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FOR IMMEDIATE RELEASE

Investment Technology Group Reports 2006 Results 2006 Earnings Per Share Increases 38 Percent

NEW YORK, NY, February 1, 2007 – Investment Technology Group, Inc. (NYSE: ITG), a leading provider of technology-based trading services and transaction research, today announced that for the fourth quarter ended December 31, 2006, net income was \$22.1 million, compared to net income of \$21.4 million in the fourth quarter of 2005. Earnings were \$0.49 per diluted share, a decrease of 2 percent versus earnings of \$0.50 per diluted share in the fourth quarter of last year. ITG's total revenue for the fourth quarter of 2006 was \$153.1 million, 37 percent higher than total revenue of \$112.1 million for the fourth quarter of 2005. Net income for the fourth quarter of 2006 included an after-tax charge of \$0.6 million, or approximately \$0.015 per share, for restructuring costs in ITG's Asia Pacific region. International pre-tax operating income, exclusive of this restructuring charge, increased to \$3.4 million in the fourth quarter of 2006 from \$0.4 million in the fourth quarter of 2005.

Excluding the impact of the restructuring charge, operating earnings were \$0.51 per diluted share in the fourth quarter of 2006 versus operating earnings of \$0.50 per diluted share in the fourth quarter of last year. Pre-tax operating margins in the fourth quarter of 2006 were 23.4 percent, compared to 28.2 percent in the fourth quarter of 2005. For the full year 2006, pre-tax operating margins were 25.6 percent, compared to 26.2 percent in 2005.

For the year ended December 31, 2006, revenues were \$599.5 million, net income was \$97.9 million, and diluted earnings per share were \$2.21. Compared to 2005, revenues increased 47 percent, net income grew 45 percent and diluted earnings per share increased 38 percent. Excluding non-operating items, 2006 revenues increased 45 percent, net income grew 38 percent, and earnings per share increased 32 percent over 2005.



"In 2006, ITG sustained volume and market share growth across all product lines as we continued to execute our strategy of providing clients with solutions that span the trading continuum while also reinvesting in the business" said Bob Gasser, ITG's Chief Executive Officer and President. "Broader distribution of our Radical and Triton direct market access products continues to feed growth in both the institutional demand for our POSIT anonymous block crossing suite, and algorithmic trading offerings. POSIT 2006 average daily executed volume was 46.9 million shares resulting in a 37% increase over 2005."

ITG's International revenues were \$33.1 million in the fourth quarter of 2006, 35 percent higher than revenues of \$24.5 million in the fourth quarter of 2005. For the full year, international operating revenues were \$118.1 million, representing 28 percent growth over 2005. In 2006, international pre-tax operating income was \$9.9 million, up 94 percent from \$5.1 million in 2005.

"ITG's Canadian revenues grew significantly in 2006, increasing 45 percent over 2005," said Mr. Gasser. "In addition, ITG's European revenues were also a highlight this year, growing 19 percent over 2005 as we moved forward with the globalization of our product line," said Mr. Gasser.

Conference Call

ITG has scheduled a conference call today at 11:00 a.m. ET to discuss fourth quarter results. Those wishing to listen to the call should dial 1-800-798-2884 and enter the pass code 74289080 at least 10 minutes prior to the start of the call to ensure connection. The conference call and webcast will also be accessible through ITG's web site at <http://www.itg.com>. For those unable to listen to the live broadcast of the call, a replay will be available for one week by dialing 1-888-286-8010 and entering the pass code 81888202. The replay will be available starting approximately two hours after the completion of the conference call.



About Investment Technology Group

Investment Technology Group, Inc. (NYSE:ITG), is a specialized agency brokerage and technology firm that partners with clients globally to provide innovative solutions spanning the entire investment process. A pioneer in electronic trading, ITG has a unique approach that combines pre-trade analysis, order management, trade execution, and post-trade evaluation to provide clients with continuous improvements in trading and cost efficiency. The firm is headquartered in New York with offices in North America, Europe and the Asia Pacific regions. For more information on ITG, please visit www.itg.com.

In addition to historical information, this press release may contain "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995, that reflect management's expectations for the future. A variety of important factors could cause results to differ materially from such statements. These factors include the company's ability to achieve expected future levels of sales; the actions of both current and potential new competitors; rapid changes in technology; financial market volatility; general economic conditions in the United States and elsewhere; evolving industry regulation; cash flows into or redemption from equity funds; effects of inflation; customer trading patterns; and new products and services. These and other risks are described in greater detail in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, and other documents filed with the Securities and Exchange Commission and available on the company's web site.

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INVESTMENT TECHNOLOGY GROUP, INC.
Consolidated Statements of Income (unaudited)
(In thousands, except per share amounts)

| | <u>Three Months Ended December 31,</u> | | <u>Year Ended December 31,</u> | |
|---|--|------------------|--------------------------------|------------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Revenues: | | | | |
| Commissions | \$ 129,420 | \$ 106,293 | \$ 494,689 | \$ 386,331 |
| Recurring | 18,723 | 3,403 | 73,660 | 10,709 |
| Other | 4,974 | 2,390 | 31,135 | 11,121 |
| Total revenues | <u>153,117</u> | <u>112,086</u> | <u>599,484</u> | <u>408,161</u> |
| Expenses: | | | | |
| Compensation and employee benefits | 55,689 | 43,366 | 211,420 | 151,225 |
| Transaction processing | 22,732 | 14,693 | 80,704 | 57,842 |
| Occupancy and equipment | 10,572 | 7,394 | 38,296 | 28,862 |
| Telecommunications and data processing services | 7,806 | 5,295 | 30,409 | 20,134 |
| Other general and administrative | 18,419 | 9,765 | 64,471 | 41,002 |
| Interest expense | 2,942 | — | 12,220 | — |
| Total expenses | <u>118,160</u> | <u>80,513</u> | <u>437,520</u> | <u>299,065</u> |
| Income before income tax expense | <u>34,957</u> | <u>31,573</u> | <u>161,964</u> | <u>109,096</u> |
| Income tax expense | 12,902 | 10,155 | 64,041 | 41,410 |
| Net income | <u>\$ 22,055</u> | <u>\$ 21,418</u> | <u>\$ 97,923</u> | <u>\$ 67,686</u> |
| Earnings per share: | | | | |
| Basic | \$ 0.51 | \$ 0.50 | \$ 2.26 | \$ 1.61 |
| Diluted | <u>\$ 0.49</u> | <u>\$ 0.50</u> | <u>\$ 2.21</u> | <u>\$ 1.60</u> |
| Basic weighted average number of common shares outstanding | | | | |
| | 43,649 | 42,455 | 43,350 | 42,152 |
| Diluted weighted average number of common shares outstanding | | | | |
| | 44,554 | 42,919 | 44,289 | 42,391 |



INVESTMENT TECHNOLOGY GROUP, INC.
Consolidated Statements of Financial Condition
(In thousands, except share amounts)

| | December 31, 2006 (unaudited) | December 31, 2005 |
|---|-------------------------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 316,256 | \$ 261,044 |
| Cash restricted or segregated under regulations and other | 18,652 | 7,007 |
| Securities owned, at fair value | 6,540 | 6,017 |
| Receivables from brokers, dealers and other, net | 590,060 | 485,012 |
| Investments | 9,299 | 10,628 |
| Premises and equipment, net | 34,740 | 22,292 |
| Capitalized software, net | 32,203 | 12,780 |
| Goodwill | 396,748 | 176,773 |
| Other intangibles, net | 29,366 | 12,173 |
| Deferred taxes | 15,406 | 7,972 |
| Other assets | 12,016 | 14,636 |
| Total assets | \$ 1,461,286 | \$ 1,016,334 |
| Liabilities and Stockholders' Equity | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 167,904 | \$ 109,442 |
| Payables to brokers, dealers and other | 516,945 | 435,141 |
| Securities sold, not yet purchased, at fair value | 137 | 91 |
| Income taxes payable | 7,366 | 9,354 |
| Long term debt | 160,900 | — |
| Total liabilities | 853,252 | 554,028 |
| Commitments and contingencies | | |
| Stockholders' Equity | | |
| Preferred stock, par value \$0.01; 1,000,000 shares authorized; no shares issued or outstanding | — | — |
| Common stock, par value \$0.01; 100,000,000 shares authorized; 51,443,560 and 51,390,027 shares issued at December 31, 2006 and 2005, respectively and 43,809,993 and 42,773,651 shares outstanding at December 31, 2006 and 2005, respectively | 514 | 514 |
| Additional paid-in capital | 198,419 | 175,600 |
| Retained earnings | 540,570 | 442,647 |
| Common stock held in treasury, at cost; 7,633,567 and 8,616,376 shares at December 31, 2006 and 2005, respectively | (144,173) | (162,735) |
| Accumulated other comprehensive income (net of tax) | 12,704 | 6,280 |
| Total stockholders' equity | 608,034 | 462,306 |
| Total liabilities and stockholders' equity | \$ 1,461,286 | \$ 1,016,334 |



INVESTMENT TECHNOLOGY GROUP, INC.
Reconciliation of US GAAP Results to Pro Forma Operating Results (unaudited)

In evaluating the Company's financial performance, management reviews results from operations which excludes non-operating or one-time charges. Pro forma earnings per share is a non-GAAP (generally accepted accounting principles) performance measure, but the Company believes that it is useful to assist investors in gaining an understanding of the trends and operating results for the Company's core businesses. Pro forma earnings per share should be viewed in addition to, and not in lieu of, the Company's reported results under US GAAP.

The following is a reconciliation of US GAAP results to pro forma results for the periods presented (in thousands except per share amounts):

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|--|-------------|--------------------------------|-------------|
| | 2006 | 2005 | 2006 | 2005 |
| Total revenues | \$ 153,117 | \$ 112,086 | \$ 599,484 | \$ 408,161 |
| Less: | | | | |
| Non-operating revenue (1)(2) | — | — | (13,230) | (3,107) |
| Pro forma operating revenues | 153,117 | 112,086 | 586,254 | 405,054 |
| Total expenses | 118,160 | 80,513 | 437,520 | 299,065 |
| Less: | | | | |
| Non-operating expense (3) | (917) | — | (1,421) | — |
| Pro forma operating expenses | 117,243 | 80,513 | 436,099 | 299,065 |
| Income before income tax expense | 34,957 | 31,573 | 161,964 | 109,096 |
| Effect of pro forma adjustments | 917 | — | (11,809) | (3,107) |
| Pro forma operating income before income tax expense | 35,874 | 31,573 | 150,155 | 105,989 |
| Income tax expense | 12,902 | 10,155 | 64,041 | 41,410 |
| Tax effect of pro forma adjustments | 275 | — | (4,684) | (1,141) |
| Pro forma operating income tax expense | 13,177 | 10,155 | 59,357 | 40,269 |
| Net income | 22,055 | 21,418 | 97,923 | 67,686 |
| Net effect of pro forma adjustments | 642 | — | (7,125) | (1,966) |
| Pro forma operating net income | \$ 22,697 | \$ 21,418 | \$ 90,798 | \$ 65,720 |
| Diluted earnings per share | \$ 0.49 | \$ 0.50 | \$ 2.21 | \$ 1.60 |
| Net effect of pro forma adjustments | 0.02 | — | (0.16) | (0.05) |
| Pro forma diluted operating earnings per share | \$ 0.51 | \$ 0.50 | \$ 2.05 | \$ 1.55 |

Notes:

- (1) In 2006, non-operating revenues relate to:
- a) our ownership of two memberships on the New York Stock Exchange ("NYSE") that as part of their merger with Archipelago Holdings, Inc. ("Archipelago") were combined under a new holding company named NYSE Group, Inc. in which each NYSE member received compensation consisting of cash and restricted shares of NYSE Group, Inc. common stock. Accordingly, consideration received for our memberships in First Quarter 2006 consisted of 157,202 restricted



- shares of NYSE Group, Inc. common stock resulting in gains of approximately \$6.9 million and approximately \$1.0 million in cash and dividends, which was recorded as dividend income. In Second Quarter 2006, we were able to sell a portion of the shares received and recorded an additional gain of approximately \$80,000, and
- b) our sale in Second Quarter 2006 of our remaining interests in a Canadian joint venture that we entered into in 2004 with IRESS Market Technology Limited ("IRESS"), to IRESS resulting in a gain of \$5.4 million.
- (2) 2005 non-operating revenue is comprised of gains (\$2.5 million) from our shares of Archipelago Holdings common stock that we received as part of an equity entitlement program, as well as a recovery against previous investment write-downs of \$0.6 million for the year.
- (3) We recorded a management restructuring charge in our Asia Pacific Region of \$0.9 million in the fourth quarter and \$0.5 million in the third quarter for a total of \$1.4 million for the year ended December 31, 2006.