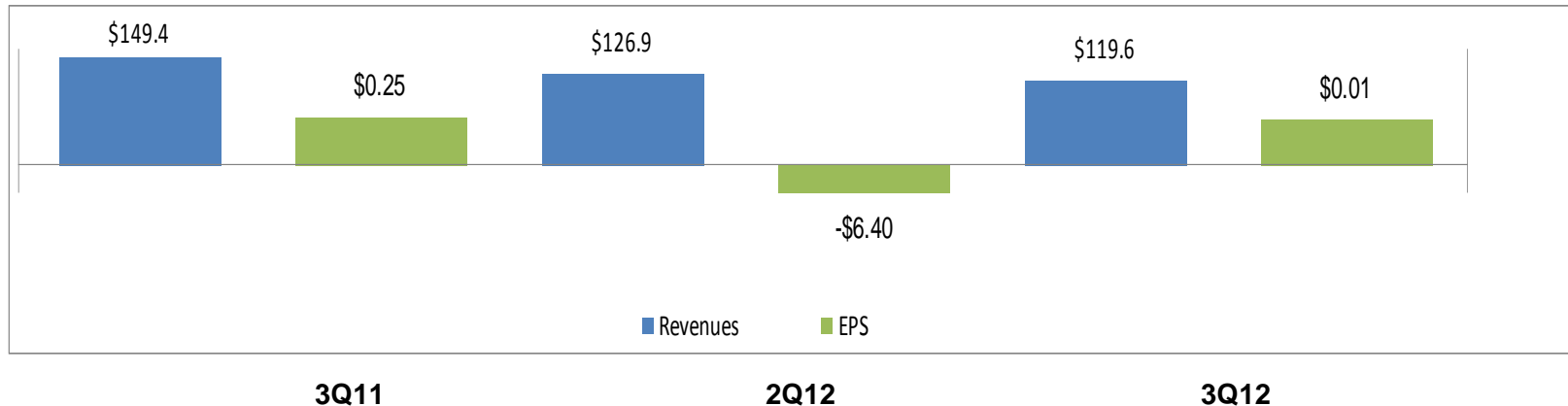
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Third Quarter 2012 GAAP Results

(\$ in millions except EPS)



	vs. 2Q12	vs. 3Q11
Revenues	(6)%	(20)%
Revenues per day	(6)%	(20)%



Reconciliation of Adjusted Results

2Q12

(\$ in millions except EPS)	2Q12		
	Pre-Tax	Post-Tax	EPS
GAAP Net Loss	\$(270.6)	\$(247.1)	\$(6.40)
<u>Non-Operating Expense</u>			
Impairment	274.3	249.0	6.45
Restructuring	-	-	-
Acquisition related costs	-	-	-
Adjusted Net Income	\$3.7	\$1.9	\$0.05



Adjusted Results

3Q12 vs. 2Q12 vs. 3Q11

	US Operations			International Operations			Total		
(\$ in millions except EPS)	3Q12	2Q12	3Q11	3Q12	2Q12	3Q11	3Q12	2Q12	3Q11
Revenues									
Commissions	\$55.8	\$58.5	\$74.1	\$34.0	\$36.4	\$43.6	\$89.8	\$94.9	\$117.7
Recurring	20.2	21.2	22.3	6.5	6.8	6.2	26.7	28.0	28.5
Other	<u>1.8</u>	<u>2.2</u>	<u>1.6</u>	<u>1.3</u>	<u>1.8</u>	<u>1.6</u>	<u>3.1</u>	<u>4.0</u>	<u>3.2</u>
Total Revenues	77.8	81.9	98.0	41.8	45.0	51.4	119.6	126.9	149.4
Adjusted Expenses	77.0	80.7	86.5	42.5	42.5	45.7	119.5	123.2	132.2
Pre-tax Income	0.8	1.2	11.5	(0.7)	2.5	5.7	0.1	3.7	17.2
Pre-tax Margin	1.0%	1.5%	11.7%	(1.7)%	5.6%	11.1%	0.1%	2.9%	11.5%
Tax (Benefit) Expense	(0.4)	0.8	4.5	0.3	1.0	2.2	(0.1)	1.8	6.7
Adjusted Net Income	\$1.2	\$0.4	\$ 7.0	\$(1.0)	\$ 1.5	\$ 3.5	\$0.2	\$ 1.9	\$ 10.5
EPS	\$0.03	\$0.01	\$0.17	\$(0.02)	\$0.04	\$0.08	\$0.01	\$ 0.05	\$0.25



Summary of US Adjusted Expenses

3Q12, 1Q12 and 3Q11

(\$ in millions)	3Q12	2Q12	3Q11
Comp & Benefits	\$30.9	\$33.2	\$ 36.5
<i>% of Revenue</i>	39.7%	40.5%	37.2%
Transaction Processing	10.9	10.9	14.1
<i>% of Revenue</i>	14.0%	13.2%	14.4%
Occupancy & Equipment	11.1	10.8	10.9
Telecom & Data Processing	9.6	9.3	9.4
Other G&A	13.8	15.9	15.0
Interest Expense	0.7	0.6	0.6
Total	\$77.0	\$80.7	\$86.5



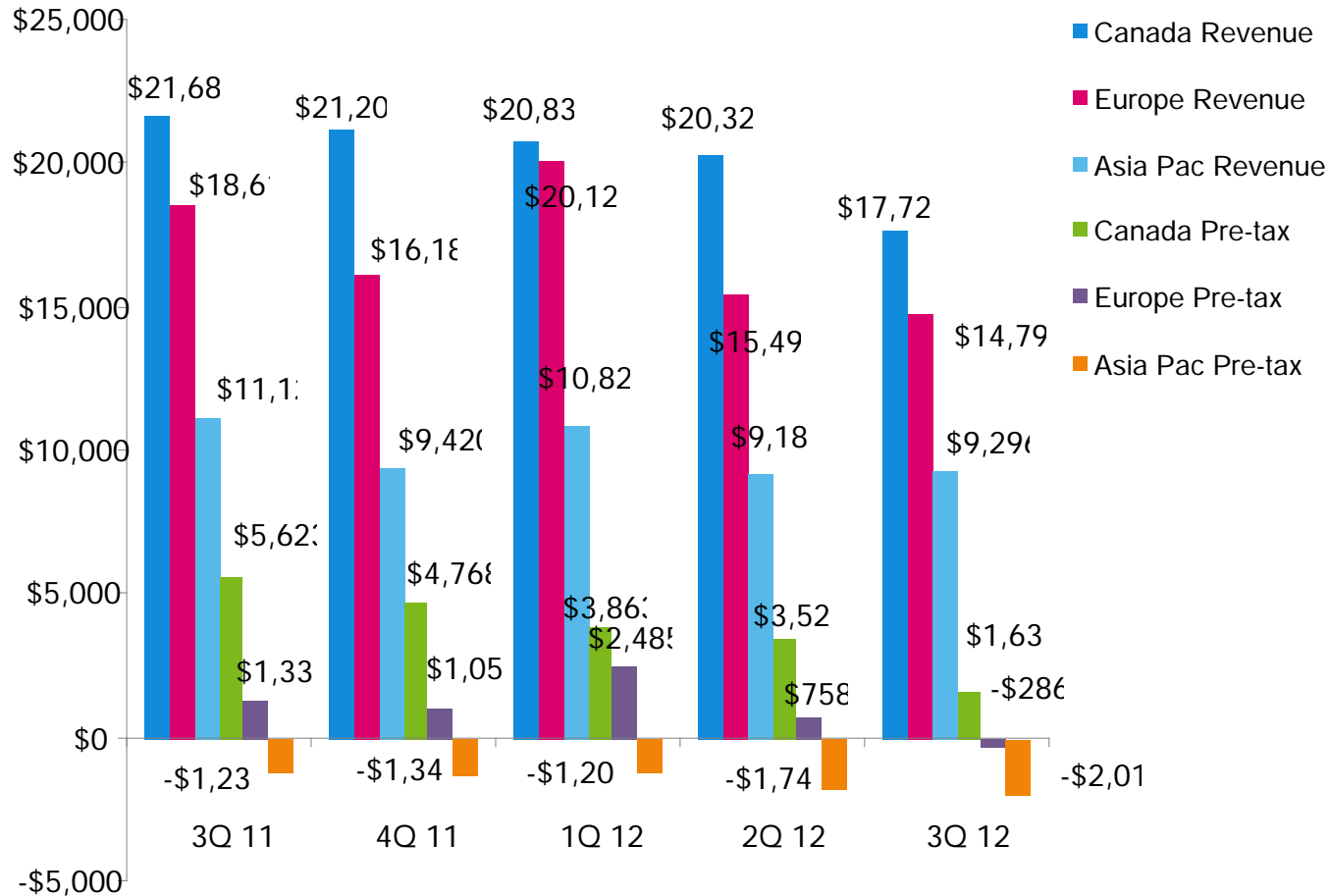
International Financial Summary

Adjusted Results

(\$ in millions)	3Q12	2Q12	1Q12	4Q11	3Q11
Revenues					
Asia Pacific	\$9.3	\$9.2	\$10.9	\$9.4	\$11.1
Canada	17.7	20.3	20.8	21.2	21.7
Europe	<u>14.8</u>	<u>15.5</u>	<u>20.1</u>	<u>16.2</u>	<u>18.6</u>
Total Revenues	41.8	45.0	51.8	46.8	51.4
Expenses					
Compensation and Benefits	16.2	16.3	19.0	17.8	17.6
<i>% of Revenue</i>	38.8%	36.2%	36.7%	38.0%	34.2%
Transaction Processing	8.4	8.8	10.7	8.9	10.8
<i>% of Revenue</i>	20.1%	19.6%	20.7%	19.0%	21.0%
Occupancy	4.9	4.3	4.2	3.9	4.0
Telecom & Data Processing	5.4	5.4	5.4	4.7	5.2
Other G&A	<u>7.6</u>	<u>7.7</u>	<u>7.4</u>	<u>7.0</u>	<u>8.1</u>
Total Expenses	42.5	42.5	46.7	42.3	45.7
Pre-Tax Income	\$(0.7)	\$2.5	\$5.1	\$4.5	\$5.7



International: Adjusted Results Summary



U.S. Trading Volumes and Revenues Per Share

(\$ in millions except cents per share and trading days)	3Q12	2Q12	1Q12	4Q11	3Q11
Trading Volumes	10,853	11,527	11,777	11,458	13,449
Trading Days	63	63	62	63	64
Trading Volumes Per Day	172.3	183.0	190.0	181.9	210.1
Revenue Per Share (Includes commissions and net executions)	\$0.0044	\$0.0044	\$0.0044	\$0.0044	\$0.0047
Trading Commissions and Fees	\$48.3	\$50.2	\$51.8	\$50.3	\$62.8
Other Commissions and Fees (Includes ITG Net [®] commission sharing & ITG Derivatives SM)	<u>7.5</u>	<u>8.3</u>	<u>9.6</u>	<u>9.1</u>	<u>11.3</u>
Total Commissions and Fees	\$55.8	\$58.5	\$61.4	\$59.4	\$74.1



Q&A