

INVESTMENT TECHNOLOGY GROUP INC  
Form DEF 14A  
March 25, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Investment Technology Group, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**Investment Technology Group, Inc.**

**380 Madison Avenue,  
New York, New York 10017**

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**Notice of Annual Meeting of Stockholders  
To Be Held May 12, 2009**

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To the Stockholders of Investment Technology Group, Inc.:

Investment Technology Group, Inc., a Delaware corporation ("ITG" or the "company"), will hold its annual meeting of stockholders at ITG's principal executive offices at 380 Madison Avenue, 4th Floor, New York, New York 10017, on Tuesday, May 12, 2009 at 1:00 p.m. (local time), and any adjournments or postponements thereof, for the following purposes:

- (1) To elect eight directors to our board of directors to serve until the next annual meeting or until successors have been duly elected and qualified.
- (2) To ratify the appointment of KPMG LLP as our independent auditors for the 2009 fiscal year.
- (3) To approve an increase in the number of shares reserved and available for issuance under the Investment Technology Group, Inc. Amended and Restated Employee Stock Purchase Plan.
- (4) To approve an increase in the number of shares reserved and available for issuance under the Investment Technology Group, Inc. 2007 Omnibus Equity Compensation Plan.
- (5) To transact such other business as may properly come before the annual meeting or any one or more adjournments thereof.

Our board of directors has fixed the close of business on March 16, 2009 as the record date for determining the stockholders entitled to notice of, and to vote at, the annual meeting. Only holders of record of ITG® common stock at the close of business on March 16, 2009 are entitled to notice of, and to vote at, the annual meeting. A complete list of stockholders entitled to vote will be available during normal business hours at our principal executive offices located at 380 Madison Avenue, 4th Floor, New York, New York 10017 for a period of ten days prior to the annual meeting for examination by any ITG stockholder for purposes germane to the annual meeting.

In accordance with the new rules approved by the Securities and Exchange Commission, we are furnishing the proxy materials to you over the Internet. We believe that this will allow us to lower the cost and environmental impact of our annual meeting. As a result, we sent a Notice of Internet Availability of Proxy Materials on or about March 30, 2009 to stockholders of record at the close of business on March 16, 2009. We also provided access to our proxy materials over the Internet at [www.proxyvote.com](http://www.proxyvote.com) beginning on March 25, 2009. If you received a Notice of Internet Availability of Proxy Materials by mail but would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice or on page 5 of this proxy statement.

Our board of directors unanimously recommends that you vote FOR the proposed slate of directors, FOR the ratification of the appointment of KPMG LLP as our independent auditors for the 2009 fiscal year, FOR the approval of an increase in the number of shares reserved and available for issuance under the Investment Technology Group, Inc. Amended and Restated Employee Stock Purchase Plan and FOR the approval of an increase in the number of shares reserved and available for issuance under the Investment Technology Group, Inc. 2007 Omnibus Equity Compensation Plan. You are cordially invited to attend the annual meeting in person. Whether or not you expect to attend the annual meeting, we urge you to vote your shares by following the instructions included on the Notice of Internet Availability of Proxy Materials that was mailed to you. The proxies of stockholders who attend the meeting in person may be withdrawn and such stockholders may vote personally at the meeting.

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By Order of the Board of Directors,

P. Mats Goebels

*Secretary*

New York, New York  
March 25, 2009

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**THE ANNUAL MEETING**

**Date, Time and Place of the Annual Meeting**

We will hold the annual meeting at 1:00 p.m. (eastern daylight time), on Tuesday, May 12, 2009, at our principal executive offices at 380 Madison Avenue, 4th Floor, New York, New York 10017.

**Matters to Be Considered at the Annual Meeting**

We will hold the annual meeting for the following purposes:

- (1) To elect eight directors to serve until the next annual meeting or until their successors have been duly elected and qualified.
- (2) To ratify the appointment of KPMG LLP as our independent auditors for the 2009 fiscal year.
- (3) To approve an increase in the number of shares reserved and available for issuance under the Investment Technology Group, Inc. Amended and Restated Employee Stock Purchase Plan.
- (4) To approve an increase in the number of shares reserved and available for issuance under the Investment Technology Group, Inc. 2007 Omnibus Equity Compensation Plan.
- (5) To transact such other business as may properly come before the annual meeting or any one or more adjournments thereof.

**Voting at the Annual Meeting; Record Date; Quorum**

On March 16, 2009, the record date for the annual meeting, there were 43,365,180 shares of our common stock outstanding and entitled to vote at the annual meeting. Please note the following:

Each stockholder of record on March 16, 2009 is entitled to cast one vote per share.

This vote may be cast at the annual meeting either in person or by following the instructions included on the Notice of Internet Availability of Proxy Materials that was mailed to you. If you have received or request a hard copy of this proxy statement and accompanying form of proxy, you may mark, sign, date and mail your proxy card in the postage-paid envelope provided.

The presence, in person or by proxy, of the holders of a majority of our outstanding common stock entitled to vote at the annual meeting is necessary to constitute a quorum at the annual meeting.

The election of directors will be determined by a plurality of the votes cast. A properly completed proxy indicating "FOR ALL EXCEPT" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

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For the ratification of the appointment of KPMG LLP as our independent auditors for the 2009 fiscal year, the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the annual meeting and entitled to vote on the matter will be required for approval. A representative of KPMG LLP is expected to be in attendance at the annual meeting with the opportunity to make a statement and respond to questions.

For the approval of an increase in the number of shares reserved and available for issuance under the Investment Technology Group, Inc. Amended and Restated Employee Stock Purchase Plan, the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the annual meeting and entitled to vote on the matter will be required for approval. Representatives of the company will be present and will respond to questions.

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For the approval of an increase in the number of shares reserved and available for issuance under the Investment Technology Group, Inc. 2007 Omnibus Equity Compensation Plan, the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the annual meeting and entitled to vote will be required for approval. Representatives of the company will be present and will respond to questions.

**Proxies**

We are furnishing you this proxy statement in connection with the solicitation of proxies by and on behalf of our board of directors for use at the annual meeting. Proxies which are properly completed and received and not subsequently revoked, will be voted at the annual meeting. These proxies will be voted in accordance with the directions specified thereon, and otherwise in accordance with the judgment of the persons designated as proxies. In the case of written proxies, if no directions are indicated on a properly executed proxy, such proxy will be voted in favor of the proposals.

If any other matters are properly presented at the annual meeting for consideration, the persons named in the forms of proxy and acting thereunder generally will have discretion to vote on such matters in accordance with their best judgment. Notwithstanding the foregoing, proxies voting against a specific proposal may not be used by the persons named in the proxies to vote for adjournment of the meeting for the purpose of giving management additional time to solicit votes to approve such proposal.

The grant of a proxy does not preclude you from attending the annual meeting and voting in person. You may revoke a proxy at any time before it is voted. Proxies may be revoked by:

1. delivering a written notice of revocation bearing a later date than the proxy before the vote is taken at the annual meeting;
2. duly executing a later-dated proxy relating to the same shares of common stock and delivering it as indicated below before the vote is taken at the annual meeting; or
3. attending the annual meeting and voting in person.

In the case of proxies related to shares held under our Employee Stock Ownership Plan, such revocation or later-dated proxy must be received no later than May 4, 2009. Attendance at the annual meeting will not enable you to revoke a previously delivered proxy with respect to shares held under our Employee Stock Ownership Plan.

Attendance at the annual meeting will not in and of itself constitute a revocation of a proxy. You must vote at the annual meeting to revoke a previously delivered proxy not otherwise revoked in accordance with the procedures below.

Any written notice of revocation must be delivered via mail to Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, New York 11717, or Investment Technology Group, Inc., 380 Madison Avenue, 4th Floor, New York, New York 10017, Attention: Secretary, no later than May 11, 2009. Any subsequent proxy must be delivered via the Internet or via telephone no later than May 11, 2009.

We will bear all expenses of our solicitation of proxies for the annual meeting. In addition to solicitation by use of the mails, our directors, officers and employees may solicit proxies from stockholders. Solicitation may take place in person or by telephone, facsimile or other means of communication. Such directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. Arrangements may be made with brokerage houses, custodians, nominees and fiduciaries for forwarding of proxy solicitation materials to beneficial owners of our common stock held of record by such brokerage houses, custodians, nominees and fiduciaries. We will reimburse such brokerage houses, custodians,



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nominees and fiduciaries for their reasonable expenses incurred in doing so. We have retained The Altman Group to assist in soliciting proxies for a fee of approximately \$7,500 plus reasonable expenses.

**Treatment of Broker Non-Votes and Abstentions at the Annual Meeting**

All shares of our common stock represented by properly completed proxies received prior to or at the annual meeting and not revoked will be voted in accordance with the instructions indicated in such proxies. In the case of written proxies, if no instructions are indicated on a properly executed returned proxy, such proxies will be voted FOR the approval of each of the matters set forth on the proxy card. It is not expected that any matter other than those referred to herein will be brought before the stockholders at the annual meeting. However, if other matters are properly presented, the persons named as proxies will vote in accordance with their best judgment with respect to such matters, unless authority to do so is withheld in the proxy.

An automated system administered by Broadridge Financial Solutions, Inc. will tabulate votes cast by proxy via the Internet. Broadridge will also tabulate votes cast by proxy via mail, telephone and in person at the annual meeting. Brokers who hold shares in street name for customers who are the beneficial owners of such shares are prohibited from giving a proxy to vote such customers' shares with respect to any proposal in the absence of specific instructions from such customers. Broker non-votes, withheld votes and abstentions, tabulated separately, will be included in the determination of the number of shares present at the annual meeting and whether a quorum is present. Broker non-votes and withheld votes will not be counted in determining whether a nominee is elected. Broker non-votes will not be counted in determining whether our appointment of independent auditors is ratified, whether the increase in the number of shares reserved and available for issuance under the Investment Technology Group, Inc. Amended and Restated Employee Stock Purchase Plan is approved, whether the increase in the number of shares reserved and available for issuance under the Investment Technology Group, Inc. 2007 Omnibus Equity Compensation Plan is approved, or whether any other management or stockholder proposal is approved, but with respect to these proposals, abstentions have the effect of a vote against such proposals.

**Annual Report to Stockholders, Proxy Statement, Corporate Governance Guidelines, Code of Business Conduct and Ethics and Committee Charters**

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and this Proxy Statement are available through our website at <http://investor.itg.com>, under *Investor Relations* and *SEC Filings* and at [www.proxyvote.com](http://www.proxyvote.com). Our Corporate Governance Guidelines and our Code of Business Conduct and Ethics, which govern our directors, officers and employees, and the charters for each of our audit committee, compensation committee and nominating and corporate governance committee are available on our website at <http://www.itg.com/investors/guidelines.php>. You may also obtain a copy of such documents by writing to: Investment Technology Group, Inc., 380 Madison Avenue, 4th Floor, New York, New York 10017, Attn: Investor Relations.

**ELECTION OF DIRECTORS**

The number of directors to be elected at the annual meeting has been fixed at eight by our board of directors. Such directors will be elected to serve until the next annual meeting of stockholders or until their successors have been duly elected and qualified.

Each nominee listed below has been nominated for election by the nominating and corporate governance committee of our board of directors and has consented to serve as a director if elected. In the event that any nominee shall be unable to serve as a director (which is not now anticipated), proxies will be voted for substitute nominees recommended by the board of directors or the board of

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directors may elect to reduce the number of directors. All of the nominees for election as a director are presently members of the board of directors.

The board of directors has determined that Messrs. Burdett, Dodds, Jones, King, O'Hara and Steck and Ms. O'Hara are "independent" within the meaning of the NYSE listing standards. Ms. O'Hara and Mr. O'Hara are not related. Our board of directors' policies for determining director independence are available on our website at [http://www.itg.com/investors/director\\_independence.php](http://www.itg.com/investors/director_independence.php).

Ms. O'Hara has been our chairman since May 2007.

**Nominees to Board of Directors**

The following information is submitted concerning the nominees for election as directors.

<b>Name</b>	<b>Age</b>	<b>Position</b>
J. William Burdett	69	Director
Christopher V. Dodds	49	Director
Robert C. Gasser	44	Director, President and Chief Executive Officer
Timothy L. Jones	53	Director
Robert L. King	58	Director
Kevin J.P. O'Hara	47	Director
Maureen O'Hara	55	Chairman
Brian J. Steck	62	Director

**J. William Burdett** has been a director since July 2001 and was a non-executive director of ITG Australia Ltd., a subsidiary of ITG from December 2006 until April 2007. In 2006, Mr. Burdett joined the board of IRESS Market Technology Ltd., a leading provider of market data, financial planning and order routing services to the equities markets in Australia, New Zealand and Canada. From 1988 until March 2001, Mr. Burdett was Chairman and Chief Executive Officer of the Burdett Buckeridge Young Group ("BBY"), which is comprised of the two Australian broker/dealer companies: BBY and Australian Clearing Services. From 1970 until 1987, Mr. Burdett was a partner and director of A.C. Goode & Co., one of the largest stock-brokering/investment banking companies in Australia. Mr. Burdett was a non-executive director of BBY and ITG Australia Ltd. from November 2000 through November 2002.

**Christopher V. Dodds** has been a director since June 2008. Mr. Dodds currently serves as a Senior Advisor at Carlyle Group, a private equity firm. Mr. Dodds also serves on the Board of Directors at Charles Schwab Bank, Baron Capital Inc., and Cost Plus Inc. From 1986 to 2007, Mr. Dodds held several positions at the Charles Schwab Corporation ("Schwab"). Most recently, from 1999 to 2007, Mr. Dodds served as Executive Vice President and Chief Financial Officer of Schwab, responsible for managing the company's financial affairs during periods of growth, retrenchment, and profitability. Before being named Chief Financial Officer, Mr. Dodds held several key positions at Schwab including Corporate Controller and Corporate Treasurer. Prior to his experience at Schwab, Mr. Dodds served as a financial analyst for several firms including American Hawaii Cruises, Exxon Company USA, and the Gulf Oil Corporation.

**Robert C. Gasser** has been a director and the President and Chief Executive Officer of the company since October 4, 2006. Mr. Gasser was Chief Executive Officer of NYFIX, Inc. ("NYFIX"), a global electronic trade execution firm, from November 2005 to September 2006. From 2001 to 2005, Mr. Gasser served as Chief Executive Officer of NYFIX Millennium LLC, a subsidiary of NYFIX, and President of NYFIX Transaction Services Inc. and NYFIX Clearing Corporation. Mr. Gasser was Head of U.S. Equity Trading at JP Morgan from 1999 to 2001.

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**Timothy L. Jones** has been a director since March 2005. Since October 2007, Mr. Jones has been Chief Executive Officer and director of the Personal Accounts Delivery Authority, a non-departmental public body of the Department for Work and Pensions within the United Kingdom government. From December 2002 to January 2005, Mr. Jones was the Chief Executive Officer of Simpaya Limited, a mobile phone payment system company. In November 2004, Mr. Jones joined the Board of Groves Malthouse Management Limited, a real estate management company. Mr. Jones co-founded Pursueus, a company developing a new architecture for correspondent banking, and was Chief Executive Officer of Pursueus from April 2000 to November 2002. Prior to that, for 17 years, Mr. Jones was at National Westminster Bank PLC where he held various positions in the Operations, Information Technology Strategy and Policy, Mondex, Electronic Markets and Retail Banking Services divisions, eventually becoming a Managing Director in 1996 and Chief Executive of the retail banking division in 1999.

**Robert L. King** has been a director since June 1994. From July 2005 to November 2008, Mr. King was the Chief Executive Officer of Click Sales, Inc., an online retailer of digital download products. From October 2001 through May 2004, Mr. King was the Chairman and Chief Executive Officer of Requisite Technology, Inc., which helps companies to create, organize, and manage product and service information for efficient web-based finding, buying, and selling. Mr. King is currently a Director of Office Source. Mr. King was the President and Chief Executive Officer of Corporate Express, Inc., a distributor of office and computer supplies, from 1998 to 2001. Mr. King has also been a director of Corporate Express, Inc. and served as the President and Chief Operating Officer of Corporate Express, Inc. from 1993 until 1998. Prior to 1993, Mr. King was employed by FoxMeyer Corporation, a distributor of health and pharmaceutical products, where he was Chief Executive Officer from 1989 to 1993, President from 1988 to 1993, and Chief Operating Officer from 1988 to 1989.

**Kevin J.P. O'Hara** has been a director since January 2007. Currently, Mr. O'Hara is Chairman of the Kevin J.P. O'Hara Family Foundation, a charitable trust, and sits on the boards of trustees of several charities. He is also a principal of KJPOH Enterprises, LLC, a capital market consulting firm, and serves as an advisor to Quadriserv, Inc., a provider of technology and business model innovation to the securities lending industry. From May 2006 to July 2007, Mr. O'Hara served as the Chief Administrative Officer and Chief Strategy Officer of CBOT Holdings, Inc. Previously, he served as Chief Administrative Officer, General Counsel and Corporate Secretary of Archipelago Holdings, Inc. from 1999 to 2006 and served as Executive Vice President and Co-General Counsel of NYSE Group, Inc. in 2006. Prior to joining Archipelago, Mr. O'Hara worked in Romania and Lithuania from 1995 to 1999 on the development of legal, regulatory and technology infrastructure of emerging capital markets. Prior to his international experience, Mr. O'Hara worked in the Division of Enforcement of the U.S. Securities and Exchange Commission in Washington, D.C., as Senior Counsel from 1994 to 1995 and as Staff Attorney from 1991 to 1993. In 1993, Mr. O'Hara served as Special Assistant United States Attorney at the U.S. Department of Justice. From 1988 to 1991, he practiced corporate and commercial litigation at the Chicago law firm of Ross & Hardies, now McGuire Woods Ross & Hardies.

**Maureen O'Hara** has been a director since January 2003 and chairman since May 2007. She served as lead director from January 2005 until her appointment as chairman in May 2007. Ms. O'Hara is the Robert W. Purcell Professor of Finance at the Johnson Graduate School of Management, Cornell University. She holds degrees from the University of Illinois (B.S. Economics) and Northwestern University (M.S. Economics and Ph.D. Finance). Ms. O'Hara serves on the Board of Directors of NewStar Financial Inc. Ms. O'Hara joined the faculty at Cornell in 1979. She has had visiting appointments at UCLA, the London Business School, the University of New South Wales, Cambridge University, and Hong Kong University of Science and Technology. Ms. O'Hara's research focuses on issues in market microstructure, and she is the author of numerous journal articles as well as the book *Market Microstructure Theory* (Blackwell: 1995). In addition, Ms. O'Hara publishes widely on a broad range of topics in finance, including banking, law and finance, and experimental economics. She has

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served as President of the Western Finance Association and recently served as President of the American Finance Association.

**Brian J. Steck** has been a director since September 2004. Mr. Steck is currently President and Director of St. Andrews Financial Corp., a private financial and investment company and he has served as an advisor to Harris Bank since 2005. Mr. Steck also serves as a director of Dundee Precious Metals Inc. and CMA (Canadian Medical Association) Holdings Inc. Mr. Steck was Chairman and CEO of Nesbitt Burns Inc. and its subsidiaries from 1990 until his retirement in 1999. He was also Vice-Chairman of the Bank of Montreal, responsible for wealth management and investment banking from 1992 to 1999. Mr. Steck is past Chairman of the Investment Dealers Association of Canada, the Canadian Securities Institute, the Canadian District of the Securities Industry Association of America, and past Governor of the Toronto Stock Exchange.

### Executive Officers and Certain Significant Employees

The executive officers of our company are appointed by, and serve at the discretion of, our board of directors. Other than Mr. Gasser, for whom information is provided above, the following sets forth information as to the other executive officers and certain significant employees of our company, each of whom are also members of the company's executive committee. Except for Messrs. Goldstein and Wright, the individuals noted below are executive officers of the company.

Name	Age	Position
Ian Domowitz	57	Managing Director
P. Mats Goebels	42	Managing Director, General Counsel and Secretary
Peter A. Goldstein	45	Managing Director and Global Head of Human Resources
Christopher J. Heckman	48	Managing Director
David L. Meitz	45	Managing Director
Howard C. Naphtali	55	Managing Director and Chief Financial Officer
David Stevens	42	Managing Director and Chief Executive Officer of Europe
Nicholas Thadaney	40	Managing Director and Chief Executive Officer of Canada
J. Mark Wright	49	Managing Director and Global Head of Product Management

**Ian Domowitz** is a Managing Director responsible for our networking and analytical and research products. He joined ITG in April 2001. Mr. Domowitz was the Mary Jean and Frank P. Smeal Professor of Finance at Pennsylvania State University from June 1998 to April 2001, and a Professor at Northwestern University from September 1982 to May 1998.

**P. Mats Goebels** is a Managing Director, and General Counsel and Secretary. He joined our company in 1998 and is responsible for all legal and regulatory matters. Mr. Goebels was a corporate attorney at the New York offices of Sullivan & Cromwell from 1995 to 1998, and of Weil, Gotshal & Manges from 1991 to 1995. Mr. Goebels is a managing member of Sunrise Associates LLC.

**Peter A. Goldstein** is a Managing Director and Global Head of Human Resources. Prior to joining ITG in September 2007, Mr. Goldstein was the Global Head of Human Resources for RREEF, the Alternative Investments Division of Deutsche Bank. Mr. Goldstein began his career in 1987 at Laventhol & Horwath and subsequently spent nine years in human resources at JPMorgan, both in the United States and abroad.

**Christopher J. Heckman** is a Managing Director responsible for U.S. sales and trading. He joined our company in January 1991 as a sales trader and became manager of institutional sales and trading in January 1997. Prior to joining ITG, Mr. Heckman worked in the program trading area at Salomon Brothers.

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**David L. Meitz** is a Managing Director responsible for Software Development, Technology and Trading Support Services, and Information Security/Business Continuity. He joined our company in July 2002 from Reuters America, Inc. ("Reuters") where he held the position of Executive Vice President since 1995. Mr. Meitz previously held technology and customer service management positions at Citibank, N.A. and Quotron Systems, Inc., a wholly-owned subsidiary of Reuters.

**Howard C. Naphtali** is a Managing Director and Chief Financial Officer. He joined our company in April 1997 and was appointed as Managing Director and Chief Financial Officer in 2000. From 1988 to 1997, Mr. Naphtali worked for Reuters where he served as Senior Vice President and Chief Financial Officer as well as Senior Vice President and Chief Operating Officer of Quotron Systems, Inc., a wholly-owned subsidiary of Reuters.

**David Stevens** is a Managing Director and Chief Executive Officer of ITG's European business. Mr. Stevens joined ITG as director of sales for Europe in 2005 and was appointed Chief Executive Officer of ITG Europe in 2007. Prior to joining ITG in 2005, Mr. Stevens was a Managing Director at JP Morgan, heading up pan-European sales globally. Mr. Stevens also spent six years at Goldman Sachs during which time he was an Executive Director.

**Nicholas Thadaney** is a Managing Director and Chief Executive Officer of ITG Canada. Mr. Thadaney joined ITG as director of sales for Canada in 2000 and was appointed Chief Executive Officer of ITG Canada in 2005. Prior to joining ITG, Mr. Thadaney was Vice President and Head of Business Development & International Equities at T.D. Securities. He has also held positions at C.T. Securities and First Canada Securities International.

**J. Mark Wright** is a Managing Director and the Global Head of Product Management. He joined ITG in 1992 as Vice President of Software Development and has held several roles at ITG since then, including manager of the software development organization for ITG and Chief Information Officer of the company.

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**EXECUTIVE AND DIRECTOR COMPENSATION**

**Compensation Discussion and Analysis**

**Executive Summary**

Our compensation committee reviews and approves the compensation policies, plans and programs for (among others) our "named executive officers," which for 2008 include (i) our chief executive officer, (ii) our chief financial officer, (iii) our three most highly compensated executive officers (other than our chief executive officer and chief financial officer) who were serving as executive officers as of December 31, 2008 and (iv) one of our highly compensated officers who terminated his employment with the company in December 2008.

**Compensation Philosophy**

Attracting and retaining exceptional individuals who share our firm's vision and passion is essential to the success of our company. By placing equal importance on skill set and mind set, we find and foster effective leaders who in turn seek to improve company performance.

Our executive compensation programs have four key objectives:

Maximize the long-term benefits to our stockholders;

Motivate management to implement the company's strategic goals and continuously improve company performance over both the short- and long-term;

Align executive compensation levels with company and individual performance; and

Provide a competitive total compensation package to attract and retain effective and motivated executive officers.

To achieve these objectives, we have implemented an executive compensation program that is based on the following principal components of ongoing compensation:

Competitive total direct compensation (base salary and total incentive compensation) to attract and retain key executives, aligned to experience, responsibilities, and performance;

Total variable compensation directly tied to the company's continued financial growth, achievement of business objectives, and individual performance against established measures aligned with stockholder interests;

An equity deferral program that is intended to align executive compensation with stockholder interests;

Limited executive perquisites; and

Change-in-control benefits that reflect industry practices.

**Description of ITG's Executive Compensation Programs**

***New executive compensation program.*** As we reported in last year's proxy statement, the compensation committee engaged McLagan as its independent compensation consultant in December 2007 and directed them to begin an executive compensation study. The purpose of the study was to develop a new executive compensation program for the company for 2008.

McLagan conducted interviews with compensation committee members and management, reviewed information about the company and its long-range plans, gathered market data on its executive positions, and assessed the competitive practices of peer companies. By May 5, 2008, the compensation committee, after an extensive review process, had approved McLagan's recommended design for the executive compensation program, which we describe below.

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***Our executive compensation program continues to be performance-based.*** Our new program rewards our named executive officers for financial and business results that benefit our stockholders. The main elements of the compensation program continue to consist of base salary, annual incentive bonus, and long-term equity incentive awards. The size of the total incentive award received by our chief executive officer and each other named executive officer is directly related to company and individual performance results for the year and is designed to deliver an increasing financial benefit to our stockholders each year.

***How our new incentive compensation program works.*** At its meeting on March 17, 2008, the compensation committee determined maximum incentive compensation amounts payable to the named executive officers subject to Section 162(m) of the Internal Revenue Code, including our chief executive officer and Messrs. Heckman, Domowitz and Huck, under the company's Amended and Restated Pay-For-Performance Incentive Plan (the "Pay-For-Performance Incentive Plan") that was approved by the company's stockholders at the 2007 annual meeting of stockholders. Specifically, for the 2008 performance period, the compensation committee established an incentive pool for such named executive officers based on 7.5% of the company's pre-tax income (as adjusted for certain non-recurring items), with 35% of the pool allocated to the chief executive officer and 16.25% of the pool allocated to each of the other named executive officers subject to Section 162(m) of the Internal Revenue Code. The compensation committee retained the discretion to pay awards under the Pay-For-Performance Incentive Plan to such named executive officers in an amount less than the maximum permissible payment as determined by achievement of the company's adjusted pre-tax income. For the 2008 performance period, the compensation committee exercised negative discretion when determining actual awards as set forth below.

The compensation committee approved the actual incentive payments for the 2008 performance period for the named executive officers (within the established maximum amounts under the Pay-For-Performance Incentive Plan) based in large part on an incentive program recommended by McLagan for key executive officers. The purpose of the program is to assist the compensation committee in making its compensation decisions with respect to the chief executive officer and his direct reports. Under this program, the compensation committee establishes formulaic guidelines in the beginning of each year, based on a percentage of the company's pre-bonus, pre-tax income for such year above a threshold amount. As with the Section 162(m) incentive pool described above, the committee uses a pre-tax income metric because it believes that it appropriately measures performance and is consistent with the metric used by several other companies that have these types of programs. These formulaic guidelines generate a dollar amount that serves as a reference point for the compensation committee when it finalizes the aggregate amount of total direct compensation for the year for such key executives. The compensation committee expects to increase the threshold amount for each succeeding year in order to provide an increasing benefit to the company's stockholders. While the compensation committee uses these guidelines to determine the aggregate amount of base salary and incentive compensation to pay the key executive officers for the year, the committee retains the discretion to pay less or more than the amounts generated by the guidelines, within the established maximum amounts under the Pay-For-Performance Incentive Plan. In approving the actual incentive payments, the compensation committee also compared the named executive officers' total direct compensation to market ranges as presented by McLagan, conducted a performance assessment for each named executive officer and also took into account company and individual performance, in each case, as more fully described below.

The incentive award for the 2008 performance period was paid in the form of cash and an equity incentive award under our Equity Deferral Award Program (the "EDA Program"), which is a subplan under our 2007 Omnibus Equity Compensation Plan and further described below.

***Description of our mandatory equity deferral program, the EDA Program.*** The purpose of the EDA Program is to provide an additional incentive to selected members of senior management and key employees to increase the success of the company, by substituting stock units for a portion of the



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variable incentive compensation to be earned by such persons. The stock units represent an equity interest in the company to be acquired and held under the EDA Program on a long-term, tax-deferred basis. The EDA Program is mandatory; the executive does not elect the amount of incentive compensation that is to be paid in cash and the amount of incentive compensation that is to be paid in equity.

Under the EDA Program, each eligible participant (including each of our named executive officers) is granted a number of basic stock units on the date the year-end cash bonus would otherwise be paid to the participant equal to (i) the amount by which the participant's variable compensation is reduced as determined by the compensation committee, divided by (ii) the fair market value of a share of the company's common stock on the date of grant. In determining the variable compensation reduction for the 2008 performance year, the compensation committee considered a pre-specified formula recommended by McLagan based on a range of total direct compensation. For the named executive officers (except for Mr. Gasser), the percentage of total direct compensation that was reduced ranged from approximately 34% to 39%. Taking into account the EDA Program reduction and the equity awards granted to Mr. Gasser in 2008 pursuant to the terms of his employment agreement, Mr. Gasser's total direct compensation was effectively reduced by approximately 47%. While the pre-specified formula is an important reference point for the compensation committee, it retains the discretion to pay a different amount in cash and equity.

In addition, each participant will be granted (within the established maximum amounts under the Pay-For-Performance Incentive Plan as described above) an additional number of matching stock units on the date of grant equal to 20% of the number of basic stock units granted. Basic stock units vest in equal annual installments on each of the first, second and third anniversaries of the date of grant, if the participant remains continuously employed by the company on each applicable vesting date, and will be settled in shares of our common stock within 30 days after each applicable vesting date. Matching stock units will vest 100% on the third anniversary of the date of grant, if the participant remains continuously employed by the company through such vesting date, and will be settled in shares of our common stock within 30 days after the date on which such matching stock units vest.

The EDA Program also provides the compensation committee with the discretion to grant stock options instead of stock units. The compensation committee may also determine, in its sole discretion, to award a bonus in the form of stock units or other forms of equity to any participant at such time or times and subject to such terms and conditions as the compensation committee deems appropriate.

No awards were granted under the EDA Program in 2008.

**Base salary.** The base salaries of the named executive officers for 2008, which are disclosed in the *Summary Compensation Table* below, represent a lesser component of an executive officer's total compensation package consistent with our objective to emphasize pay-for-performance and long-term incentives. Base salary levels are established based on a number of factors including: competitive market data, the position's complexity and level of responsibility and the assessment of the executive's performance. The compensation committee did not adjust the base salaries of our named executive officers in 2008 based on a review of these factors and their determination that the base salaries of our named executive officers are competitive.

**Elimination of our voluntary equity deferral program, Amended and Restated Investment Technology Group, Inc. Stock Unit Award Program Subplan (the "SUA Program"), effective January 1, 2009.** Under our SUA Program, each participant in the program (including the named executive officers other than Mr. Haynes) could irrevocably elect, on an annual basis, to forgo the receipt of a portion of their 2008 total cash compensation and receive units representing shares of our common stock on a one-for-one basis with a fair market value equal to 120% of the forgone compensation. The compensation that is deferred is deducted from the executive's annual cash incentive compensation, which for the first half of the year, was estimated and pre-paid on a semi-annual basis. The matching units that represent the additional 20% of the forgone compensation vest on the third anniversary of the grant date, provided

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the participant remains employed by the company through such date. The remaining units representing the foregone compensation are vested as of the grant date. All vested units are delivered in shares of ITG common stock on the third anniversary of the date of grant. (Prior to the amendment of the SUA Program in April 2006, participation was mandatory and participants received common stock with a fair market value equal to 130% of foregone compensation. The matching units that represent the additional 30% of the foregone compensation vest and are settled as follows: half of the matching stock units vest and are settled on the third anniversary of the grant date and the other half vest and are settled on the sixth anniversary of the grant date. The remaining units representing the foregone compensation are vested as of the grant date and half are settled on the third anniversary of the grant date and the other half are settled on the sixth anniversary of the grant date.) The three year vesting schedule is consistent with the vesting schedule of the majority of our other equity-based awards that were previously granted by the company. The 20% match and three year vesting schedule are also consistent with the terms offered by several companies that have these types of programs.

Effective January 1, 2009, we amended the SUA Program. The amendment freezes the SUA Program, such that it shall not apply to compensation earned for any calendar year after 2008. In addition, the amendment provided participants with a special transition election with respect to cessation of participation in the SUA Program for bonus payments for calendar year 2008 that were due after December 31, 2008 and on or before March 15, 2009. We decided to implement these amendments in light of the adoption of our new executive compensation program described above. Specifically, we believe that the EDA Program, as described above, achieves similar objectives to our SUA Program. In particular, the EDA Program encourages our executives to align their economic interests with those of our stockholders by providing a vehicle for investing a portion of compensation in our stock. It also promotes executive retention because of the vesting terms.

***Equity awards granted outside of the SUA Program and EDA Program.*** As we reported in previous years' proxy statements, in 2006, we granted to our named executive officers stock options that vest based on continued employment with the company for three years from the grant date and restricted share awards that vest based on the achievement of pre-established performance objectives. The restricted share awards vest, in whole or in part, three years after their grant date if our cumulative three year pre-tax income (as adjusted by the compensation committee for certain non-recurring items) meets or exceeds certain thresholds and the grantee has been continuously employed by us through such date. On January 1, 2009, our executives vested in 100% of their performance-based restricted share awards that were granted in 2006. This vesting percentage was based on the achievement of \$540,467,000 in pre-tax operating income (adjusted to reflect certain investment gains/losses, severance and restructuring costs and certain write-downs of capitalized costs pertaining to discontinued non-core products) over the 2006-2008 three-year period, which was 114% of the performance target of \$473,300,000. These results were certified by the compensation committee. Mr. Haynes also received, in 2006, a restricted share award that vests based on continued employment with the company for three years from the grant date to better align his total pay within internal pay equity levels and market rates.

Prior to the 2008 performance year, we granted stock options and restricted share awards to reward our executives for absolute growth in our stock price and our multi-year operational performance tied to financial growth objectives. We determined the amount of stock option and restricted share awards granted so that, assuming our performance targets are achieved, the executive would recognize equal value as of the date of grant from each type of award. Prior to 2007, we had generally granted options and restricted share awards in the middle of the year. In 2007, the compensation committee determined that such grants should instead be made early in the subsequent fiscal year when the prior year's annual cash incentive compensation is paid. This change in timing allowed us to better evaluate the amount of equity awards to be issued to ensure that such amount, combined with all other compensation for the prior year, is aligned with our compensation objectives. Accordingly, although we did not grant any non-SUA Program equity awards to our named executive

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officers in 2007, in early 2008, the compensation committee granted stock options that vest after three years of continued employment with the company and restricted share awards that vest based on the achievement of performance objectives over a two year performance period. In determining the size of each named executive officer's award in early 2008, the compensation committee considered a number of factors, including (i) the company's challenging multi-year targets, (ii) relative grant levels among the company's other executive officers, (iii) the levels of grants that the executive received in prior years and (iv) competitive total compensation levels.

Pursuant to his employment agreement (described below), in March 2008, Mr. Gasser received a restricted stock unit award of 19,503 units (which represent shares of our common stock on a one for one basis) with a grant date value equal to \$925,000. This restricted stock unit award was subject to performance-based vesting criteria through December 31, 2008, with the first \$925,000 of any amount earned by Mr. Gasser under the maximum amounts established by the compensation committee under the Pay-For-Performance Incentive Plan (that is, the Section 162(m) pool based on 7.5% of the company's adjusted pre-tax income) as described above allocated to the restricted stock unit award. As a result of the achievement of such performance criteria through December 31, 2008, 6,501 units vested on January 31, 2009 and the remaining units will vest in two equal installments on January 1, 2010 and January 1, 2011, respectively if Mr. Gasser remains employed through the applicable vesting date. In addition, and also pursuant to his employment agreement, in January 2008, Mr. Gasser was granted a nonqualified stock option to purchase a number of shares of the company's common stock equal to a Black-Scholes value for the option of \$925,000. One-third of this option became exercisable on January 2, 2009 and the remainder becomes exercisable in two equal annual installments on January 2, 2010 and January 2, 2011, respectively, provided Mr. Gasser has remained continuously employed by the company on such dates.

**Share Retention Program.** We do not impose stock ownership requirements on our executive officers. Instead, we require executive officers to retain a portion of the shares received upon exercise of options granted after March 2003 (when the compensation committee approved this program). The company expects that this requirement further aligns the interests of senior management with the interests of stockholders and lessens any appearance of an incentive for management to seek to cause unsustainable short-term increases in our stock price. Under this retention program, each executive officer may not sell more than 50% of the number of "Net Shares" acquired upon the exercise of stock options for three years following the date of option exercise, regardless of whether the individual remains in our employ (except as described below). "Net Shares" is defined as the shares received upon exercise of an option after payment of any taxes and exercise price. (The executive officer is not obligated to retain the shares actually acquired pursuant to the option exercise, so long as the executive retains a number of shares from his or her other ITG stock holdings equal to the number of Net Shares.) In the event of a change in control, termination due to death or permanent disability or involuntarily not-for-cause termination, the trading restrictions lapse immediately because the objectives of the share retention program no longer apply in these circumstances.

**Executive perquisites.** It is our policy not to provide executive perquisites and special benefits unless they are reasonable and business-related. Perquisites for each named executive officer totaled less than the disclosure threshold of \$10,000.

**Retirement benefits.** Our named executive officers, other than Mr. Haynes, are eligible to participate in our tax-qualified Retirement Savings Plans on the same basis as all other U.S.-based full-time employees. We do not maintain any supplemental executive retirement plans. Mr. Haynes participates in ITG Europe's Retirement Plan on the same basis as all other employees of such affiliate.

**Severance and change-in-control agreements.** The company maintains change-in-control agreements for all named executive officers. Mr. Gasser is eligible for change-in-control benefits pursuant to the terms of his employment agreement described below. All other named executive officers are eligible for

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change-in-control benefits that were approved by the compensation committee after extensive discussion, competitive research, and financial modeling. They are designed to achieve the following objectives:

Promote senior management stability during a time of significant market volatility in our industry;

Retain key executives whose continued employment might be vulnerable following a change in control;

Reflect competitive practices in the industry; and

Minimize potential costs to ITG's stockholders.

The compensation committee believes that in the absence of these change-in-control agreements, the company would be vulnerable to competitive raiding of key executive talent. The compensation committee also believes that these agreements balance the important stockholder objectives of retaining an effective and motivated executive team and minimizing costs in the event of a change in control.

To receive these severance benefits, the affected executive must sign a release that waives his or her right to bring suit against us or our successor for wrongful discharge or any other employment-related matters. The agreements (which are described in greater detail below under the heading *Severance and Change-in-Control Arrangements*) were intended by the compensation committee to provide benefits that reflect industry practices and include the following:

Severance payments require termination, either involuntary not-for-cause (and not as a result of death or disability) or voluntary with good reason as defined, within 18 months following a change in control;

Severance benefits equal to two times the sum of annual base salary plus average bonus (including awards made pursuant to the EDA Program) over the prior three years;

Terminated individuals also receive a *pro rata* target bonus for the year of termination and health and welfare benefits for up to two years following the date of termination;

If the change-in-control benefits would cause the executive to be subject to the golden parachute excise taxes, then the benefits are reduced to the highest level that does not trigger the excise tax unless the value after the executive pays all taxes is greater (in which case no reduction is made); and

Under no circumstances do we provide any tax-related payments such as excise tax gross-ups.

Mr. Gasser's severance and change-in-control benefits were set as a result of negotiations as described below under the heading *Employment Arrangements and Severance and Change-in-Control Arrangements*. On August 4, 2008, the compensation committee approved an amendment to Mr. Gasser's employment agreement that, among other things, made Mr. Gasser's change-in-control benefits substantially consistent with those described above.

In addition, under pre-existing agreements, all unvested equity awards vest immediately upon a change in control, with performance-based awards vesting at the 100% level.

ITG has no plans or agreements in place regarding executive severance benefits upon a termination that is unrelated to a change in control,

with the exception of the ones described below in the *Employment Arrangements* and *Severance and Change-in-Control Arrangements* sections. In the event of the termination of a named executive officer not covered by an employment arrangement, severance benefits (if any) are negotiated as deemed necessary or advisable by the compensation committee.

***Employment arrangements.*** On September 15, 2006, Mr. Gasser entered into an employment agreement with us and he began employment as our President and Chief Executive Officer on October

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4, 2006. In connection with our search for a new chief executive officer, the compensation committee, in consultation with the search committee, an executive search firm and outside counsel, determined that it needed to offer Mr. Gasser a market competitive compensation package to join us which, of necessity, needed to include a meaningful incentive to forgo certain compensation opportunities offered by his prior employer. Therefore, the compensation committee formulated and structured the compensation package based on survey data, our historical compensation practices and packages in place for our prior chief executive officer and executive officers generally. It also took into account Mr. Gasser's level of experience in his prior position. Based on the foregoing considerations, the compensation committee developed a compensation package generally consisting of three elements: (i) a base salary, (ii) a guaranteed cash bonus for 2006 and cash bonuses for 2007 and 2008 tied to our attainment of pre-tax operating income objectives, and (iii) stock-based incentive awards that were granted in 2006 (representing awards for 2006 and 2007) and 2008. The compensation committee determined the level for each element of compensation based on its current practices for executives generally and its long-standing philosophy in providing market competitive compensation. It also structured the bonuses in a manner that it believed could reflect the contributions that Mr. Gasser could make to our results. The severance and change-in-control provisions of Mr. Gasser's employment agreement were generally consistent with the provisions included in our standard change-in-control agreements in place for our other executive officers, except that Mr. Gasser could voluntarily resign for any reason or no reason within the thirty day window following the six-month anniversary of a change in control and receive severance benefits. This provision was provided to reflect the unique position of a former chief executive officer of a public company that is acquired.

On August 6, 2008, the company and Mr. Gasser entered into an amended and restated employment agreement. In reviewing the peer group market data for chief executive officer compensation provided by McLagan as described below, the compensation committee determined that the peer group median for CEO compensation was significantly higher than the total compensation achievable pursuant to Mr. Gasser's original employment agreement. In accordance with its long-standing philosophy of providing market competitive compensation to executives generally, the compensation committee decided to revisit Mr. Gasser's compensation package and instructed McLagan to prepare a proposal that would include performance targets that were more challenging and better aligned to the proposed peer group. Taking into account McLagan's review and the company's and Mr. Gasser's performance over the last two years, the committee amended his original employment agreement to provide that Mr. Gasser's annual performance bonus for 2008 be based on the company's attainment of performance objectives established by the compensation committee pursuant to the terms of the company's Pay-for-Performance Incentive Plan, as described above, instead of being based on the attainment of the previously agreed to performance objectives relating to pre-tax operating income targets. In addition, Mr. Gasser agreed to give up his right to severance benefits if he resigns for any reason or no reason during the seventh month following a change in control. Instead, Mr. Gasser, like our other senior executives, would be entitled to severance after a change of control of the company equal to two times (instead of one times under his original employment agreement) the sum of (A) his annual base salary prior to his date of termination or the date of change in control (whichever is higher) and (B) the average annual bonus paid or payable to Mr. Gasser with respect to the three calendar years preceding the calendar year of his termination (for purposes of the foregoing calculation only, Mr. Gasser's bonus with respect to the 2006 calendar year will be deemed to be \$1,575,000). The compensation committee determined that this amendment reflects better pay practices.

Upon joining the company on March 16, 2001, Mr. Domowitz received an offer letter which provides for the severance benefits described in *Severance and Change-in-Control Arrangements* below.

**Separation Agreement with Anthony J. Huck.** On December 18, 2008, the company and Mr. Huck entered into a separation agreement pursuant to which we mutually agreed that, effective December 15, 2008, Mr. Huck's employment with the company terminated and Mr. Huck resigned from all of his positions with the company. In consideration for Mr. Huck's execution and non-revocation of the

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separation agreement and agreement to certain restrictive covenants, the company agreed to pay Mr. Huck a separation payment of \$2,108,000 to be paid in installments over the 9-month period following the separation date. Mr. Huck also received a lump-sum payment of \$765,000 in satisfaction of his 2008 bonus. In addition, Mr. Huck will continue to be covered under the company's group health plan for one year or, if earlier, until Mr. Huck commences full-time employment at another firm. All outstanding (i) stock unit awards under the company's SUA Program, (ii) restricted share units and (iii) stock options held by Mr. Huck that, in each case, were not vested and exercisable (to the extent applicable) as of the separation date were forfeited and automatically terminated on the separation date. All stock options that were vested as of the separation date were amended to remain exercisable until their original expiration date, August 1, 2010. Shares subject to stock unit awards granted to Mr. Huck under the SUA Program that were vested as of the separation date will be issued to Mr. Huck in accordance with the terms of the SUA Program.

***Separation Agreement with Alasdair Haynes.*** On February 12, 2009, the company and Mr. Haynes entered into a separation agreement pursuant to which they mutually agreed that, effective May 6, 2009, Mr. Haynes' employment with the company will terminate and Mr. Haynes, on or before such time, will resign from all of his positions with the company. In consideration for Mr. Haynes' execution of the agreement and agreement to certain restrictive covenants, Mr. Haynes will continue to receive his current base salary and medical and pension benefits until May 6, 2009. In addition, Mr. Haynes receive separation payments totaling £1,328,800. Mr. Haynes also received restricted stock units on March 13, 2009 with a value of £389,000 which will vest over a 3-year period, subject to Mr. Haynes's compliance with a three-year employee nonsolicit restriction. Starting on May 6, 2009, Mr. Haynes will continue to be covered under the company's group health plan for 9 months or, if earlier, until Mr. Haynes commences full-time employment at another firm. In addition, the company will continue to make pension payments on behalf of Mr. Haynes at the rate of 15% of his base salary for 9 months after May 6, 2009. All outstanding unvested restricted stock units (other than the March 13, 2009 award) and stock options held by Mr. Haynes that, in each case, are not vested and exercisable as of May 6, 2009, will be forfeited and automatically terminated on that date. All stock options that will be vested as of May 6, 2009 were amended to remain exercisable until their original expiration date, August 1, 2010.

***Compensation Decision Factors and Compensation Determination How and Why the Compensation Committee Determined our Named Executive Officers' Compensation for 2008***

After the compensation committee calculated the results of the formulaic guidelines we described above, it determined the total incentive award for each named executive officer for 2008, within the established maximum amounts under the Pay-For-Performance Incentive Plan as described above. This process involved not only a consideration of the results of the formulaic guidelines but also the review of market compensation data, the completion of a performance assessment for each named executive officer and the review of other factors such as internal pay equity and prior years' compensation, in each case, as further described below.

***Market data review.*** McLagan provided compensation market data to the compensation committee for each named executive officer's position. To help in analyzing the market data, McLagan established a total direct compensation market range for each named executive officer position. The sources of the data include survey data for comparable industry positions and proxy disclosures by companies included in our peer group. McLagan screened the survey data to confirm that the information is appropriate given our size, type and mix of businesses, and the industries where we compete for executive talent.

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The market ranges helped the compensation committee in assessing the competitive placement of our named executive officers' total direct compensation for 2008. The compensation committee's assessment of the placement of each named executive officer's compensation relative to market range considers the scope, complexity, and responsibility of the executive's position in relation to positions in the sources of data. The compensation committee exercised its judgment in interpreting the market ranges provided by McLagan. A named executive officer's actual positioning relative to that market range is a result of the compensation committee's assessment of the company and individual performance factors we describe below.

It is important to understand that the compensation market data and ranges provide only a reference point for the compensation committee. Depending upon company, business, and individual performance results, a named executive officer's total direct compensation may be within, below or above the market range for that position. The market data and ranges do not, by themselves, determine a named executive officer's total direct compensation.

***Our peer group.*** In selecting the companies for our peer group, the compensation committee considered the following factors, among others: business focus; industry; size; capital structure and growth; whether the company competes against us for executive talent; compensation philosophy; and business and financial performance. The peer group used for 2008 compensation purposes is as follows: CME Group, Inc., eSpeed, Inc. (now BGC Partners, Inc.), GFI Group Inc., IntercontinentalExchange Inc., Knight Capital Group Inc., MarketAxess Holdings, Inc., NASDAQ Stock Market, NYFIX Inc., NYMEX Holdings Inc., NYSE Euronext, Options Xpress Holdings Inc. and Tradestation Group Inc.

Although no single company included in the peer group is exactly comparable to ITG in every respect, the compensation committee uses the peer group to validate the range of competitive pay. With McLagan's help, the compensation committee will regularly review the composition of the peer group and may make changes to it in the future in response to such factors as changes in the mix of the company's business segments or major changes in the capital structure or business makeup of a peer company.

***Performance assessment.*** At the beginning of each year, our board of directors approves performance measures and objectives for the company and our chief executive officer approves the performance measures and objectives for each of his direct reports (including each named executive officer). In determining the actual compensation paid to each named executive officer within the established maximum amounts under the Pay-For-Performance Incentive Plan as described above, the compensation committee completes a final annual performance assessment for our chief executive officer and reviews with the chief executive officer his assessment of each named executive officer annually in January and February following the performance year. While the chief executive officer's evaluation carries significant weight, the compensation committee reaches its own independent viewpoint on each named executive officer's performance and makes its compensation decisions accordingly.

***Factors used by the compensation committee in assessing the performance of our chief executive officer.*** The compensation committee uses a detailed assessment in evaluating the performance of our chief executive officer. Among other factors, this assessment covers: key financial and business accomplishments for 2008; stockholder measures, such as total revenue, earnings per share, adjusted return on equity, pre-tax income and total stockholder return; and balance sheet strength. The assessment also includes our progress in: improving key business metrics; implementing strategic initiatives; investments in technology and new business initiatives; and improving the strength of our control and operating environments. The compensation committee also considers our chief executive officer's leadership achievements in areas such as workforce engagement, talent management and retention. The compensation committee determined Mr. Gasser's impact on these metrics to be significant, particularly given the general economic environment.



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**Factors used by the compensation committee in assessing the performance of the other named executive officers.** Just as the compensation committee assesses the performance of our chief executive officer, our chief executive officer assesses the performance of each other named executive officer. The chief executive officer evaluated the performance of each named executive officer on many of the same factors we described for the chief executive officer because these factors are important to the company's short-term and long-term objectives and reflect the functions over which the executives have responsibility. Such factors include, among others: contribution to the achievement of company financial performance, such as pre-tax income and revenue; improvement in business metrics such as client growth and retention; achievement of business objectives; the development of new products and solutions for our clients; improvement in controls and efficiencies in our operating environment; and achievement in leadership in areas such as workforce engagement, talent management and retention. Our chief executive officer discusses his evaluation of the performance of each named executive officer with the compensation committee. This is done on both a preliminary and final basis. The compensation committee agenda allows ample time for the committee to question and discuss each named executive officer's performance with our chief executive officer.

**Other factors considered.** In addition to the formulaic guidelines, compensation market data and the performance assessment considered by the compensation committee in setting compensation levels, the compensation committee considers such additional factors as:

Internal pay equity: the compensation committee compares the differences in total compensation from one executive to the other in order to assess internal equity.

The executive's prior years' compensation: the compensation committee compares proposed target compensation with actual prior years' compensation to ensure that increases in compensation are the result of growth in performance and not merely the passage of time.

No one factor, by itself, is material to the compensation committee's assessment of a named executive officer's performance and the committee considers many different factors in assessing the performance of each named executive officer. The compensation committee does not use a rigid set of rules for determining the relative importance of these factors. The compensation committee may emphasize or weigh performance factors differently for each named executive officer.

**Impact of Regulatory Requirements**

In making executive compensation decisions, the compensation committee is mindful of the impact of regulatory requirements on those decisions. In particular, regulatory requirements affect the compensation committee's decisions in the following ways:

**Internal Revenue Code Section 162(m).** Section 162(m) of the Internal Revenue Code can potentially disallow a federal income tax deduction to us for compensation over \$1 million paid to the chief executive officer and the other three most highly compensated named executive officers that are subject to Section 162(m). These officers, called covered employees, must have been serving as of the last day of ITG's fiscal year. The Internal Revenue Service has issued technical guidance stating that a company's chief financial officer is not a covered employee under Section 162(m). One exception to Section 162(m)'s disallowance of a federal income tax deduction for compensation over \$1 million applies to "performance-based compensation" paid pursuant to stockholder-approved plans.

For the cash and equity incentive awards made to named executive officers, we use a separate pool under the Pay-For-Performance Incentive Plan as described above that is designed to make those cash and equity awards deductible for federal income tax purposes. The compensation committee established the pool in the first quarter of 2008, and set a maximum percentage of the pool that each named executive officer, other than the chief financial officer and other

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named executive officers not subject to Section 162(m), could receive. The compensation committee exercised "negative discretion" in approving the incentive award for the named executive officers, using the compensation decision factors that we described earlier in the *Compensation Discussion and Analysis*. This reduction from the maximum percentage amount allocated to a named executive officer is not a negative reflection on the performance of our chief executive officer or any other named executive officer.

The company believes that tax deductibility of compensation is an important factor, but not the sole factor, in setting executive compensation policy or in rewarding superior executive performance. Accordingly, although the company generally intends to avoid the loss of a tax deduction due to Section 162(m), it reserves the right to pay amounts that are not deductible in appropriate circumstances. In establishing our annual bonus awards and equity grants, the company considered the tax and accounting implications of the awards and grants, but determined the awards and grants primarily by their effectiveness in providing maximum alignment with the company's key objectives identified above.

**Internal Revenue Code Section 409A.** The compensation committee intends all programs to be designed so that they are not considered deferred compensation under the Section 409A definitions, or they comply with the deferred compensation rules in Section 409A. The company has amended its compensation and benefit plans, programs, policies and agreements to conform to the requirements of Section 409A.

**SFAS No. 123R "Shared Based Payment".** The company early-adopted SFAS No. 123 "*Accounting for Stock-Based Compensation*" ("FAS 123R") on a voluntary basis in January 2003. In determining option and restricted stock unit awards granted as part of 2008 compensation, the compensation committee considered the potential expense of those programs under FAS 123R and the impact on earnings per share. The compensation committee concluded that the associated expense and earnings per share impact were appropriate, given competitive compensation practices in the industry, our performance and the motivational and retention effect of the awards.

Table of Contents**Executive Compensation****Summary Compensation Table**

The following table sets forth the compensation for 2006, 2007 and 2008 paid or awarded to, or earned by, our named executive officers (except for Mr. Heckman who was not a named executive officer in 2007 and Mr. Domowitz who was not a named executive officer in 2006).

Name and Principal Position (a)	Year (b)	Salary	Bonus	Stock	Option	Non-Equity	All Other	Total
		(\$)(1) (c)	(\$)(1) (d)	Awards (\$)(2) (e)	Awards (\$)(3) (f)	Incentive Plan Compensation (\$)(1)(4) (g)	Compensation (\$)(5) (h)	(\$) (i)
<b>Robert C. Gasser, President and Chief Executive Officer</b>	2008	750,000(7)		805,735	691,854	1,772,500	6,900	4,026,989
	2007	750,000(7)		449,596	385,073	1,575,000	18,000	3,177,669
	2006	250,000(7)	520,000	115,156	92,901			978,057
<b>Howard C. Naphtali, Managing Director and Chief Financial Officer</b>	2008	500,000	1,202,502	269,220	221,562		16,100	2,209,384
	2007	500,000		231,685	156,074	1,416,511	27,000	2,331,270
	2006	500,000		152,115	428,596	1,201,245	30,800	2,312,756
<b>Christopher J. Heckman, Managing Director</b>	2008	500,000		244,408	185,619	1,152,502	16,100	2,098,629
	2007							
	2006	500,000		105,198	394,878	1,112,320	30,800	2,143,196
<b>Alasdair Haynes, former Managing Director and Chief Executive Officer of ITG International(6)</b>	2008	324,205	928,618	336,668	237,622		48,631	1,875,744
	2007	350,298	1,561,326	262,397	66,280		45,539	2,285,840
	2006	322,106	1,058,347	205,985	149,201		39,338	1,774,977
<b>Ian Domowitz, Managing Director</b>	2008	500,000		239,509	188,735	952,502	16,100	1,896,846
	2007	500,000	1,200,000	177,306	66,658		233,897	2,177,861
	2006							
<b>Anthony J. Huck, former Managing Director</b>	2008	500,000	1,200,000(8)	182,241	185,619		2,144,248(9)	4,212,108
	2007	500,000		189,009	122,356	1,450,000	27,000	2,288,365
	2006	500,000		106,668	394,878	1,112,320	30,800	2,144,666

- (1) The amounts shown in columns (c), (d) and (g) include salary, bonus and non-equity incentive plan compensation, if any, forgone at the election of the named executive officers in favor of receiving stock units under the SUA Program. Under the SUA Program, the named executive officers were granted units (including matching units as described in the *Compensation Discussion and Analysis* above) representing our common stock with a fair market value on the grant date equal to 120% to 130% of the forgone compensation. In 2008, such fair market value was 120%. For more information relating to the units granted during 2008 under the SUA Program, see the *Grants of Plan-Based Awards Table* and the narrative discussion following the *Grants of Plan-Based Awards Table*. The amounts shown do not include any amounts that are mandatorily deferred under the EDA Program.
- (2) The amounts shown in column (e) are the amounts recognized in the company's financial statements for 2008 in respect of restricted share awards (including the matching units granted under our SUA Program) awarded to each of the named executive officers, as determined pursuant to FAS 123R, but modified to eliminate any reduction in the grant date fair value of the awards for the possibility of service-based forfeiture. Except as noted in the immediately preceding sentence, the fair value of the awards was determined using the valuation methodology and assumptions set forth in footnote 2 to the company's financial statements included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which are incorporated herein by reference. The amounts shown include amounts recognized in the company's financial statements for 2008 in respect of awards granted in prior years. See the

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narrative discussion following the *Grants of Plan-Based Awards Table* for more information about awards granted in 2008.

- (3) The amounts shown in column (f) are the amounts recognized in the company's financial statements for 2008 in respect of stock options awarded to each of the named executive officers, as determined pursuant to FAS 123R, but modified to eliminate any reduction in the grant date fair value of such grants for the possibility of service-based forfeiture. Except as noted in the immediately preceding sentence, the fair value of the awards was determined using the valuation methodology and assumptions set forth in footnote 2 to the company's financial statements included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which are incorporated herein by reference. The amounts shown include amounts recognized in the company's financial statements for 2008 in respect of awards granted in prior years. See the narrative discussion following the *Grants of Plan-Based Awards Table* for more information about awards granted in 2008.
- (4) The amounts shown in column (g) were earned under our Pay-For-Performance Incentive Plan. See the *Grants of Plan-Based Awards Table* and the narrative discussion following the *Grants of Plan-Based Awards Table* for more information about these awards.
- (5) Except as specifically noted below, the amount of (or incremental cost to the company with respect to) any of the elements of compensation included in column (h) did not exceed (x) in the case of any personal benefit or perquisite, \$25,000, or (y) in the case of any other element of compensation, \$10,000.

Name	Company Contributions to Defined Contribution Plans
Robert C. Gasser	\$ 6,900*
Howard C. Naphtali	\$ 16,100*
Christopher J. Heckman	\$ 16,100*
Alasdair Haynes	\$ 48,631**
Anthony J. Huck	\$ 16,100*
Ian Domowitz	\$ 16,100*

\* Under our Retirement Savings Plans, we match 66<sup>2</sup>/<sub>3</sub>% of employee contributions up to a maximum of 6% of the employee's eligible compensation per year, we may make a discretionary profit sharing contribution that can vary from 0-8% of the employee's eligible compensation per year and we contribute 3% of each employee's eligible compensation per year. For 2008, the company did not make a discretionary profit sharing contribution.

\*\* The amount shown includes Mr. Haynes' retirement contribution, which amount represents 15% of Mr. Haynes' base salary in accordance with the ITG Europe Retirement Plan, under which the company contributes a determined percentage of the employee's base salary contingent on his/her age and years of service.

- (6) Mr. Haynes' base salary, bonus and retirement contribution was converted from GBP to USD at the following exchange rates: (a) for the 2008 amount, 0.5398 GBP:1 USD, which exchange rate represents the average rate of exchange during the 2008 fiscal year, (b) for the 2007 amount, 0.4966 GBP:1 USD, which exchange rate represents the average rate of exchange during the 2007 fiscal year and (c) for the 2006 amount, 0.5433 GPB:1 USD, which exchange rate represents the average rate of exchange during the 2006 fiscal year.

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- (7) Mr. Gasser joined the company in October 2006. Pursuant to his amended and restated employment agreement with the company, dated as of August 6, 2008, (a) for 2008 and 2007, Mr. Gasser received a base salary of \$750,000 and (b) for the period from October 4, 2006 through December 31, 2006, Mr. Gasser received an aggregate base salary of \$250,000.
- (8) Pursuant to Mr. Huck's separation agreement, dated as of December 18, 2008, Mr. Huck received \$765,000 in satisfaction of his 2008 bonus. The remaining amount had been paid as a mid-year bonus in July of 2008.
- (9) Pursuant to Mr. Huck's separation agreement, dated as of December 18, 2008, Mr. Huck has or will receive \$2,128,148 in separation payments, \$2,108,000 of which represents the separation payment and \$20,148 of which represents coverage under the company's group health plan.

Table of ContentsGrants of Plan-Based Awards Table

The table set forth below lists each grant or award made in 2008 to any of the named executive officers under any of the company's equity and non-equity incentive plans.

Name (a)	Grant Date (b)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares or Units (#)(3) (i)	All Other Option Awards: Number of Securities Underlying Options (#) (j)	Exercise or Base Price of Option Awards (\$/SH) (k)	Grant Date Fair Value \$(4) (l)
		Threshold (\$) (c)	Target (\$) (d)	Maximum (\$) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)				
<b>Robert C. Gasser</b>	3/17/08			5,287,888							
	1/2/08								60,340	47.25	925,000
	3/14/08							2,295*			103,367
	3/14/08							459			20,673
	3/24/08					19,503	19,503				925,000
	7/16/08							5,243*			147,000
	7/16/08							1,049			29,400
<b>Howard C. Naphtali</b>	3/14/08				1,943	5,828	7,771				350,000
	3/14/08								24,323	45.04	350,000
	3/14/08							2,794*			125,829
	3/14/08							559			25,166
	7/16/08							4,012*			112,491
	7/16/08							802			22,498
	<b>Christopher J. Heckman</b>	3/17/08			2,455,091						
3/14/08					1,665	4,996	6,661				300,000
3/14/08									20,848	45.04	300,000
3/14/08								1,745*			78,578
3/14/08								349			15,716
7/16/08								3,518*			98,655
7/16/08								704			19,731
<b>Alasdair Haynes(5)</b>	1/1/08				2,086	6,257	8,342				396,990
	1/1/08								25,709	47.59	396,990
<b>Ian Domowitz</b>	3/17/08			2,455,091							
	1/1/08				1,314	3,940	5,254				250,000
	1/1/08								16,190	47.59	250,000
	7/16/08							3,335*			93,500
	7/16/08							667			18,700
<b>Anthony J. Huck(6)</b>	3/17/08			2,455,091							
	3/14/08				1,665	4,996	6,661				300,000
	3/14/08								20,848	45.04	300,000
	3/14/08							1,771*			79,784
	3/14/08							354			15,957
	7/16/08							4,083*			114,500
	7/16/08							817			22,900

(1)

These awards relate to the 2008 performance period and were granted as part of the Section 162(m) incentive pool and pursuant to the terms of the Pay-For-Performance Incentive Plan as described in the *Compensation Discussion and Analysis* above. Any payment made in satisfaction of these awards was subject to the named executive officer's continued employment with the company during such period (except in limited circumstances) and the achievement by the company of the adjusted pre-tax income objective described in the *Compensation Discussion and Analysis* as pre-established by, and subject to certification by, the compensation committee. The

maximum level of award listed above is the maximum amount permitted to be paid in respect of

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such award under the Pay-For-Performance Incentive Plan; however, the compensation committee retains full discretion to decrease, but not increase, the amount payable under the Pay-For-Performance Incentive Plan upon achievement of the maximum performance objectives, on account of whatever factors or criteria it determines to be appropriate. As discussed in the *Compensation Discussion and Analysis* above, the compensation committee considered various factors, including formulaic guidelines, market data, and subjective determinations of the named executive officers' performance, in exercising its negative discretion within the parameters of the maximums set forth above.

- (2) The amounts shown in columns (f) through (h) are the number of shares of stock that will vest for the named executive officers, other than Mr. Gasser, for the 2008-2009 performance period if our two-year cumulative pre-tax income, as adjusted by the compensation committee for certain non-recurring items, meets or exceeds certain performance targets (provided the executive remains employed for the performance period). Column (f) shows the number of shares that would be earned if a threshold of 25% of the two-year cumulative pre-tax income objective is achieved. Column (g) shows the number of shares that would be earned if 75% of the two-year cumulative pre-tax income objective is achieved for the named executive officers. Column (h) shows the number of shares that would be earned if 100% or more of the two-year cumulative pre-tax income objective is achieved for the named executive officers. For Mr. Gasser, columns (g) and (h) show the number of shares that vested December 31, 2008 based on the company's achievement of the pre-tax income approved by the compensation committee under the Pay-For-Performance Incentive Plan.
- (3) (\*) The number of shares subject to the restricted stock units shown in column (i) for Messrs. Gasser, Naphtali, Heckman, Domowitz and Huck were granted under the SUA Program. 83.33% of the stock units are at all times fully vested and non-forfeitable and 16.67% of the stock units vest and become non-forfeitable on the third anniversary of the grant date, provided the participant is continuously employed by ITG through such time. The SUA awards marked with an asterisk represent the 83.33% and reflect the units issued in lieu of the compensation foregone and the value of such units is included as salary, bonus or non-equity incentive plan compensation in the *Summary Compensation Table* as described above; those awards without an asterisk represent the 16.67% and reflect the matching units representing the additional 20% of the foregone compensation and the value of such units is also included in the stock awards column of the *Summary Compensation Table*. For more information relating to the units granted during 2008 under the SUA Program, see the narrative discussion following this Table.
- (4) Reflects the full grant date fair value of the awards as determined pursuant to FAS 123R. The fair value of the awards was determined using the valuation methodology and assumptions set forth in footnote 2 to the company's financial statements included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which are incorporated herein by reference.
- (5) Pursuant to Mr. Haynes' separation agreement, dated as of February 12, 2009, all outstanding unvested restricted stock units (other than the March 13, 2009 award) and stock options held by Mr. Haynes that, in each case, are not vested and exercisable as of May 6, 2009, will be forfeited and automatically terminated on that date.
- (6) Pursuant to Mr. Huck's separation agreement, dated as of December 18, 2008, all of Mr. Huck's outstanding (i) stock unit awards under the SUA Program, (ii) restricted share units and (iii) stock options held by Mr. Huck that, in each case, were not vested and exercisable (to the extent applicable) as of the December 15, 2008 separation date, were forfeited and automatically terminated on the separation date. Shares subject to stock unit awards granted to Mr. Huck



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under the SUA Program that were vested as of the separation date will be issued to Mr. Huck in accordance with the terms of the SUA Program.

***Pay-For-Performance Incentive Plan***

For each named executive officer (other than Messrs. Naphtali and Haynes), during the first quarter of 2008, the compensation committee specified an award under the Pay-For-Performance Incentive Plan and performance objectives upon which payment of the award would be conditioned. Although the compensation committee has no discretion to increase the amounts of awards previously established under the Pay-For-Performance Incentive Plan, the plan permits the compensation committee to reduce the amount of or cancel final awards, in view of business strategy, performance of comparable organizations, economic and business conditions, personal performance of the participant, or otherwise. The compensation committee may also provide that income of a business unit may be adjusted downward to reflect specified charges, expenses, and other amounts, or adjust or modify awards and performance objectives in recognition of unusual or nonrecurring events, in response to changes in applicable laws, regulations, accounting principles, or other circumstances, or specify performance periods for awards less than one year. If a participant ceases to be employed due to death, disability, or retirement (including early retirement with the approval of the compensation committee), the compensation committee will determine the amount payable as a final award achieved or resulting from the portion of the performance year completed at the date employment ceased (which may be a pro rata payment of the final award, determined at the end of the performance year), except that no payout shall be made if it is duplicative of severance payments. If a participant's employment terminates during a performance year for any other reason, no final award will be paid to the participant under the Pay-For-Performance Incentive Plan. During the first quarter of 2009, the compensation committee determined the extent to which awards have been earned and performance objectives achieved, and the amounts therefore payable to each named executive officer.

***SUA Program***

Under our SUA Program, each named executive officer could elect, on an annual basis, to forgo the receipt of a portion of their total cash compensation (15% of total cash compensation between \$200,000 and \$300,000 and 20% of total cash compensation over \$300,000) and receive units representing our common stock with a fair market value equal to 120% of such forgone compensation. The matching units that represent the additional 20% of the forgone compensation vest on the third anniversary of the grant date, provided the participant remains employed by the company through such date. The remaining units representing the foregone compensation are vested as of the grant date. All vested units are delivered in shares of ITG common stock on the third anniversary of the grant. Upon settlement of each SUA award, the executive receives dividend equivalents, if any, accrued with respect to such award.

The number of units granted under the SUA Program in 2008 was determined based upon the amount of compensation deferred divided by the closing price per share of our common stock on the NYSE on the grant date.

For 2008, Mr. Gasser elected to forgo \$250,367 of cash compensation and received 9,045 stock units; Mr. Naphtali elected to forgo \$238,320 and received 8,167 stock units; Mr. Heckman elected to forgo \$177,233 and received 6,316 stock units; Mr. Domowitz elected to forgo \$93,500 and received 4,001 stock units and Mr. Huck elected to forgo \$194,284 and received 7,026 stock units. All stock units are subject to the vesting and delivery schedules described above.

Table of Contents***Awards made pursuant to the 2007 Omnibus Equity Incentive Plan***

In 2008, we granted stock options and performance-based restricted share awards to the named executive officers. The options vest based on the passage of time three years after their grant date, if the executive has been continuously employed by us through such date. A percentage between 0% and 100% of the performance-based restricted share awards vest based on performance over a two-year performance period, provided the executive has remained continuously employed by the company through such date, based on the amount of the company's "Cumulative Two Year Pre-Tax Operating Income" (as defined below) determined in accordance with a schedule between 0% for performance below threshold, 25% for threshold performance, and increasing by 25% for each succeeding threshold, up to a maximum of 100%. In the event the amount of Cumulative Two Year Pre-Tax Operating Income is between two of the thresholds, the percentage of the award that will vest and become exercisable will be determined by multiplying (A) 25% by (B) a fraction, the numerator of which is the excess of the actual Cumulative Two Year Pre-Tax Operating Income over the next lowest vesting threshold and the denominator of which is the excess of the next higher vesting threshold over the next lower vesting threshold and adding the product to the percentage corresponding to the next lowest vesting threshold. To the extent the award does not vest and become exercisable at the end of the performance period, the award will be forfeited. In addition, in the event of termination of the executive's employment with the company for any reason prior to the end of the performance period, the award shall be forfeited. All dividends received in connection with the award are subject to the vesting schedule described above. For purposes of these awards, (i) "Cumulative Two Year Pre-Tax Operating Income" means the company's "Pre-Tax Operating Income" for the performance period, and (ii) "Pre-Tax Operating Income" means the consolidated pre-tax income of the company and its subsidiaries, computed in accordance with generally accepted accounting principles, (A) prior to reduction for income taxes and (B) excluding one time gains, nonrecurring restructuring charges and nonrecurring non-cash charges (including impairment of good will).

***Options Exercised and Stock Vested for 2008 for Named Executive Officers***

Name	Option Awards		Stock Awards	
	Number of Shares Acquired Upon Exercise (#)	Value Realized Upon Exercise (\$)(1)	Number of Shares Acquired Upon Vesting (#)(2)(3)	Value Realized Upon Vesting (\$)(4)
(a)	(b)	(c)	(d)	(e)
<b>Robert C. Gasser</b>			17,955	540,168
<b>Howard C. Naphtali</b>			18,014	757,632
<b>Christopher J. Heckman</b>	20,025	677,764	11,462	458,412
<b>Alasdair Haynes</b>			7,000	333,130
<b>Ian Domowitz</b>			10,568	423,686
<b>Anthony J. Huck</b>	47,525	1,339,730	12,001	473,249

- (1) Values based on the weighted average sales price of shares sold upon exercise of options on the date of exercise or, to the extent the shares acquired upon exercise were not sold, the closing price of our common stock on the NYSE on the day immediately preceding the receipt of shares by the named executive officer, minus the exercise price of the option, times the number of shares shown for the named executive officer in column (b).
- (2) The amounts shown in column (d) represent the vesting of stock units granted under the SUA Program in prior years, awards that vested immediately upon grant under the SUA Program during 2008 and restricted shares units that vested in 2008.

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- (3) As more fully described in the *Compensation Discussion and Analysis*, the units (including the vested units representing foregone compensation) are not delivered in shares of ITG common stock until the third anniversary or the sixth anniversary of the grant date. We believe that these settlement provisions of the SUA Program align our executives' economic interests with those of our stockholders, by providing a vehicle for investing a portion of compensation in our stock.
- (4) Values based on the closing price of our common stock on the NYSE on the vesting date of the underlying shares, or the last trading day immediately prior to the vesting date to the extent the vesting date was not a trading date. Values realized upon vesting for which receipt has been deferred as described under "SUA Program" in the narrative following the *Grants of Plan-Based Awards Table* are as follows: Mr. Gasser \$250,367; Mr. Naphtali: \$238,320; Mr. Heckman: \$177,233, Mr. Domowitz: \$93,500, Mr. Huck \$194,284.

Non-qualified Deferred Compensation

Name	Executive contributions in last FY (\$)(1)	Aggregate earnings in last FY (\$)(2)	Aggregate withdrawals / distributions (\$)(3)	Aggregate balance at last FYE (\$)(4)
(a)	(b)	(c)	(d)	(e)
<b>Robert C. Gasser</b>	250,367	(278,348)		352,859
<b>Howard C. Naphtali</b>	238,320	(755,590)	(144,780)	805,914
<b>Christopher J. Heckman</b>	177,233	(672,882)	(144,145)	717,272
<b>Alasdair Haynes</b>				
<b>Ian Domowitz</b>	93,500	(623,108)	(148,894)	585,028
<b>Anthony J. Huck</b>	194,284	(732,957)	(136,762)	783,220

- (1) The amounts shown in column (b) are included in columns (c), (d) and (g) of the *Summary Compensation Table* and the units representing such deferred compensation are included in column (i) (denoted by an "\*\*") of the *Grants of Plan-Based Awards Table* and column (d) of the *Options Exercised and Stock Vested Table*.
- (2) The amounts shown in column (c) represent (i) for units representing deferred compensation granted under our SUA Program in 2008, the difference in the fair market value of such units on December 31, 2008 as compared to the fair market value of such units on the applicable grant date, (ii) for units representing deferred compensation granted under our SUA Program prior to 2008 and not settled in 2008, the difference in the fair market value of such units on December 31, 2008 as compared to the fair market value of such units on December 31, 2007 and (iii) for units representing deferred compensation granted under our SUA Program prior to 2008 and settled in 2008, the difference in the fair market value of such units on the date of settlement as compared to the fair market value of such units on December 31, 2007. Fair market values are based on the closing price of our common stock on the NYSE on the dates referenced above.
- (3) The amounts shown in column (d) represent the fair market value of the shares of ITG common stock representing deferred compensation delivered to each named executive officer during 2008 pursuant to our SUA Program. Fair market values are based on the closing price of our common stock on the NYSE on the dates that the underlying shares were delivered.
- (4) The amounts shown in column (e) represent the fair market value of the shares of ITG common stock representing deferred compensation held by each named executive officer under the SUA Program as of December 31, 2008.

For a description of the material factors of the SUA Program, see the description under "SUA Program" following the *Grants of Plan-Based Awards Table*.



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Outstanding Equity Awards for Named Executive Officers at December 31, 2008

Name	Option Awards					Stock Awards			
	Number of securities underlying unexercised Options (#) Exercisable	Number of securities underlying unexercised Options (#) Unexercisable	Equity Incentive Plans: Number of securities underlying unexercised unearned Options (#)	Option Exercise Price (\$)	Expiration Date	Number of shares or units of Stock held that have not vested (#)	Market value of nonvested shares or units of Stock held that have not vested (\$)	Incentive Plans: Number of nonvested shares, units or other rights held (#)	Incentive Plans: Market or payout value of nonvested shares, units or other rights held (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
<b>Robert C. Gasser</b>	46,570(1)	23,286(2)		44.22	10/4/2011	10,416(a)	236,652		
						540(c)	12,279		
						534(d)	12,134		
		60,340(3)		47.25	1/2/2013	528(e)	11,993		
						459(w)	10,428		
						19,503(b)	443,108		
						1,049(x)	23,833		
<b>Howard C. Naphtali</b>						265(f)	6,021		
						254(g)	5,763		
						369(h)	8,380		
						304(i)	6,907		
						409(j)	9,295		
						358(k)	8,134		
						248(l)	5,635		
						394(m)	8,952		
						325(n)	7,384		
						241(o)	5,469		
						860(p)	19,532		
						291(q)	6,611		
						305(r)	6,918		
						359(s)	8,149		
						313(t)	7,113		
						332(c)	7,550		
						352(d)	8,004		
						389(e)	8,829		
						4,800(aa)	109,056		
	47,525(4)			12.50	5/21/09				
	27,000(5)			25.38	8/1/10				
		12,800(6)		45.30	8/31/11				
		24,323(7)		45.04	3/14/13			7,771(bb)	176,557
						559(w)	12,700		
						802(x)	18,221		
<b>Christopher J. Heckman</b>						264(f)	5,990		
						252(g)	5,733		
						385(h)	8,747		
						287(i)	6,526		
						406(j)	9,224		
						296(l)	6,720		
						361(m)	8,202		
						311(n)	7,066		

230(o)	5,226
650(p)	14,766
243(q)	5,514
269(r)	6,111
296(s)	6,726
392(t)	8,913
361(c)	8,203

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Name	Option Awards					Stock Awards			
	Number of securities underlying unexercised Options (#) Exercisable (b)	Number of securities underlying unexercised Options (#) Unexercisable (c)	Equity Incentive Plans: Number of securities underlying unexercised unearned Options (#) (d)	Option Exercise Price (\$) (e)	Expiration Date (f)	Number of shares or units of Stock held that have not vested (g)	Market value of nonvested shares or units of Stock held that have not vested (\$) (h)	Incentive Plans: Number of nonvested shares, units or other rights held (#) (i)	Incentive Plans: Market or payout value of nonvested shares, units or other rights held (\$) (j)
<b>Alasdair Haynes</b>						359(d)	8,149		
	16,000(5)			25.38	8/1/10	361(e)	8,203		
		12,800(6)		45.30	8/31/11	4,800(aa)	109,056		
		20,848(7)		45.04	3/14/13			6,661(bb)	151,338
						349(w)	7,929		
<b>Ian Domowitz</b>						704(x)	15,995		
	21,500(5)			25.38	8/1/10	4,300(aa)	97,696		
		10,800(6)		45.30	8/31/11	10,000(cc)	227,200		
		25,709(8)		47.59	1/1/13			8,342(bb)	189,530
<b>Anthony J. Huck</b>						116(f)	2,636		
						131(g)	2,976		
						504(h)	11,451		
						217(i)	4,934		
						307(j)	6,965		
						271(k)	6,146		
						333(l)	7,566		
						358(m)	8,140		
						311(n)	7,066		
						230(o)	5,234		
						699(p)	15,882		
						243(q)	5,514		
						152(r)	3,453		
						191(s)	4,338		
						278(t)	6,312		
						183(c)	4,156		
					204(u)	4,624			
					201(k)	4,560			
					722(v)	16,396			
	21,500(5)		25.38	8/1/10	4,300(aa)	97,696			
		10,800(6)	45.30	8/31/11					
		16,190(8)	47.59	1/1/13			5,254(bb)	119,371	
					667(x)	15,154			
<b>Anthony J. Huck</b>	16,000(5)			25.38	8/1/10				

Footnotes (1) (8): The options disclosed in columns (b) and (c) became or become, to the extent the named executive officer remains employed through the applicable vesting date, fully exercisable on the following dates: (1) half of this amount vested on 10/4/2007 and the other half vested on 10/4/2008; (2) 10/4/2009; (3) one-third vested on 1/2/2009 and an additional one-third will vest on each of 1/2/2010 and 1/2/2011; (4) 1/1/2007; (5) 8/1/2008; (6) 8/31/2009; (7) 3/14/2011; and (8) 1/1/2011.

Footnote (a): These units, which represent the remainder of Mr. Gasser's performance-based restricted stock unit award granted in 2006, were earned on September 30, 2007 and will vest on October 4, 2009 if Mr. Gasser remains employed through such date. The market value of the award was determined



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using a per share value of the company's common stock of \$22.72 (which was the closing price per share on December 31, 2008).

Footnote (b): These units, which represent Mr. Gasser's performance-based restricted stock unit award granted in 2008, were earned on December 31, 2008. On January 31, 2009, 6,501 units vested and the remaining units will vest in equal installments on January 1, 2010 and January 1, 2011 if Mr. Gasser remains employed through the applicable vesting date. The market value of the award was determined using a per share value of the company's common stock of \$22.72 (which was the closing price per share on December 31, 2008).

Footnotes (c) (x): The restricted stock units held by the named executive officers pursuant to the SUA Program, and the corresponding market value, are disclosed in columns (g) and (h) and vest in full on the following dates provided the named executive officer remains employed through the applicable vesting date: (c) 4/16/2010; (d) 8/15/2010; (e) 11/15/2010; (f) 7/15/2009; (g) 10/15/2009; (h) 1/15/2010; (i) 4/15/2010; (j) 7/15/2010; (k) 10/15/2010; (l) 1/15/2011; (m) 4/15/2011; (n) 7/15/2011; (o) 10/14/2011; (p) 1/17/2012; (q) 4/17/2009; (r) 7/17/2009; (s) 10/16/2009; (t) 1/16/2010; (u) 7/13/2010; (v) 12/31/2010; (w) 3/14/2011 and (x) 7/16/2011. The market value of the awards was determined using a per share value of the company's common stock of \$22.72 (which was the closing price per share on December 31, 2008).

Footnotes (aa): These performance-based restricted share awards were earned as of December 31, 2008 and vested January 1, 2009. The market value of the awards was determined using a per share value of the company's common stock of \$22.72 (which was the closing price per share on December 31, 2008).

Footnote (bb): These performance-based restricted stock unit awards vest on January 31, 2010 provided the performance criteria is met as of December 31, 2009. The amounts shown represent the number of unearned unvested restricted stock units that would be earned assuming the two-year cumulative pre-tax operating income objective is achieved at the 100% performance level. The executive must remain employed through the performance period in order for the award to vest. The market value of the award was determined using a per share value of the company's common stock of \$22.72 (which was the closing price per share on December 31, 2008). Historically, the performance-based restricted stock unit awards granted to our executives have included a three-year cumulative pre-tax operating income objective. However, in setting the award granted in early 2008 and related to the 2007 compensation year, we used a two-year cumulative pre-tax operating income objective because no equity grants were made to the executive officers in 2007.

Footnote (cc): Mr. Haynes' time-based restricted share award vested on 1/3/2009. The market value of the award was determined using a per share value of the company's common stock of \$22.72 (which was the closing price per share on December 31, 2008).

**Severance and Change-in-Control Arrangements**

***Change-in-Control Agreements***

On May 9, 2006, the compensation committee authorized the entry into change-in-control agreements with the following named executive officers: Messrs. Naphtali, Heckman, Haynes, Domowitz and Huck. On November 26, 2007, the compensation committee ratified amendments to these change-in-control agreements to reflect certain modifications necessary to comply with the requirements of section 409A of the Code. Each change-in-control agreement provides for the payment of benefits if the executive's employment is terminated within eighteen months following a change in control, either by the company not for cause (and not due to the executive's death or disability) or by the executive for good reason. In addition, if the executive's employment is terminated by the company other than for cause within six months prior to the date of a change in control and it is reasonably demonstrated that the termination arose in connection with, or in anticipation of, the change in control, the benefits set forth below will be paid to the executive.

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"Good reason" is defined to include (i) a material reduction in the executive's primary functional authorities, duties or responsibilities (other than any such reduction resulting merely from an acquisition of the company and its existence as a subsidiary or division of another entity); (ii) relocation of the executive's principal job location of more than 35 miles; (iii) material reductions in the executive's base salary or participation in annual incentive compensation plans, other than certain across the board reductions; and (iv) a material breach of the change-in-control agreement by the company (including the company decreasing the executive's base salary and target annual cash incentives by more than 10%).

"Cause" is defined to include (i) the executive's willful failure to substantially perform his duties with the company (other than any as a result of the executive's disability); (ii) the executive's gross negligence in the performance of his duties which results in material financial harm to the company; (iii) the executive's conviction of, or guilty plea, to any felony or any other crime involving the personal enrichment of the executive at the expense of the company; (iv) the executive's willful engagement in conduct that is demonstrably and materially injurious to the company, monetarily or otherwise; or (v) the executive's willful material violation of any provision of the company's code of conduct.

"Change in control" is deemed to occur (i) if any person, other than the company or a person related to the company, is or becomes the beneficial owner of 35% percent or more of the total voting power of all the then-outstanding voting securities; (ii) if a majority of the members of the company's incumbent board of directors cease to be board members; (iii) upon consummation of a merger, consolidation, recapitalization, or reorganization of the company or similar transaction affecting the capital structure of the company; (iv) upon consummation of the sale by the company of all or substantially all of the company's assets; or (v) if the stockholders of the company approve a plan of complete liquidation of the company.

The benefits payable are base salary, together with unused accrued vacation, through the date of termination, pro-rata target annual bonus for the year of termination, and two times the sum of the executive's annual base salary in effect immediately prior to the date of termination or the date of the change in control, whichever is higher, plus the average of the executive's annual bonuses for the three years immediately preceding the year of termination of employment. Such amounts are payable in a lump sum within ten business days after the date of termination of employment. In addition, the company will continue to provide the executive and his or her dependents with health benefits and will pay to the executive an amount in cash equal to the premium cost that the company would have paid to maintain disability and life insurance coverage for the executive and his or her dependents for up to two years following the date of termination. If any payment under a change in control agreement is subject to an excise tax imposed by Section 4999 of the Internal Revenue Code, the amounts payable will be reduced to a level at which no amount is subject to the excise tax, provided that no reduction will be made if the net after-tax benefit, taking into account income, employment and excise taxes, to which the executive would otherwise be entitled without the reduction would be greater than the net after-tax benefit to the executive resulting from receipt of the payments with such reduction. However, in this case, the executive will be responsible for all excise tax payments. In the event of a dispute under a change-in-control agreement, the company will reimburse the executive for reasonable legal fees and expenses incurred in the dispute if the executive prevails on any material claim or defense in the dispute.

The following table sets forth the estimated total payments, as well as each component of compensation outlined above or in the footnotes to the table below and taken into account in determining the total amounts payable in connection with a change in control, that would have been due to each of the named executive officers had a change in control and a qualifying termination of

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employment occurred on December 31, 2008, assuming a per share value of the company's common stock of \$22.72 (which was the closing price per share on December 31, 2008).

Name	Total Cash Severance	Value of Additional Welfare Benefits(1)	Acceleration of Vesting of Stock Options, Restricted Share Awards (including "Unearned" Performance-Based Awards(2) and SUA Awards(2))	Acceleration of Vesting of "Earned" Performance-Based Restricted Share Awards(2)(3)	Total Change in Control Payments
Howard C. Naphtali	\$ 4,049,518	\$ 40,676	\$ 352,124	\$ 109,056	\$ 4,551,374
Christopher J. Heckman	\$ 3,702,197	\$ 40,676	\$ 305,279	\$ 109,056	\$ 4,157,208
Alasdair Haynes	\$ 3,386,553	\$ 11,644	\$ 416,730	\$ 97,696	\$ 3,912,623
Ian Domowitz	\$ 3,386,057	\$ 27,537	\$ 262,874	\$ 97,696	\$ 3,774,164

- (1) Value of additional benefits assumes benefits will be provided for a full two years, is based on current costs and does not assume increased value for future price increases or ITG providing for executive without the benefit of group rates.
- (2) Under the terms of the applicable award agreements, stock options, restricted share awards and restricted SUA awards vest upon a change in control. (These stock option and restricted SUA awards also vest upon the executive's death or disability and the restricted SUA awards vest upon the executive's retirement, which is defined as the executive's termination of employment at age 65 or after the executive has reached age 55 and has at least 10 years of service with the company.) The amounts in this column reflect the spread value of options (which for 2008 was zero), the face value of restricted share (including SUA) awards and payout of performance awards, not already earned, at 100% levels.
- (3) The amounts in this column reflect the face value of the performance-based restricted share awards that were earned on December 31, 2008 and vested on January 1, 2009.

In the event that a change in control occurred on December 31, 2008 and there was no subsequent qualifying termination of employment, the total change in control payment for each named executive officer would be the amounts set forth in "Acceleration of Vesting of Stock Options, Restricted Share Awards (including "Unearned" Performance-Based Awards) and SUA Awards" and "Acceleration of Vesting of "Earned" Performance-Based Restricted Share Awards."

***Employment Agreement with Mr. Gasser***

On September 15, 2006, Mr. Gasser entered into an employment agreement with the company to serve as the Chief Executive Officer and President of the company. Effective August 6, 2008, this agreement was amended and restated. The agreement provides that the term of Mr. Gasser's employment will begin on October 4, 2006 and end on December 31, 2009, with automatic one-year extensions, unless terminated earlier by either party upon 90 days written notice. The agreement provides that if his employment with the company is terminated by the company without cause (as defined below), if he terminates employment with the company for good reason, or if the company elects not to renew the agreement, in each case, prior to a change in control (as defined below) of the company, the company will pay to Mr. Gasser an amount equal to Mr. Gasser's base salary payable through his termination date and a pro-rated portion of the bonus compensation Mr. Gasser would have actually earned for the calendar year in which his date of termination occurs (to be paid as and when bonuses are payable to other executives for that year). The company will also pay to Mr. Gasser an amount equal to the sum of (i) Mr. Gasser's base salary at the rate then in effect on the date of his termination and (ii) an amount equal to the average annual bonus paid or payable to Mr. Gasser with respect to the three calendar years preceding the calendar year of his termination. The portion of this amount equal to two times the dollar limit in effect under section 401(a)(17) of the Code (currently



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\$245,000) for the year in which Mr. Gasser's termination occurs will be paid in installments over the 12-month period following his date of termination. The remaining amount will be paid in a lump sum within thirty (30) days following his date of termination. For purposes of the foregoing calculation, Mr. Gasser's bonus with respect to the 2006 calendar year will be deemed to be \$1,575,000. All outstanding equity awards held by Mr. Gasser that are not vested as of his date of termination, will continue to vest as if he had remained employed by the company through the first anniversary of his date of termination. Only performance objectives for outstanding equity awards granted, and performance periods that began, before January 2, 2009 will be deemed satisfied as of his termination date. All outstanding options held by Mr. Gasser that are vested as of the termination date will remain exercisable until the earlier of the first anniversary of Mr. Gasser's date of termination or the expiration of the option term in accordance with the terms of the company's Amended and Restated 1994 Stock Option and Long-term Incentive Plan (which was merged into the 2007 Omnibus Equity Compensation Plan on May 8, 2007) or the company's 2007 Omnibus Equity Compensation Plan, as applicable, or any successor plan thereto. Any outstanding options that vest during the one-year period following his termination date will remain exercisable until the earlier of the one-year period following the applicable vesting date or the expiration of the option term. The company will also continue to maintain and provide to Mr. Gasser and his dependants continued medical coverage at the level in effect on his date of termination for one year after his date of termination.

The following table sets forth the estimated total payments, as well as each component of compensation outlined above and taken into account in determining the total amounts payable that would have been due to Mr. Gasser had a qualifying termination of employment occurred on December 31, 2008, assuming a per share value of the company's common stock of \$22.72 (which was the closing price per share on December 31, 2008).

Name	Total Cash Severance	Value of Additional Welfare Benefits(1)	Continued Vesting of Stock Options and Restricted Share Awards(2)	Total Severance Payments
Robert C. Gasser	\$ 4,002,500	\$ 20,528	\$ 384,355	\$4,407,383

- (1) Value of additional benefits is based on current costs and does not assume increased value for future price increases or ITG providing such additional benefits without the benefit of group rates.
- (2) This amount reflects the spread value of options (which for 2008 was zero) and the face value of restricted share awards vesting during 2009.

The agreement further provides that if Mr. Gasser's employment is terminated by the company without cause, by Mr. Gasser for good reason, or if the company elects not to renew the agreement, in each case, within eighteen months following a change in control of the company, the company will pay to Mr. Gasser severance benefits that are substantially consistent to the benefits payable to the named executive officers pursuant to the change-in-control agreements as described above. Specifically, if Mr. Gasser's employment is terminated by the company without cause (and not due to his death or permanent disability), by Mr. Gasser for good reason, or the company elects not to renew the agreement, in each case, on or within eighteen (18) months after a change in control of the company, Mr. Gasser will be entitled to the following severance payments and benefits: (i) an amount equal to Mr. Gasser's base salary payable through his termination date in accordance with the company's standard payroll practices and a pro-rated portion of the bonus compensation Mr. Gasser would have actually earned for the calendar year in which his date of termination occurs (to be paid as and when bonuses are payable to other executives for that year); and (ii) an amount (to be paid in a lump sum within ten (10) days following the date of termination) equal to two times the sum of (A) his annual base salary prior to his date of termination or the date of change in control (whichever is higher) and

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(B) the average annual bonus paid or payable to Mr. Gasser with respect to the three calendar years preceding the calendar year of his termination (for purposes of the foregoing calculation only, Mr. Gasser's bonus with respect to the 2006 calendar year will be deemed to be \$1,575,000). Mr. Gasser will also receive continued health, dental, and vision insurance coverage and a monthly cash payment equal to the premium cost that the Company would have paid to maintain disability and life insurance coverage until the earlier of the end of the two-year period following Mr. Gasser's date of termination or the date on which Mr. Gasser is eligible to receive substantially comparable benefits through subsequent employment. Mr. Gasser is also entitled to the benefits set forth in this paragraph if his employment is terminated by the company (other than for cause) within six months prior to the date of a change in control and such termination arose in connection with the change in control.

The agreement provides that if any payment, coverage or benefit provided to him is subject to the excise tax under section 4999 of the Code, Mr. Gasser will have the amounts payable to him and benefits he will receive reduced so that no amounts he would receive would be subject to the excise tax under section 4999 of the Code if such reduction would result in him receiving a greater amount on an after-tax basis than if no reduction had occurred.

The following table sets forth the estimated total payments, as well as each component of compensation outlined above and taken into account in determining the total amounts payable in connection with a change in control, that would have been due to Mr. Gasser had a change in control and a qualifying termination of employment occurred on December 31, 2008, assuming a per share value of the company's common stock of \$22.72 (which was the closing price per share on December 31, 2008).

Name	Total Cash Severance	Value of Additional Welfare Benefits(1)	Acceleration of Vesting of Stock Options and SUA Awards(2)	Acceleration of Vesting of "Earned" Performance-Based Restricted Share Awards(2)(3)	Total Change in Control Payments
Robert C. Gasser	\$ 6,327,500	\$ 41,056	\$ 70,669	\$ 679,760	\$ 7,118,985

- (1) Value of additional benefits assumes benefits will be provided for a full two years, is based on current costs and does not assume increased value for future price increases or ITG providing for executive without the benefit of group rates.
- (2) Under the terms of the applicable award agreements, stock options, restricted share awards and restricted SUA awards vest upon a change in control. (These awards also vest upon the executive's death or disability and the restricted SUA awards vest upon the executive's retirement, which is defined as the executive's termination of employment at age 65 or after the executive has reached age 55 and has at least 10 years of service with the company.) The amounts in this column reflect the spread value of options (which for 2008 was zero) and the face value of SUA awards.
- (3) The amounts in this column reflect the face value of the performance-based restricted share awards that (a) were granted in 2006 and earned on September 30, 2007, the remainder of which will vest on October 4, 2009 and (b) were granted in 2008, and earned on December 31, 2008, the remainder of which will vest in equal installments on January 1, 2010 and January 1, 2011.

In the event that a change in control occurred on December 31, 2008 and there was no subsequent qualifying termination of employment, the total change-in-control payment for Mr. Gasser would be the amount set forth in "Acceleration of Vesting of Stock Options and SUA Awards" and "Acceleration of Vesting of "Earned" Performance-Based Restricted Share Awards."

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All severance benefits are conditioned on Mr. Gasser's execution and non-revocation of a release.

If Mr. Gasser's employment is terminated on account of his death, permanent disability, voluntary resignation other than for good reason or by the company for cause, Mr. Gasser will be entitled to receive only his base salary through his date of termination, reimbursement of all reimbursable expenses incurred by him prior to such termination, and all other accrued, but unpaid benefits under the company's benefit plans and programs. In addition, if Mr. Gasser's employment is terminated on account of his death or permanent disability, all outstanding equity awards held by Mr. Gasser as of the date of termination will become fully vested and exercisable (and any performance objectives applicable to awards will be deemed satisfied as of the date of termination) in accordance with the terms of the company's Amended and Restated 1994 Stock Option and Long-term Incentive Plan (which was merged into the 2007 Omnibus Equity Compensation Plan on May 8, 2007) or the company's 2007 Omnibus Equity Compensation Plan, as applicable, or any successor plan thereto.

The agreement provides that during the term of Mr. Gasser's employment with the company, and for the one-year period after Mr. Gasser's termination of employment, Mr. Gasser can not (i) compete with the company, (ii) solicit in any way the employees of the company to terminate their employment, or (iii) solicit in any way the customers, suppliers, clients, brokers, licensees or other business relations of the company to cease doing business with the company.

Prior to a change in control, "good reason" is defined to include (i) the material diminution of Mr. Gasser's duties, responsibilities, powers or authorities; (ii) the removal of Mr. Gasser from his office as Chief Executive Officer; (iii) the failure to obtain a written assumption of the employment agreement by any person acquiring all or substantially all of the assets of the company; (iv) a material reduction by the company of Mr. Gasser's salary, (v) the company does not renew the term of the agreement; (vi) material breach by the company of its obligations under the terms of the agreement or (vii) relocation of Mr. Gasser's principal place of business to a location more than fifty (50) miles from its current location. On or after a change in control, "good reason" means, (i) (A) the removal of Mr. Gasser from his office as Chief Executive Officer, or (B) a material reduction of his primary functional authorities, duties, or responsibilities as President and Chief Executive Officer of the company from those in effect immediately prior to the change in control or the assignment of duties to him inconsistent with those of President and Chief Executive Officer of the company; (ii) the company's requiring Mr. Gasser to be based at a location in excess of fifty (50) miles from the location of his principal job location or office immediately prior to the change in control; (iii) a material reduction of Mr. Gasser's salary unless such reduction applies on substantially the same percentage basis to all company employees generally; (iv) a material reduction in Mr. Gasser's participation in any of the company's annual incentive compensation plans in which he participates prior to the change in control unless such reduction applies to all plan participants generally; (v) the failure of the company to obtain the assumption of the obligations contained herein by any successor; (vi) material breach by the company of its obligations under the terms of the agreement (including the company decreasing the executive's base salary and target annual cash incentives by more than 10%); or (vii) the company does not renew the term of the agreement.

"cause" is defined to include (i) Mr. Gasser's willful failure to substantially perform his duties with the company; (ii) gross negligence in the performance of Mr. Gasser's duties which results in material financial harm to the company; (iii) Mr. Gasser's conviction of, or guilty plea to, any crime involving his personal enrichment at the expense of the company, or any felony; (iv) Mr. Gasser's willful engagement in conduct that is demonstrably and materially injurious to the company, monetarily or otherwise; or (v) Mr. Gasser's willful violation of any material provision of the company's code of conduct.

"change in control" is deemed to occur (i) if any person, other than the company or a person related to the company, is or becomes the beneficial owner of 35% percent or more of the total voting

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power of all the then-outstanding voting securities; (ii) if a majority of the members of the company's incumbent board of directors cease to be board members; (iii) upon consummation of a merger, consolidation, recapitalization, or reorganization of the company or similar transaction affecting the capital structure of the company; (iv) upon consummation of the sale by the company of all or substantially all of the company's assets; or (v) if the stockholders of the company approve a plan of complete liquidation of the company.

***Employment Arrangement with Mr. Domowitz***

The company presented Mr. Domowitz with an offer letter on March 16, 2001. Pursuant to the terms of the offer letter, if Mr. Domowitz's employment is terminated for any reason and the company elects to prohibit Mr. Domowitz, for a period of twelve months after he leaves the company, from engaging in any business, or any business in competition with the business carried on by the company, then the company will continue to pay Mr. Domowitz his then current base salary and bonus during the twelve-month period immediately following his termination of employment. The following table sets forth the estimated total payments that would have been due to Mr. Domowitz had a qualifying termination of employment occurred on December 31, 2008.

Name	Total Cash Severance	Total Severance Payments
Ian Domowitz	\$ 1,452,502	\$ 1,452,502

***Employment Agreement with Mr. Haynes***

As of December 31, 2008, Mr. Haynes and ITG Europe were parties to an employment agreement, dated November 17, 1998. The agreement continues until either Mr. Haynes or ITG Europe gives at least twelve months written notice to terminate the agreement or when Mr. Haynes reaches age 65. In addition, ITG Europe may terminate the agreement, without further obligation to Mr. Haynes, if he (i) breaches the agreement, (ii) is guilty of dishonesty, gross misconduct or willful neglect in the performance of his responsibilities, (iii) becomes bankrupt or makes any formal arrangement or composition with his creditors, (iv) is convicted of a criminal offense which adversely affects ITG Europe, (v) is guilty of any conduct that brings ITG Europe or affiliates of ITG Europe into disrepute, (vi) through his own default, ceases to be a director of ITG Europe or is otherwise prohibited or disqualified from serving as a director or (vii) is unable to perform his duties as a result of disability. If ITG Europe terminates the agreement without twelve months' notice for any other reason, then Mr. Haynes would be entitled to severance, payable in a lump sum, in the amount of his salary plus the cost to ITG of providing any benefits (including any bonus) which Mr. Haynes would have received for the remainder of the twelve month notice period. The aforementioned provisions were superceded by the Separation Agreement dated as of February 12, 2009 between the company and Mr. Haynes and further described in the *Compensation Discussion and Analysis* above.

The following table sets forth the estimated total payments, as well as each component of compensation outlined above and taken into account in determining the total amounts payable that



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would have been due to Mr. Haynes had a qualifying termination of employment occurred on December 31, 2008.

Name	Total Cash Severance	Value of Additional Welfare Benefits(1)	Total Severance Payments
Alasdair Haynes	\$ 1,519,133	\$ 5,822	\$ 1,524,955

- (1) Value of additional benefits is based on current costs and does not assume increased value for future price increases or ITG providing for executive without the benefit of group rates.

### Director Compensation

Each of our non-employee directors, other than our chairman, receives an annual retainer of \$60,000, payable in quarterly installments. Our chairman received an annual retainer of \$90,000 until August 2008. In August 2008, the compensation committee approved an increase in the chairman's retainer and since August 2008, our chairman receives an annual retainer of \$160,000, payable in quarterly installments. Under our Amended and Restated Directors' Retainer Fee Subplan, adopted in 2002, the annual retainer fee is payable, at the election of each director, either in (i) cash, (ii) ITG common stock with a value equal to the retainer fee on the grant date, or (iii) under a deferred compensation plan which provides deferred share units with a value equal to the retainer fee on the grant date which convert to freely sellable shares when the director retires from our board of directors. Directors who are our employees are not compensated for serving as directors.

Each non-employee director also receives fees of \$1,000 for attendance at each regular meeting of the board of directors and \$2,000 for any special board meetings. Board committee chair annual retainers are \$9,000 for the audit committee chair, \$7,000 for the compensation committee chair, and \$5,000 for all other board committee chairs. All committee members receive \$1,000 for attendance at each meeting of a committee of the board of directors. Directors of the company are also reimbursed for out-of-pocket expenses.

Under our Amended and Restated Directors' Equity Subplan adopted in January 2006, we will grant newly appointed non-employee directors stock options valued at \$100,000 and restricted stock unit awards valued at \$100,000 at, or near, the time of appointment to the board of directors. In addition, non-employee directors will be granted stock options valued at \$36,000 and restricted stock units valued at \$36,000 annually, on the forty-fifth day following each of our annual meetings of stockholders. These options are granted with an exercise price per share equal to 100% of the fair market value of a share of our common stock on the NYSE on the date of grant. Such options expire at the earliest of (1) five years after the date of grant, (2) 12 months after death, disability or retirement after reaching age 65, and (3) 60 days after an optionee ceases to serve as a director for reasons other than death, disability or such retirement. Options and restricted stock units vest and, in the case of options, become exercisable, in equal installments on the first, second and third anniversaries of the date of grant. Vesting accelerates upon a change in control of the company or if the director ceases to serve as a non-employee director due to his or her death or disability. Only directors who are not our employees are eligible to participate in this plan.

Each director may participate in our Charitable Gifts Matching Program pursuant to which we match 100% of the charitable contributions made by such directors up to a maximum dollar amount of \$2,000 per person per year.

The board of directors adopted stock ownership guidelines for our nonemployee directors effective January 1, 2006 in order to more closely align their interests with the long-term interests of our stockholders. Under the guidelines, non-employee directors are required to beneficially own shares of

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our common stock and company restricted share units (both vested and unvested) having an aggregate value of at least three times the annual cash retainer of the individual director. Stock ownership must be achieved by each director by January 1, 2009 or, in the case of directors first elected or appointed to the board of directors after January 1, 2006, within three years after the director's first election or appointment to the board.

To ensure achievement of the ownership goals, directors who have not yet attained the required level of ownership must elect to receive at least one-half of the director's annual cash retainer in the form of common stock or deferred share units until such time as the stock ownership levels have been satisfied.

The following table sets forth the total director compensation in 2008 (including for William I Jacobs who retired on March 18, 2008), as well as each component of compensation outlined above.

Name	Fees earned or paid in cash \$(1)(2)	Stock Awards \$(2)(4)	Option Awards \$(2)(4)	Total (\$)
(a)	(b)	(c)	(d)	(e)
J. William Burdett	78,000	30,418	39,083	147,501
Christopher V. Dodds	35,967	18,007	18,329	72,303
Timothy L. Jones	82,000	30,418	53,263	165,681
Robert L. King	86,250	30,418	39,083	155,751
Maureen O'Hara	150,808	30,418	39,083	220,309
Kevin J.P. O'Hara	80,000	51,765	51,651	183,416
Brian J. Steck	73,000	30,418	39,083	142,501
William I Jacobs(3)	48,000	39,754	23,870	111,624

(1) The amounts shown in column (b) include the annual retainer and attendance fees earned by each director. The following directors elected to receive their annual retainer in deferred ITG common stock: Ms. O'Hara and Messrs. Jones and O'Hara.

(2) The amounts shown in columns (c) and (d) are the amounts recognized in the company's financial statements for 2008 in respect of restricted share awards and options awarded to each of the directors, as determined pursuant to FAS 123R, but modified to eliminate any reduction in the grant date fair value of the awards for the possibility of service-based forfeiture. Except as noted in the immediately preceding sentence, the fair value of the option awards and stock awards for 2008 was determined using the valuation methodology and assumptions set forth in footnote 2 to the company's financial statements included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which are incorporated herein by reference. The amounts shown include amounts recognized in the company's financial statements for 2008 in respect of awards granted in prior years.

(3) On March 18, 2008, Mr. Jacobs retired from our board of directors. In consideration of Mr. Jacobs' approximately 14 years of dedication and service to ITG, the board of directors decided to accelerate the vesting of all of Mr. Jacobs' outstanding equity awards and pay his retainer fee through the second quarter of 2008, which, when combined, approximated \$115,000.

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(4)

The following chart shows the annual option and restricted stock units granted to each of the directors during 2008 and any deferred share units received as payment of the annual retainer fee, together with the fair value of such awards:

Name	Grant Date	Number of Options(a)	Number of Units(a)	Fair Value at date of grant
J. William Burdett	6/20/08	2,831		\$ 36,000
	6/20/08		960	\$ 36,000
Christopher V. Dodds	6/13/08	7,508		\$ 100,000
	6/17/08		2,641	\$ 100,000
Timothy L. Jones	6/20/08	2,831		\$ 36,000
	6/20/08		960	\$ 36,000
	1/7/08		304(b)	\$ 15,000
	4/1/08		311(b)	\$ 15,000
	7/1/08		454(b)	\$ 15,000
	10/1/08		496(b)	\$ 15,000
Robert L. King	6/20/08	2,831		\$ 36,000
	6/20/08		960	\$ 36,000
Maureen O'Hara	6/20/08	2,831		\$ 36,000
	6/20/08		960	\$ 36,000
	1/7/08		456(b)	\$ 22,500
	4/1/08		467(b)	\$ 22,500
	7/1/08		680(b)	\$ 22,500
	10/1/08		1,696(b)	\$ 51,308
Kevin J.P. O'Hara	6/20/08	2,831		\$ 36,000
	6/20/08		960	\$ 36,000
	1/7/08		304(b)	\$ 15,000
	4/1/08		311(b)	\$ 15,000
	7/1/08		454(b)	\$ 15,000
	10/1/08		496(b)	\$ 15,000
Brian J. Steck	6/20/08	2,831		\$ 36,000
	6/20/08		960	\$ 36,000
William I Jacobs	3/18/08(c)	5,841		\$ 84,813
	3/18/08(c)		1,354	\$ 62,961

(a)

As of December 31, 2008, Mr. Burdett, Mr. Dodds, Mr. King, Ms. O'Hara, Mr. O'Hara, Mr. Steck and Mr. Jones had, in the aggregate, 19,583, 7,508, 13,442, 19,583, 11,503, 38,006 and 36,818 stock options outstanding, respectively. As of December 31, 2008, Mr. Burdett, Mr. Dodds, Mr. King, Ms. O'Hara, Mr. O'Hara, Mr. Steck and Mr. Jones had, in the aggregate, 1,776, 2,641, 1,776, 1,776, 3,053, 1,776 and 1,776 restricted share units outstanding, respectively.

(b)

The amounts shown represent the deferred share units received as payment of the annual retainer fee under the Amended and Restated Directors' Retainer Fee Subplan.

(c)

The amounts shown represent the accelerated vesting of Mr. Jacobs' options and restricted stock units in connection with his retirement from our board of directors on March 18, 2008 as further discussed in footnote (3) to the *Director Compensation Table* above.



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**CORPORATE GOVERNANCE**

**Board Meetings and Committees**

Our board of directors held five regular meetings and two special meetings during 2008. Each member of the board of directors attended, during their term of office, at least 75% of the total number of meetings of the board of directors. Board members are expected to attend our annual stockholders' meetings. At our 2008 annual stockholders' meeting, all members of the board of directors and nominees for election to the board were present. Our non-management directors meet regularly in executive sessions without any management directors present. Our chairman, Ms. O'Hara, presided over such executive sessions in 2008. Our board of directors has an audit committee, a compensation committee, a nominating and corporate governance committee and a technology committee. Each committee of the board of directors is authorized to obtain advice and assistance from internal or external legal, accounting or other advisors as it determines necessary to carry out its duties and any expenses in connection with such advice or assistance will be borne by the company.

The current audit committee members are Mr. King (Chairman), Mr. Dodds, Mr. Jones and Ms. O'Hara. The audit committee is appointed by the board to be directly responsible for the appointment, compensation and oversight of the work of ITG's independent auditor and for assisting the board in oversight of (1) the integrity of the financial statements of the company, (2) the compliance by the company with legal and regulatory requirements, (3) the independent auditors' qualifications and independence and (4) the performance of the company's internal audit function and independent auditors. These functions are described more fully under *Report of the Audit Committee* below. Our board of directors has determined that Mr. King, Chairman of the audit committee, is a "financial expert" as defined in the Securities Exchange Act of 1934, as amended. During 2008, there were six meetings of the audit committee. Each director serving as a member of the audit committee during 2008 attended at least 75% of such meetings that took place while such member was on the committee.

The current compensation committee members are Ms. O'Hara (Chairman), Mr. Burdett, Mr. O'Hara and Mr. Steck. As determined by the board, all four directors meet the independence requirements of the NYSE, Section 162(m) of the Code, as amended, and Section 16 of the Securities Exchange Act of 1934, as amended. In addition, no compensation committee member is either a current or former employee of the company. The compensation committee is appointed by the board to discharge its responsibilities relating to compensation of our directors and executive officers. The compensation committee has overall responsibility for approving and evaluating the director and executive officer compensation plans, policies and programs as further described below. During 2008, there were nine meetings of the compensation committee. Each director serving as a member of the compensation committee during 2008, except for Mr. Steck due to an illness, attended at least 75% of such meetings that took place while such member was on the committee.

The current nominating and corporate governance committee members are Mr. King (Chairman), Mr. Burdett, Ms. O'Hara and Mr. Steck. The nominating and corporate governance committee is appointed by the board (1) to identify individuals qualified to become board members, and to select, or to recommend that the board select, the director nominees for the next annual meeting of stockholders; (2) to develop and recommend to the board the corporate governance guidelines applicable to the company; (3) to oversee a review by the board of its performance and the performance of its committees and of management's performance; and (4) to recommend to the board director nominees for each committee, including the nominating and corporate governance committee.

The nominating and corporate governance committee will consider nominees recommended by stockholders. In evaluating candidates, the committee considers the attributes of the candidate (including skills, experience, international versus domestic background, diversity, age, and legal and regulatory requirements) and the needs of the board, and will review all candidates in the same manner, regardless of the source of the recommendation. Stockholders who wish to submit nominees

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for director consideration by the nominating and corporate governance committee may do so by submitting such nominees' names in writing, in compliance with the procedures and along with the other information required by our by-laws, to Investment Technology Group, Inc., Attn: Secretary, 380 Madison Avenue, 4th Floor, New York, New York 10017. During 2008, there were two meetings of the nominating and corporate governance committee. All committee members were in attendance at such meetings, except for Mr. Steck who, due to an illness, did not attend one meeting. The nominating and corporate governance committee operates under a charter, which is posted in the "Corporate Governance" section of our website at [http://www.itg.com/investors/nominating\\_charter.php](http://www.itg.com/investors/nominating_charter.php).

The current technology committee members are Mr. Jones (Chairman), Mr. King and Mr. O'Hara. The technology committee members are appointed by the board to review and assess the development of our technology and to advise the board and management on matters involving our technology and the acquisition of technology. During 2008, there were two meetings of the technology committee. All committee members were in attendance at such meetings.

**The Compensation Committee**

The compensation committee has overall responsibility for approving and evaluating our director and executive officer compensation plans, policies and programs. Members of the compensation committee are appointed by the board, on the recommendation of the nominating and corporate governance committee. The compensation committee members may be removed and replaced by the board.

The compensation committee operates under a charter, which is posted in the "Corporate Governance" section of our website at [http://www.itg.com/investors/compensation\\_charter.php](http://www.itg.com/investors/compensation_charter.php).

The compensation committee's authority and responsibilities include the following:

Annually (and, with respect to directors, periodically) review and make recommendations to the board with respect to the compensation programs of all directors and executive officers, including incentive compensation plans and equity-based plans.

Annually review and approve, for our Chief Executive Officer and the other executive officers:

The annual base salary level;

The annual incentive opportunity level;

The long-term incentive opportunity level;

Employment agreements, severance arrangements and change-in-control agreements/provisions, as appropriate; and

Any special or supplemental benefits, as appropriate.

Exercise the exclusive authority to approve or ratify elements of compensation of executive officers, as required to comply with any federal securities or tax law requirements and when the board has delegated such authority to the compensation committee.

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Exercise the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of directors, the Chief Executive Officer and other executive compensation, including sole authority to approve any compensation consultant's fees and other retention terms.

Exercise the authority to obtain advice and assistance from internal or external legal, accounting or other advisors as it determines necessary to carry out its duties.

Annually review and approve corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of these goals and objectives, report the results of such evaluation to the board, and set the Chief Executive Officer's compensation levels based on this evaluation.

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The company's executives prepared agendas for each meeting in consultation with the compensation committee's chairperson. Compensation committee members generally received agendas and discussion materials in advance.

In December 2007, the compensation committee engaged McLagan as a compensation consultant. The compensation committee retains the sole ability to hire and fire the consultant and considers the consultant to be independent. At the direction of the company, services provided by McLagan included top management peer group analysis, review of compensation philosophy, competitive compensation benchmarking of executive officer positions, industry research on competitive design of compensation and employment programs, presentation and analysis of compensation design alternatives and other technical advice. The consultants did not provide recommendations on compensation decisions for individual executive officers.

At the compensation committee's request, from time to time members of management attend portions of compensation committee meetings. During 2008, they included the Chief Executive Officer, Chief Financial Officer, General Counsel and Global Head of Human Resources. On an annual basis, the Chief Executive Officer presents a summary of his performance appraisal of each member of our executive committee, along with his compensation recommendations.

At each compensation committee meeting, the compensation committee had the opportunity to call for an executive session. No members of management, consultants or other outsiders attended executive sessions, except, in some circumstances, McLagan. Among other topics, discussions and decisions regarding Chief Executive Officer compensation took place during these executive sessions.

The compensation committee took the following key actions at its meetings in 2008:

Certified results and approved bonus payments for executive officers for the 2007 performance year.

Approved our new compensation plan for 2008 as described in the *Compensation Discussion and Analysis* above.

Approved the EDA Program.

Approved equity award pools for executives and new hires.

**Code of Ethics**

Our board of directors has adopted a Code of Business Conduct and Ethics governing the conduct of our directors, officers and employees, including our chief executive officer, chief financial officer and principal accounting officer. A copy of the Code of Business Conduct and Ethics is available on our website at [http://www.itg.com/investors/conduct\\_ethics.php](http://www.itg.com/investors/conduct_ethics.php). We intend to disclose future amendments to, or waivers from, the Code of Business Conduct and Ethics on our website within two business days following the date of any such amendment or waiver.

**Compensation Committee Interlocks and Insider Participation**

During 2008, the members of the compensation committee were Maureen O'Hara (Chairperson), J. William Burdett, Kevin J.P. O'Hara and Brian J. Steck. The compensation committee was, and continues to be, comprised entirely of independent directors.

**NYSE Certification**

The chief executive officer of ITG made an unqualified certification to the NYSE with respect to the firm's compliance with the NYSE corporate governance listing standards in June of 2008.



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**REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION**

**Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act or the Securities Exchange Act that might incorporate future filings, including this proxy statement, in whole or in part, the following report of the compensation committee on executive compensation shall not be incorporated by reference into any such filings.**

The compensation committee has discussed the Compensation Discussion and Analysis with management and approved its inclusion in this proxy statement and through incorporation by reference in the 2008 Annual Report on Form 10-K.

Compensation Committee

Maureen O'Hara, Chairperson  
J. William Burdett  
Kevin J.P. O'Hara  
Brian J. Steck

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

In 2007, the board adopted a written policy on Procedures for the Review of Related Person Transactions. Under this policy, each director, director nominee and executive officer of the company is required to notify the company's General Counsel in writing of any direct or indirect material interest that such person or an immediate family member has in a Related Person Transaction (as defined below). The General Counsel shall submit to the audit committee (or any designated member) the Related Person Transaction for review and the audit committee (or any designated member) shall approve or disapprove the Related Person Transaction.

A "Related Person Transaction" means any transaction (1) which is currently proposed, or has been in effect at any time since the beginning of the company's most recent fiscal year in which the company was or is to be a participant, (2) the amount of which exceeds \$120,000 and (3) in which a related person (as defined in the policy and which includes a director, director nominee or executive officer of the company or any of their immediate family members) has or will have a direct or indirect material interest. The types of transactions that are covered by this policy include: legal, investment banking, consulting, or management services provided to the company by a related person or a business entity with which the related person is affiliated; sales, purchases and leases of real or personal property between the company and a related person or a business entity with which a related person is affiliated; contributions by the company to a civic or charitable organization for which a related person serves as an executive officer; or indebtedness or guarantees of indebtedness involving the company and a related person or a business entity with which the related person is affiliated.

The standards to be applied pursuant to this policy in determining approval include whether the Related Person Transaction is fair and reasonable to the company and consistent with the best interests of the company, the business purpose of the transaction, whether the transaction is entered into on an arms-length basis on terms fair to the company and whether such a transaction would violate any provisions of the company's Code of Business Conduct and Ethics. All Related Person Transactions are required to be disclosed to the audit committee of the company's board of directors and any material Related Person Transaction is required to be disclosed to the full board of directors.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGERS**

The following table sets forth certain information, as of March 2, 2009 (unless otherwise indicated), regarding beneficial ownership of our common stock by (1) each director, (2) each named executive officer, (3) all directors and executive officers as a group and (4) each person known by us to beneficially own 5% or more of our common stock. For the purpose of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares which such person or group has the right to acquire within 60 days after March 2, 2009, but such shares are not deemed to be outstanding for the purposes of computing the percentage ownership of any other person. Unless otherwise indicated in a footnote and subject to applicable community property and similar statutes, each person listed as the beneficial owner of the shares possesses sole voting and dispositive power with respect to such shares. The mailing address of the parties listed below is our principal business address unless otherwise indicated.

	Shares of ITG Common Stock Beneficially Owned		Percentage of ITG Common Stock Beneficially Owned
<b>Directors</b>			
Robert C. Gasser.	127,486	(1)(2)(3)(6)	*
J. William Burdett	32,801	(1)(3)	*
Christopher V. Dodds	7,641	(3)	*
Timothy L. Jones	41,213	(1)(3)(5)	*
Robert L. King	11,534	(1)(3)	*
Kevin J.P. O'Hara	12,647	(1)(3)(5)	*
Maureen O'Hara	45,650	(1)(3)(5)	*
Brian J. Steck	41,203	(1)(3)(5)	*
<b><u>Named Executive Officers (Other than Mr. Gasser)</u></b>			
Ian Domowitz	71,624	(1)(2)	*
Alasdair Haynes	34,937	(1)	*
Anthony J. Huck	65,241	(1)(2)(4)(7)	*
Howard C. Naphtali	190,757	(1)(2)(4)	*
Christopher J. Heckman	82,069	(1)(2)(4)	*
All directors and executive officers as a group (18 persons)	832,056	(1)(2)(3)(4)(5)(6)(7)	1.9%
<b><u>5% stockholders</u></b>			
Third Avenue Management LLC(8)	2,637,172	(9)	6.0%

\*  
Less than 1%.

- (1) Beneficial ownership includes stock options that are exercisable at March 2, 2009, or within 60 days thereafter, as follows: Mr. Gasser: 66,683; Mr. Burdett: 14,447; Mr. Jones: 31,682; Mr. King: 8,306; Mr. O'Hara: 4,967; Ms. O'Hara: 14,447; Mr. Steck: 32,870; Mr. Domowitz: 21,500; Mr. Haynes: 21,500; Mr. Huck: 16,000; Mr. Naphtali: 74,525; Mr. Heckman: 16,000; and all directors and executive officers as a group: 376,685.
- (2) Beneficial ownership includes stock unit awards, as follows: Mr. Gasser: 18,660; Mr. Domowitz: 30,600; Mr. Heckman: 33,519; Mr. Huck: 29,972; Mr. Naphtali: 37,802.
- (3) Beneficial ownership includes time-based restricted share unit awards, as follows: Mr. Gasser: 23,418; Mr. Burdett: 1,776; Mr. Dodds: 2,641; Mr. Jones: 1,776; Mr. King: 1,776; Mr. O'Hara: 3,053; Ms. O'Hara: 1,776; Mr. Steck: 1,776.
- (4) Beneficial ownership includes shares held in the Employee Stock Ownership Plan, as follows: Mr. Heckman: 12,866; Mr. Huck: 258; Mr. Naphtali: 23.



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- (5) Beneficial ownership includes deferred share units as follows: Mr. Jones: 6,959; Mr. O'Hara: 3,579; Ms. O'Hara: 9,192; Mr. Steck: 2,761.
- (6) Beneficial ownership includes 400 shares of common stock held in UTMA custodial accounts on behalf of Mr. Gasser's children.
- (7) Mr. Huck shares investment power with respect to 8,341 shares of common stock.
- (8) The address of Third Avenue Management LLC is 622 Third Avenue, 32nd Floor, New York, NY 10017.
- (9) Information regarding the number of shares beneficially owned is as of December 31, 2008 and was derived from a Schedule 13G filed on February 13, 2009 by Third Avenue Management LLC in its capacity as an investment adviser. Third Avenue Management has sole power to vote, or to direct the vote of, 2,595,897 shares of our common stock and has sole power to dispose of, or direct the disposition of, 2,637,172 shares of our common stock. The percentage of the outstanding class is calculated based on outstanding shares at March 2, 2009.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information as of December 31, 2008 with respect to the shares of common stock that may be issued to our employees and directors under our existing equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options	Weighted Average Grant Price of Restricted Share Awards	Weighted Average Grant Price of Stock Unit Awards	Number of Securities Remaining Available for Future Grants Under Equity Compensation Plans(b)
Equity compensation plans approved by security holders(a)	2,293,624	\$ 32.18	\$ 44.63	\$ 30.55	1,980,988
Equity compensation plans not approved by security holders					
<b>Total</b>	<b>2,293,624</b>	<b>\$ 32.18</b>	<b>\$ 44.63</b>	<b>\$ 30.55</b>	<b>1,980,988</b>

- (a) Consists of the 2007 Omnibus Equity Compensation Plan (including its subplans) and the ITG Employee Stock Purchase Plan (the "ITG ESPP").
- (b) Shares remaining available for future issuance under the various plans include (i) 1,954,534 securities to be issued pursuant to the 2007 Omnibus Equity Compensation Plan (including its subplans) and (ii) 26,454 securities to be issued pursuant to the ITG ESPP.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act requires our directors and executive officers, and persons who beneficially own more than 10% of our outstanding common stock, to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership of our common stock and other equity securities of our company. Directors, executive officers and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based on a review of the copies of the forms furnished

to us and written representations from our executive officers and directors, all persons subject to the reporting requirements of Section 16(a) otherwise filed the required reports with respect to 2008 on a timely basis.

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**REPORT OF THE AUDIT COMMITTEE**

**Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act or the Securities Exchange Act that might incorporate future filings, including this proxy statement, in whole or in part, the following report of the audit committee included herein shall not be incorporated by reference into any such filings.**

At the time of this report, the audit committee of ITG's board of directors was composed of four non-employee directors. The board of directors determined during 2008 that each of those directors satisfied independence requirements, financial literacy and other criteria established by NYSE listing standards. Our audit committee charter is available on our website at [http://www.itg.com/investors/committee\\_charters.php](http://www.itg.com/investors/committee_charters.php). This charter complies with requirements imposed upon audit committees under the Sarbanes-Oxley Act and under the NYSE listing standards.

The audit committee is directly responsible for the appointment, compensation and oversight of the work of ITG's independent auditor and for assisting the board in oversight of (1) the integrity of the financial statements of the company, (2) the compliance by the company with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the company's internal audit function and independent auditors. Management has the primary responsibility for ITG's consolidated financial statements and the reporting process, including the internal control systems. ITG's independent auditors are responsible for auditing the consolidated financial statements and expressing an opinion on the conformity of those consolidated audited financial statements with accounting principles generally accepted in the United States of America.

KPMG LLP ("KPMG") served as ITG's independent auditor for 2008, and the audit committee has recommended that KPMG be elected in that capacity for 2009. See *Ratification of Selection of Independent Auditors*.

The audit committee has considered whether the provision of certain limited non-audit functions provided by KPMG is compatible with maintaining KPMG's independence and concluded that performing such functions does not affect KPMG's independence in performing its function as auditor of ITG. It is the audit committee's policy for the full audit committee to review, in advance, the proposed provision of non-audit services by KPMG.

The audit committee has reviewed and discussed with management ITG's audited consolidated financial statements for the year ended December 31, 2008. It has also discussed with KPMG the matters required to be discussed by Statement on Auditing Standards No. 61, *The Auditor's Communication with Those Charged with Governance*. The audit committee has received the written disclosures and the letter from KPMG required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG's communications with the audit committee concerning independence and has discussed with KPMG its independence. As the result of such review and discussions, the audit committee recommended to the board of directors that the audited consolidated financial statements be included in ITG's Annual Report on Form 10-K for the year ended December 31, 2008.

Audit Committee

Robert L. King, Chairman  
Christopher V. Dodds  
Timothy L. Jones  
Maureen O'Hara

Table of Contents**RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS**

KPMG was our independent auditor for the years ended December 31, 2008 and 2007. On March 9, 2009, KPMG was appointed by the audit committee to serve as our independent auditor for 2009.

The ratification of the appointment of KPMG is being submitted to the stockholders at the annual meeting. If such appointment is not ratified, the board of directors will consider the appointment of other accountants.

**The board of directors unanimously recommends a vote "FOR" the ratification of the appointment of KPMG as our independent auditor for the 2009 fiscal year.**

A representative of KPMG, the independent auditor who audited our consolidated financial statements for 2008, is expected to be present at the annual meeting to respond to appropriate questions of stockholders and will have the opportunity to make a statement if he or she so desires.

**Fees to our Independent Auditor**

The following table presents fees for professional services rendered by KPMG for the audit of our annual financial statements for the years ended December 31, 2008 and 2007, and fees billed for audit-related services, tax services and all other services rendered by KPMG for such periods.

	2008	2007
	(Dollars in thousands)	
Audit fees(1)	1,876	\$ 1,801
Audit-related fees		
Tax fees(2)	61	80
All other fees		
<b>Total</b>	<b>\$ 1,937</b>	<b>\$ 1,881</b>

- 
- (1) The aggregate fees incurred include amounts for the audit of our annual financial statements, the reviews of the financial statements included in our Quarterly Reports on Form 10-Q and amounts for the audit of our internal controls pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, including in each case services related thereto such as statutory audits, consents, and assistance with, and review of, documents filed with the SEC and other regulatory bodies.
- (2) The aggregate fees incurred for tax services include amounts in connection with tax compliance and tax consulting services.

**Pre-approval of Services by the Independent Auditor**

The audit committee has adopted a policy for pre-approval of audit and permitted non-audit services by our independent auditor. The audit committee will consider annually and, if appropriate, approve the provision of audit services by its independent auditor and consider and, if appropriate, pre-approve the provision of certain defined audit and non-audit services. The audit committee will also consider on a case-by-case basis and, if appropriate, approve specific engagements that are not otherwise pre-approved.

Any proposed engagement that does not fit within the definition of a pre-approved service may be presented to the audit committee for consideration at its next regular meeting or, if earlier consideration is required, to the audit committee or one or more of its members. The member or members to whom such authority is delegated shall report any specific approval of services at its next regular meeting. The audit committee will regularly review summary reports detailing all services being provided to ITG by its independent auditor.





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**PROPOSAL TO APPROVE THE INCREASE IN THE NUMBER OF SHARES RESERVED AND AVAILABLE FOR ISSUANCE UNDER THE INVESTMENT TECHNOLOGY GROUP, INC. AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN**

The company currently maintains the Investment Technology Group, Inc. Amended and Restated Employee Stock Purchase Plan (the "ESPP"), which was originally adopted by our board of directors in November 1997. On November 4, 2008, our board of directors approved an increase of 600,000 shares in the total number of shares of common stock reserved and available for issuance under the ESPP, subject to stockholder approval. Our board of directors has directed that the proposal to increase the number of shares reserved and available for issuance under the ESPP be submitted to our stockholders for their approval at the annual meeting.

The ESPP currently has 598,313 shares reserved and available for issuance to our employees participating in the ESPP. As of March 16, 2009, 22 shares of our common stock were remaining for issuance under the ESPP. If the stockholders do not approve the increase in the number of shares reserved and available for issuance under the ESPP at the annual meeting, no shares of our common stock will be purchased at the end of the February 1, 2009 offering period and any payroll contributions made during the February 1, 2009 offering period will be refunded to participants without interest. Our board of directors believes that our ability to attract, retain and motivate top quality employees is material to our success and is enhanced by our ability to offer our employees the opportunity to acquire or increase their proprietary interest in us. Accordingly, our board of directors believes that the availability of an additional 600,000 shares under the ESPP will ensure that we can continue to achieve our compensation strategy. Stockholder approval of the increase in the number of shares reserved for issuance under the ESPP is necessary in order for the ESPP to meet the requirements of Section 423 of the Internal Revenue Code and to comply with the listing maintenance standards of the NYSE.

The material terms of the ESPP are summarized below. A copy of the full text of the ESPP is attached to this proxy statement as *Appendix A*. This summary of the ESPP is not intended to be a complete description of the ESPP and is qualified in its entirety by the actual text of the ESPP to which reference is made.

**Material Features of the ESPP**

**General**

The ESPP allows full-time employees of our company to purchase shares of our common stock at a 15% discount through automatic post-tax payroll deductions. The purpose of the ESPP is to provide participating employees with the opportunity to acquire an ownership interest in the company. These ownership interests are designed to provide an incentive for participants to help increase our success and provide an opportunity to share in that success as we continue to shape the future of trading.

**Administration**

The ESPP is administered by a committee of officers from our company (the "Administrator") who are appointed by our board of directors to interpret the terms and provisions of the ESPP. The Administrator has full authority to (i) adopt, amend, suspend, waive, and rescind rules and regulations under the ESPP, (ii) appoint agents to administer the ESPP, (iii) correct any defect or supply any omission or reconcile any inconsistency in the ESPP, (iv) construe and interpret the ESPP and its rules and regulations, (v) furnish any required information, and (vi) make all other decisions and determinations under the ESPP.

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**Shares Available for Issuance**

The ESPP currently authorizes the issuance of 598,313 shares of our common stock, subject to adjustments in certain circumstances described below. If approved by the stockholders at the annual meeting, the ESPP will authorize the issuance of 1,198,313 shares of common stock (*i.e.*, an increase of 600,000 shares).

**Adjustments to the Limit of Available Shares**

The maximum number and kind of shares of our common stock reserved and available under the ESPP will be proportionately adjusted, as determined by our board of directors, in the event of any extraordinary dividend or other distribution, recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event affecting shares of our common stock.

**Eligibility**

Each of our employees who are regularly scheduled to work more than 20 hours per week and for more than five months per calendar year will be eligible to participate in the ESPP. Under the requirements of the Internal Revenue Code, an employee who owns 5% or more of the total combined voting power of all classes of our stock is not eligible to participate. For purposes of determining who is a 5% owner, attribution of ownership rules apply, and shares of stock subject to outstanding options are taken into account.

**Offering Period**

Under the ESPP, there will be a series of consecutive offering periods. Each offering period will begin at six-month intervals on each February 1 and August 1 and last for six months, ending on July 31 or January 31, as the case may be.

**Participation**

Each eligible employee who elects to participate in an offering period will be granted an option to purchase shares of our common stock on the first day of the offering period. The option will automatically be exercised on the last trading day of the offering period, which is the purchase date, based on the employee's accumulated contributions to the ESPP. The purchase price of each share of our common stock under the ESPP will be equal to 85% of the lesser of the closing sales price of our common stock on the first trading day of the offering period or the closing sales price of our stock on the last trading day of the offering period. Participants will generally be permitted to allocate up to 10% of their compensation to purchase shares of our common stock under the ESPP.

**Cessation of Participation**

A participant may elect to increase, decrease or discontinue payroll contributions for future offering periods only. Although a participant may not elect to increase or decrease payroll contributions during a given offering period, a participant may elect to withdraw all (but not less than all) of the participant's payroll contributions for a given offering period. Unless the Administrator determines otherwise, a participant who elects to cease participation in the ESPP for a particular offering period will be disqualified from participating in the next offering period. Participation ends automatically upon termination of employment or if the participant ceases to be an eligible employee.

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**Maximum Number of Shares Purchasable**

On the purchase date, a participant will purchase the maximum number of shares (including fractional shares) purchasable by the participant's accumulated payroll contributions. The maximum number of shares of our common stock that may be purchased by a participant in a given offering period may not exceed the number derived by dividing \$12,500 by the closing sale price of one share of our common stock on the first trading day of the offering period.

**Amendment and Termination**

Our board of directors may amend, alter, suspend, discontinue, or terminate the ESPP at any time without the consent of our stockholders or participants. However, any such action will be subject to the approval of our stockholders within one year after such board action if such stockholder approval is required by any federal or state law or regulation or the rules of any automated quotation system or stock exchange on which shares of our common stock may then be quoted or listed, or if such stockholder approval is necessary in order for the ESPP to continue to meet the requirements of Section 423 of the Internal Revenue Code.

**Awards Granted Under the ESPP**

It is currently not possible to predict the number of employees who will elect to participate in the ESPP after the annual meeting.

The last sales price of a share of our common stock on March 16, 2009 was \$23.13 per share.

**Federal Income Tax Consequences**

The following is a brief description of the U.S. federal income tax consequences generally arising with respect to grants that may be awarded under the ESPP to U.S. participants. The ESPP is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Internal Revenue Code. The ESPP is not intended to qualify under Section 401 of the Internal Revenue Code and is not subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended. This description of the federal income tax consequences of the ESPP is not a complete description. There may be different tax consequences under certain circumstances, and there may be federal gift and estate tax consequences and state, local and foreign tax consequences. All affected individuals should consult their own advisors regarding their own situation. This discussion is intended for the information of the stockholders considering how to vote at the annual meeting and not as tax guidance to individuals who will participate in the ESPP.

Under the Internal Revenue Code as currently in effect, a participant in the ESPP will not be deemed to have recognized income, nor will the company be entitled to a deduction, upon the participant's purchase of our common stock under the ESPP. Instead, a participant will recognize income when he or she sells or otherwise disposes of our common stock or upon his or her death.

If a participant sells our common stock purchased under the ESPP more than two years after the date on which the option to purchase our common stock was granted and more than one year after the purchase of our common stock (the holding period), a portion of the participant's gain will be ordinary income and a portion will be capital gain. The participant will be taxed at ordinary income tax rates on the excess of the value of our common stock when the option was granted (on the first day of the offering period) over the purchase price, or, if less, the entire gain on the sale. The participant will have additional capital gain or loss equal to the difference, if any, between the proceeds of the sale and the participant's basis in our common stock (the purchase price plus any ordinary income realized). The capital gain rate will depend on how long our common stock is held by the participant. The

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company will not be entitled to any tax deduction with respect to a sale by a participant after the holding period.

If a participant sells our common stock before the expiration of the holding period, the participant generally will be taxed at ordinary income tax rates to the extent that the value of our common stock, when purchased, exceeded the purchase price. The company will be entitled to a corresponding deduction. The participant will have additional capital gain or loss on the difference between the proceeds of the sale and the participant's basis in our common stock (the purchase price plus any ordinary income realized). The capital gain rate will depend on how long our common stock is held by the participant.

The estate of a participant who dies while holding our common stock purchased under the ESPP will recognize ordinary income in the year of the participant's death in an amount equal to the excess of the value of our common stock when the option was granted over the purchase price, or, if less, the amount by which the fair market value of our common stock on the date of death exceeds the purchase price.

**Vote Required for Approval**

The proposal to approve an increase in the number of shares of our common stock reserved and available for issuance under the ESPP requires the affirmative vote of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote on this proposal. Any abstentions will have the effect of votes against the proposal. Any broker non-votes will not have any effect on the proposal.

**The board of directors unanimously recommends a vote "FOR" the proposal to approve an increase in the number of shares of common stock reserved and available for issuance under the ESPP.**

**PROPOSAL TO APPROVE THE INCREASE IN THE NUMBER OF SHARES RESERVED AND AVAILABLE FOR ISSUANCE UNDER THE INVESTMENT TECHNOLOGY GROUP, INC. 2007 OMNIBUS EQUITY COMPENSATION PLAN**

The company currently maintains the Investment Technology Group, Inc. 2007 Omnibus Equity Compensation Plan (the "2007 Plan"), which originally became effective on May 8, 2007 upon approval by the stockholders of the company. On March 9, 2009, our board of directors approved an increase in the total number of shares of common stock reserved and available for issuance under the 2007 Plan of 1,625,000 such that the total number of shares authorized under the 2007 Plan shall be 6,811,208 shares; subject to the limitation that 50,000 shares of the foregoing increase will be used solely to grant options under the 2007 Plan. The amendment and restatement of the 2007 Plan to increase the number of shares reserved and available for issuance under the 2007 Plan was approved by our board of directors, subject to stockholder approval. Our board of directors has directed that the proposal to increase the number of shares reserved and available for issuance under the 2007 Plan be submitted to our stockholders for their approval at the annual meeting.

The 2007 Plan currently has 5,186,208 shares reserved and available for issuance to our employees, and our non-employee directors, participating in the 2007 Plan. As of March 16, 2009, there were 1,008,498 shares of our common stock remaining available for issuance under the 2007 Plan. As of March 16, 2009, the company had 927,937 stock options outstanding with a weighted average exercise price of \$32.65 and a weighted average remaining term of 2.08 years, and 2,174,960 restricted share and stock unit awards outstanding. No new awards were, or are anticipated to be, granted under the 2007 Plan between March 16, 2009 and the annual meeting, except for grants of 10,196 stock unit awards recently made and grants of up to 25,000 awards (assuming a per share value of the company's common stock of \$23.13 (which was the closing price per share on March 16, 2009)) for new hire, retention, and recognition purposes. If the stockholders do not approve the amendment and

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restatement of the 2007 Plan to increase the number of shares reserved and available for issuance under the 2007 Plan at the annual meeting, the amendment and restatement of the Plan will not be effective, the increase in the number of shares reserved and available for issuance will not occur and the number of shares reserved and available for issuance under the 2007 Plan will remain the same. Our board of directors believes that the 2007 Plan will further the company's compensation strategy. The company's ability to attract, retain and motivate top quality employees and non-employee directors is material to the company's success. Our board of directors believes that the interests of the company and its stockholders will be advanced if the company can offer its employees and non-employee directors the opportunity to acquire or increase their proprietary interests in the company by receiving awards under the 2007 Plan. Accordingly, our board of directors believes that the availability of an additional 1,625,000 shares under the 2007 Plan will ensure that we can continue to achieve our compensation strategy. Stockholder approval of the amendment and restatement of the 2007 Plan to increase the number of shares reserved for issuance under the 2007 Plan is necessary (i) in order to meet the NYSE listing requirements, (ii) so that compensation attributable to grants and bonus awards under the 2007 Plan may qualify for an exemption from the \$1 million deduction limit under section 162(m) of the Code (see discussion of "Federal Income Tax Consequences" below), and (iii) in order for incentive stock options to meet the requirements of the Code.

The material terms of the 2007 Plan are summarized below. A copy of the full text of the 2007 Plan is attached to this proxy statement as *Appendix B*. This summary of the 2007 Plan is not intended to be a complete description of the 2007 Plan and is qualified in its entirety by the actual text of the 2007 Plan to which reference is made.

**Material Features of the 2007 Plan**

**General**

The 2007 Plan provides that grants may be made in any of the following forms: (i) ISOs, (ii) NQSOs (together with ISOs, "options"), (iii) stock units, (iv) stock, (v) dividend equivalents and (vi) SARS and other stock-based awards. If and to the extent options and SARs granted under the 2007 Plan terminate, expire or are cancelled, forfeited, exchanged or surrendered without being exercised or if any stock units, stock, or other stock-based awards are forfeited or terminated, or otherwise not paid in full, the shares subject to such grants will become available again for purposes of the 2007 Plan. Shares of our common stock surrendered in payment of the exercise price of an option will also be available for re-issuance under the 2007 Plan. To the extent grants under the 2007 Plan are paid in cash, and not in shares of our common stock, any shares previously subject to such grants will become available again for purposes of the 2007 Plan.

The 2007 Plan provides that the maximum aggregate number of shares of our common stock with respect to which grants may be made to any individual during any calendar year is 1 million shares, subject to adjustment as described below. A grantee may not accrue dividend equivalents and dividends on performance-based grants during any calendar year in excess of \$1 million. All grants under the 2007 Plan will be expressed in shares of our common stock. Stockholder approval of this Proposal will also constitute a reapproval of the foregoing 1 million share limitation and \$1 million limitation for purposes of section 162(m) of the Code. The share limitation will assure that any deductions to which we would otherwise be entitled, either upon the exercise of stock options or stock appreciation rights granted under the 2007 Plan with an exercise price per share equal to the fair market value per share of our common stock on the grant date or upon the subsequent sale of the shares purchased under those options, will not be subject to the \$1 million limitation on the income tax deductibility of compensation paid per covered executive officer imposed under section 162(m). In addition, shares, stock units, dividend equivalents and other stock-based awards issued under the 2007 Plan may qualify as performance-based compensation that is not subject to the section 162(m) limitation, if the issuance of those shares, stock units, dividend equivalents and other stock-based awards is approved by the

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compensation committee and the vesting is tied to the attainment of the corporate performance objectives discussed below in the section entitled "Qualified Performance-Based Compensation".

**Administration**

The 2007 Plan will be administered and interpreted by the compensation committee, or such other committee of non-employee directors appointed by our board of directors to administer the 2007 Plan.

The compensation committee may:

appoint an administrative committee comprised of company employees to perform ministerial functions under the 2007 Plan.

determine the individuals to whom grants will be made under the 2007 Plan.

determine the type, size, terms and conditions of the grants.

determine when grants will be made.

establish any performance goals for grants.

determine the duration of any applicable exercise or restriction period, including the criteria for exercisability or vesting and any acceleration of exercisability or vesting.

amend the terms and conditions of any previously issued grant, subject to the limitations described below.

deal with any other matters arising under the 2007 Plan.

**Eligibility for Participation**

All of our employees as well as all of our non-employee directors are eligible to receive grants under the 2007 Plan. As of February 28, 2009, approximately 1,341 employees and seven (7) non-employee directors were eligible to receive grants under the 2007 Plan. The compensation committee is authorized to select the persons to receive grants from among those eligible and to determine the number of shares of our common stock that are subject to each grant.

**Types of Awards**

**Options.** The compensation committee may:

grant options intended to qualify as ISOs within the meaning of Section 422 of the Code to employees of the company.

grant NQSOs to anyone eligible to participate in the 2007 Plan.

fix the exercise price per share of options on the date of grant. The exercise price of options granted under the 2007 Plan may be equal to or greater than the last reported sale price of the underlying shares of our common stock on the date of grant. However, if the grantee of an ISO is a person who holds more than 10% of the total combined voting power of all classes of outstanding stock of the company, the exercise price per share of an ISO granted to such person must be at least 110% of the last reported sale price of a share of our common stock on the date of grant. To the extent that the aggregate fair market value of shares of our common stock, determined on the date of grant, with respect to which ISOs become exercisable for the first time by a grantee during any calendar year exceeds \$100,000, such ISOs will be treated as NQSOs.

determine the term of each option; provided, that the term may not exceed ten years from the date of grant and, if the grantee of an ISO is a person who holds more than 10% of the

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combined voting power of all classes of outstanding stock of the company, the term of the ISO may not exceed five years from the date of grant.

determine the terms and conditions of options, including when they become exercisable. A grantee may exercise an option by delivering notice of exercise to the company. The grantee will pay the exercise price and any withholding taxes for the option: (i) in cash, (ii) if the compensation committee permits, by delivering shares of our common stock already owned by the grantee and having a fair market value on the date of exercise equal to the exercise price or by attestation to ownership of shares of our common stock having an aggregate fair market value on the date of exercise equal to the exercise price, (iii) by payment through a broker in accordance with the procedures permitted by Regulation T of the Federal Reserve board of directors, or (iv) by such other method as the compensation committee may approve.

determine under what circumstances, if any, and during what time periods a grantee may exercise an option after termination of employment or service.

**Stock.** The compensation committee may:

grant stock awards to anyone eligible to participate in the 2007 Plan.

require that grantees pay consideration for the stock and may impose restrictions on the stock.

determine whether restrictions will lapse over a period of time or according to such other criteria as the compensation committee determines.

determine the number of shares of our common stock subject to the grant of stock and the other terms and conditions of the grant.

determine to what extent and under what conditions grantees will have the right to vote shares of our common stock and to receive dividends paid on such shares during the restriction period.

determine whether a grantee's entitlement to dividends with respect to stock will be subject to the achievement of performance goals or other conditions.

determine whether accumulated dividends will accrue interest and will be paid in cash or in such other form as dividends are paid on our common stock.

determine in the grant agreement under what circumstances, if any, a grantee may retain stock after termination of employment or service, and the circumstances under which stock may be forfeited.

**Stock Units.** The compensation committee may:

grant stock units to anyone eligible to participate in the 2007 Plan. Each stock unit provides the grantee with the right to receive a share of our common stock or an amount based on the value of a share of our common stock at a future date.

determine the number of stock units that will be granted, whether stock units will become payable based on achievement of performance goals or other conditions, and the other terms and conditions applicable to stock units.





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provide that stock units will be paid at the end of a specified period or deferred to a later date.

determine whether a stock unit will be paid to the grantee in cash, in shares of our common stock, or in a combination of cash and shares of our common stock.

determine in the grant agreement under what circumstances, if any, a grantee may retain stock units after termination of employment or service, and the circumstances under which stock units may be forfeited.

***Dividend Equivalents.*** The compensation committee may:

grant dividend equivalents in connection with any grants. A dividend equivalent is an amount determined by multiplying the number of shares of common stock subject to the grant by the per-share dividend paid by us on our common stock.

determine whether dividend equivalents will be paid to grantees currently or will be deferred.

determine whether dividend equivalents will be accrued as a cash obligation, or will be converted to stock units.

determine in the grant agreement, whether deferred dividend equivalents will accrue interest.

provide that dividend equivalents will be payable based on the achievement of performance goals.

determine whether dividend equivalents will be paid in cash or shares of our common stock, or a combination of the two.

***SARs and Other Stock-Based Awards.*** The compensation committee may:

grant SARs to anyone eligible to participate in the 2007 Plan in connection with, or independently of, any option granted under the 2007 Plan. Upon exercise of a SAR, the grantee will receive an amount equal to the excess of the fair market value of our common stock on the date of exercise over the base amount for the SAR. Payment will be made in shares of our common stock. Cash will be paid in lieu of fractional shares.

determine the base amount of each SAR which will be equal to the per share exercise price of the related option or, if there is no related option, an amount that is at least equal to the fair market value of a share of our common stock on the date of grant of the SAR.

determine the terms and conditions of SARs, including when they become exercisable.

accelerate the exercisability of any SARs.

determine whether SARs must be exercised while the grantee is employed by or providing service to the company or within a specified period of time after termination of such employment or service.

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determine under what circumstances, if any, and during what time periods a grantee may exercise an SAR after termination of employment or service.

grant other stock-based awards that are based on, measured by or payable in, shares of our common stock to employees or directors.

determine whether other stock-based awards will be granted subject to performance goals or other conditions.

determine in the grant agreement whether other stock-based awards will be paid in cash or in shares of our common stock, or a combination of the two.

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**Qualified Performance-Based Compensation**

The compensation committee:

may impose objective performance goals that must be met with respect to grants of stock units, stock, dividend equivalents or other stock-based awards granted to employees under the 2007 Plan, in order for the grants to be considered qualified performance-based compensation for purposes of Section 162(m) of the Code (see "Certain Federal Income Tax Consequences" below).

will establish in writing the performance goals that must be met, the applicable performance period, the amounts to be paid if the performance goals are met, and any other conditions, prior to, or soon after the beginning of, the performance period.

may provide in the grant agreement that qualified performance-based grants will be payable or restrictions on such grants will lapse, in whole or part, in the event of the grantee's death or disability during the performance period, a change in control, or under other circumstances consistent with Treasury Regulations. The performance goals, to the extent designed to meet the requirements of Section 162(m) of the Code, will be based on one or more of the following measures: stock price, earnings per share, net earnings, operating earnings, return on assets, stockholder return, return on equity, growth in assets, unit volume, sales, market share or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, geographic business expansion goals, cost targets, or goals relating to acquisitions or divestitures. If dividend equivalents are granted as qualified performance-based compensation under Section 162(m) of the Code, the grantee may not accrue more than \$1 million of such dividend equivalents during any calendar year.

**Deferrals**

The compensation committee may:

permit or require grantees to defer receipt of the payment of cash or the delivery of shares of our common stock that would otherwise be due to the grantee in connection with any stock units or other stock-based awards under the 2007 Plan.

establish the rules and procedures applicable to any such deferrals and provide for interest or other earnings to be paid on such deferrals.

**Adjustment Provisions**

If there is any change in the number or kind of shares of our common stock by reason of a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, by reason of a merger, reorganization or consolidation, by reason of a reclassification or change in par value or by reason of any other extraordinary or unusual event affecting the outstanding shares of our common stock as a class without the company's receipt of consideration, or if the value of outstanding shares of our common stock is substantially reduced as a result of a spinoff or the company's payment of an extraordinary dividend or distribution, the number of shares of our common stock available for grants, the limit on the number of shares of our common stock any individual may receive pursuant to grants in any year, the number of shares covered by outstanding grants, the kind of shares to be issued under the 2007 Plan, and the price per share or the applicable market value of such grants will be appropriately adjusted by the compensation committee to reflect any increase or decrease in the number or kind of issued shares of our common stock in order to preclude, to the extent practicable, the enlargement or dilution of the rights and benefits under such grants. Any fractional shares resulting from such adjustment will be eliminated.

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**Change in Control**

In the event of a change in control, the compensation committee may take any of the following actions with respect to any or all outstanding grants under the 2007 Plan, without the consent of the grantee:

determine that outstanding options and SARs become fully exercisable, and restrictions on outstanding stock awards and stock units will lapse as of the date of the change in control or at such other time as the compensation committee determines.

require that grantees surrender their options and SARs in exchange for one or more payments by the company, in cash or shares of our common stock as determined by the compensation committee, in an amount equal to the amount by which the then fair market value of the shares subject to the grantee's unexercised options and SARs exceeds the exercise price of the options or the base amount of the SARs, as applicable.

after giving grantees the opportunity to exercise their options and SARs, terminate any or all unexercised options and SARs at such time as the compensation committee determines appropriate.

with respect to grantees holding stock units, other stock-based awards or dividend equivalents, determine that such grantees will receive one or more payments in settlement of such stock units, other stock-based awards or dividend equivalents, in an amount and form and on terms determined by the compensation committee.

if the company is the surviving corporation, determine that grants will remain outstanding after the change in control.

if the company is not the surviving corporation, determine that grants that remain outstanding after the change in control will be converted to similar grants of the surviving corporation.

**Transferability of Grants**

Only the grantee may exercise rights under a grant during the grantee's lifetime. A grantee may not transfer those rights except by will or the laws of descent and distribution; provided, however, that a grantee may transfer a grant other than an ISO pursuant to a domestic relations order. The compensation committee may also provide, in a grant agreement, that a grantee may transfer NQSOs to his or her family members, or one or more trusts or other entities for the benefit of or owned by such family members, consistent with applicable securities laws, according to such terms as the compensation committee may determine.

**Grantees Outside the United States**

If any individual who receives a grant under the 2007 Plan is subject to taxation in a country other than the United States, the compensation committee may make the grant on such terms and conditions as the compensation committee determines appropriate to comply with the laws of the applicable country.

**No Repricing of Options**

Except in connection with a corporate transaction involving the company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of outstanding awards may not be amended to reduce the exercise price of outstanding Options or SARs or cancel outstanding Options or SARs in exchange for cash, other awards or Options or SARs with an exercise price that is less than the exercise price of the original Options or

SARs without stockholder approval.

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**Amendment and Termination of the 2007 Plan**

The board of directors may amend or terminate the 2007 Plan at any time, subject to stockholder approval if such approval is required under any applicable laws or stock exchange requirements. The 2007 Plan will terminate on May 7, 2017, unless the 2007 Plan is terminated earlier by the board of directors or is extended by the board of directors with stockholder consent.

**Grants Under the 2007 Plan**

Grants under the 2007 Plan are discretionary, so it is not currently possible to predict the number of shares of our common stock that will be granted or who will receive grants under the 2007 Plan after the annual meeting. The last sales price of our common stock on March 16, 2009, was \$23.13 per share.

**Certain Federal Income Tax Consequences**

The federal income tax consequences of grants under the 2007 Plan will depend on the type of grant. The following description provides only a general description of the application of federal income tax laws to grants under the 2007 Plan. This discussion is intended for the information of stockholders considering how to vote at the annual meeting and not as tax guidance to grantees, as the consequences may vary with the types of grants made, the identity of the grantees and the method of payment or settlement. The summary does not address the effects of other federal taxes (including possible "golden parachute" excise taxes) or taxes imposed under state, local, or foreign tax laws.

From the grantees' standpoint, as a general rule, ordinary income will be recognized at the time of delivery of shares of our common stock or payment of cash under the 2007 Plan. Future appreciation on shares of our common stock held beyond the ordinary income recognition event will be taxable as capital gain when the shares of our common stock are sold. The tax rate applicable to capital gain will depend upon how long the grantee holds the shares. We, as a general rule, will be entitled to a tax deduction that corresponds in time and amount to the ordinary income recognized by the grantee, and we will not be entitled to any tax deduction with respect to capital gain income recognized by the grantee.

Exceptions to these general rules arise under the following circumstances:

If shares of our common stock, when delivered, are subject to a substantial risk of forfeiture by reason of any employment or performance-related condition, ordinary income taxation and our tax deduction will be delayed until the risk of forfeiture lapses, unless the grantee makes a special election to accelerate taxation under Section 83(b) of the Code.

If an employee exercises a stock option that qualifies as an ISO, no ordinary income will be recognized, and we will not be entitled to any tax deduction, if shares of our common stock acquired upon exercise of the stock option are held until the later of (A) one year from the date of exercise and (B) two years from the date of grant. However, if the employee disposes of the shares acquired upon exercise of an ISO before satisfying both holding period requirements, the employee will recognize ordinary income to the extent of the difference between the fair market value of the shares on the date of exercise (or the amount realized on the disposition, if less) and the exercise price, and we will be entitled to a tax deduction in that amount. The gain, if any, in excess of the amount recognized as ordinary income will be long-term or short-term capital gain, depending upon the length of time the employee held the shares before the disposition.

A grant may be subject to a 20% tax, in addition to ordinary income tax, at the time the grant becomes vested, plus interest, if the grant constitutes deferred compensation under Section 409A of the Code and the requirements of Section 409A of the Code are not satisfied.

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Section 162(m) of the Code generally disallows a publicly held corporation's tax deduction for compensation paid to its chief executive officer or any of its four other most highly compensated officers in excess of \$1 million in any year. Qualified performance-based compensation is excluded from the \$1 million deductibility limit, and therefore remains fully deductible by the corporation that pays it. We intend that options and SARs granted under the 2007 Plan will be qualified performance-based compensation. Stock units, stock awards, dividend equivalents, and other stock-based awards granted under the 2007 Plan will be designated as qualified performance-based compensation if the compensation committee conditions such grants on the achievement of specific performance goals in accordance with the requirements of Section 162(m) of the Code.

We have the right to require that grantees pay to us an amount necessary for us to satisfy our federal, state or local tax withholding obligations with respect to grants. We may withhold from other amounts payable to a grantee an amount necessary to satisfy these obligations. The compensation committee may permit a grantee to satisfy our withholding obligation with respect to grants paid in shares of our common stock by having shares withheld, at the time the grants become taxable, provided that the number of shares withheld does not exceed the individual's minimum applicable withholding tax rate for federal, state and local tax liabilities.

Vote Required for Approval

The proposal to approve an increase in the number of shares of our common stock reserved and available for issuance under the 2007 Plan requires the affirmative vote of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote on this proposal. Any abstentions will have the effect of votes against the proposal. Any broker non-votes will not have any effect on the proposal.

**The board of directors unanimously recommends a vote "FOR" the proposal to approve an increase in the number of shares of common stock reserved and available for issuance under the 2007 Plan.**

**CONTACTING THE BOARD OF DIRECTORS**

You, or any interested party, may communicate with our board of directors, including our non-management directors and the chairman of the audit committee, by sending a letter to the ITG Board of Directors, P.O. Box 3481, Grand Central Station, New York, New York 10163. Any complaints or concerns relating to ITG's accounting, internal accounting controls or auditing matters will be referred to the chairman of the audit committee. Other concerns will be referred to the chairman of the board with a copy to the chairman of the nominating and corporate governance committee. Any complaints or concerns may be reported anonymously and confidentially. ITG strictly prohibits any retaliation for reporting a possible violation of law, ethics, or firm policy regardless of whom the report concerns.

**WHERE YOU CAN FIND MORE INFORMATION**

As required by law, we file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information contain additional information about our company. You can inspect and copy these materials at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can obtain information about the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet Site that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC. The SEC's Internet address is <http://www.sec.gov>. You can also inspect these materials of our company at the offices of the NYSE, 20 Broad Street, New York, New York 10005 and on our website at <http://investor.itg.com> under *SEC Filings*.

The SEC allows us to "incorporate by reference" information into this proxy statement, which means that we can disclose important information by referring you to another document filed



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separately with the SEC. Information incorporated by reference is considered part of this proxy statement, except to the extent that the information is superseded by information in this proxy statement.

This proxy statement incorporates by reference the information contained in our Annual Report on Form 10-K for the year ended December 31, 2008 (SEC file number 001-32722). We also incorporate by reference the information contained in all other documents that we file with the SEC after the date of this proxy statement and before the annual meeting. The information contained in any of these documents will be considered part of this proxy statement from the date these documents are filed.

Any statement contained in this proxy statement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this proxy statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this proxy statement.

If you are one of our stockholders and would like to receive a copy of any document referred to in this proxy statement, you should call or write to Investment Technology Group, Inc., 380 Madison Avenue, 4th Floor, New York, New York 10017, Attention: Investor Relations (telephone: (800) 991-4484). In order to ensure timely delivery of the documents prior to the annual meeting, you should make any such request not later than May 4, 2009.

You should rely only on the information contained in (or incorporated by reference into) this proxy statement. We have not authorized anyone to give any information different from the information contained in (or incorporated by reference into) this proxy statement. This proxy statement is dated March 25, 2009. You should not assume that the information contained in this proxy statement is accurate as of any later date, and the mailing of this proxy statement to stockholders shall not mean otherwise.

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**OTHER MATTERS; STOCKHOLDER PROPOSALS  
FOR THE 2010 ANNUAL MEETING OF ITG**

As of the date of this proxy statement, our board of directors knows of no matters that will be presented for consideration at the annual meeting, other than as described in this proxy statement. If any other matters shall properly come before the annual meeting or any adjournments or postponements thereof and shall be voted upon, the enclosed proxies will be deemed to confer discretionary authority on the individuals named as proxies therein to vote the shares represented by such proxies as to any such matters. The persons named as proxies intend to vote or not vote in accordance with the recommendation of our board of directors and management.

Stockholders who, in accordance with SEC Rule 14a-8, wish to present proposals for inclusion in the proxy materials to be distributed by us in connection with our 2010 Annual Meeting must submit their proposals to our Secretary on or before November 25, 2009. As the rules of the SEC make clear, simply submitting a proposal does not guarantee its inclusion.

In accordance with our by-laws, in order to be properly brought before the 2010 Annual Meeting, a stockholder's notice of the matter the stockholder wishes to present must be delivered to Investment Technology Group, Inc., 380 Madison Avenue, 4th Floor, New York, New York, 10017, Attention: Secretary, not less than 90 nor more than 120 days prior to the first anniversary of the date of this year's annual meeting. As a result, any notice given by or on behalf of a stockholder pursuant to these provisions of our by-laws (and not pursuant to the SEC's Rule 14a-8) must be received no earlier than January 12, 2010 and no later than February 11, 2010.

By Order of the Board of Directors,

P. Mats Goebels  
*Secretary*

**INVESTMENT TECHNOLOGY GROUP, INC.**

**AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN**

1. *Purpose.* The purpose of this Amended and Restated Employee Stock Purchase Plan (the "Plan") of Investment Technology Group, Inc. (the "Company") is to encourage stock ownership by employees of the Company and its Subsidiaries (as defined below) and thereby provide employees with an incentive to contribute to the profitability and success of the Company, and to provide a benefit that will assist the Company in competing to attract and retain employees of high quality. The Plan, which is intended to qualify as an "employee stock purchase plan" meeting the requirements of Section 423 of the Code, is for the exclusive benefit of eligible employees of the Company and its Subsidiaries.

2. *Definitions.* For purposes of the Plan, in addition to the terms defined in Section 1, terms are defined as set forth below:

(a) "Account" means the account maintained on behalf of the Participant by the Custodian for the purpose of investing in Stock and engaging in other transactions permitted under the Plan.

(b) "Administrator" means the person or persons designated to administer the Plan under Section 3(a).

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended from time to time. References to any provision of the Code will be deemed to include successor provisions thereto and regulations thereunder.

(e) "Custodian" means Computershare, or such successor thereto as may be appointed by the Board.

(f) "Earnings" means that portion of a Participant's compensation which constitutes salary, bonus or overtime pay under the payroll system of the Company and its Subsidiaries and payable to a Participant during a given pay period.

(g) "Enrollment Date" means the first day of each Offering Period.

(h) "Fair Market Value," unless otherwise required by an applicable provision of the Code, as of any date, means the closing sales price of the Stock as reported on the New York Stock Exchange on the date as of which the valuation is made.

(i) "Offering Period" means the approximately six-month period beginning on February 1 and ending on the last trading day of July or beginning August 1 and ending on the last trading day of January. The first Offering Period began on February 1, 1998.

(j) "Participant" means an employee of the Company or a Subsidiary who is participating in the Plan.

(k) "Purchase Date" means the last trading day of each Offering Period.

(l) "Purchase Right" means a Participant's option to purchase shares, which is deemed to be outstanding and exercisable during an Offering Period in accordance with the Plan. A Purchase Right represents an "option" as such term is used under Section 423 of the Code.

(m) "Stock" means the common stock, par value \$.01 per share, of the Company, and such other securities as may be substituted or resubstituted for Stock under Section 4.

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(n) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing more than 50% of the total combined voting power of all classes of stock in one of the other corporations in the chain, including a corporation that becomes a Subsidiary during the term of the Plan.

3. *Administration.*

(a) *Administrator.* The Plan will be administered by an Administrator, which shall be the Board or such Board committee, officer, or committee of officers and employees to which the Board may delegate administrative duties and authority (other than authority to amend the Plan). The Administrator will have full authority to adopt, amend, suspend, waive, and rescind such rules and regulations and appoint such agents as it may deem necessary or advisable to administer the Plan, to correct any defect or supply any omission or reconcile any inconsistency in the Plan and to construe and interpret the Plan and rules and regulations thereunder, to furnish to the Custodian such information as the Custodian may require, and to make all other decisions and determinations under the Plan (including determinations relating to eligibility). No person acting in connection with the administration of the Plan will, in that capacity, participate in deciding any matter relating to his or her participation in the Plan.

(b) *The Custodian.* The Custodian will act as custodian under the Plan, and will perform such duties as are set forth in the Plan and in any agreement between the Company and the Custodian. The Custodian will establish and maintain, as agent for each Participant, an Account and any subaccounts as may be necessary or desirable for the administration of the Plan.

(c) *Other Administrative Provisions.* The Company will furnish information to the Custodian from its records as directed by the Administrator, and such records, including as to a Participant's Earnings, will be conclusive on all persons unless determined by the Administrator to be incorrect. Each Participant and other person claiming benefits under the Plan must furnish to the Company in writing an up-to-date mailing address and any other information as the Administrator or Custodian may reasonably request. Any communication, statement, or notice mailed with postage prepaid to any such Participant or other person at the last mailing address filed with the Company will be deemed sufficiently given when mailed and will be binding upon the named recipient. The Plan will be administered on a reasonable and nondiscriminatory basis, and Plan provisions and rules thereunder will apply in a uniform manner to all persons similarly situated. All Participants will have equal rights and privileges (subject to the terms of the Plan) with respect to Purchase Rights outstanding during any given Offering Period.

4. *Stock Subject to Plan.* Subject to adjustment as hereinafter provided, the total number of shares of Stock reserved and available for issuance upon exercise of Purchase Rights or otherwise under the Plan will be 1,198,313. Any shares of Stock delivered by the Company under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares. Shares acquired in the open market through dividend reinvestment will not count against this limit. The number and kind of such shares of Stock subject to the Plan will be proportionately adjusted, as determined by the Board, in the event of any extraordinary dividend or other distribution, recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event affecting the Stock.

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5. *Enrollment and Contributions.*

(a) *Eligibility.* An employee of the Company or a Subsidiary may enroll in the Plan for any Offering Period if such employee is employed at the Enrollment Date and was continuously so employed during the 15 days preceding the Enrollment Date, unless:

(i) At the time of enrollment, the employee's customary employment is 20 hours or less per week or the employee's customary employment is for not more than five months in any calendar year, or the employee cannot legally enter into the obligations of a Participant;

(ii) Such person would upon enrollment be deemed to own, for purposes of Section 423(b)(3) of the Code, an aggregate of five percent or more of the total combined voting power or value of all outstanding shares of all classes of the Company or of any parent or Subsidiary (including in such person's ownership the maximum number of shares that he or she could acquire under Section 6(c)); or

(iii) Such person is disqualified from participation in such Offering Period under Section 7(b).

The Company will notify an employee of the date as of which he or she is eligible to initially enroll in the Plan, and will make available to each eligible employee the necessary enrollment forms.

(b) *Initial Enrollment.* An employee who is or who will become eligible on or before a given Enrollment Date under Section 5(a) may, after receiving current information about the Plan, initially enroll in the Plan by executing and filing with the Administrator a properly completed enrollment form, including thereon the employee's election as to the rate of payroll contributions for the Offering Period. To be effective for any Offering Period, such enrollment form must be filed at least 15 days before the Enrollment Date for the Offering Period.

(c) *Reenrollment for Subsequent Offering Periods.* A Participant whose enrollment in and payroll contributions under the Plan continue throughout an Offering Period will automatically be reenrolled in the Plan for the next Offering Period unless (i) the Participant terminates enrollment before the Enrollment Date for the next Offering Period in accordance with Section 7(a) or (ii) on such Enrollment Date he or she is ineligible to participate under Section 5(a) (including due to disqualification under Section 7(b)). The rate of payroll contributions for a Participant who is automatically reenrolled for an Offering Period will be the same as the rate of payroll contributions in effect at the end of the preceding Offering Period, unless the Participant files a new enrollment form at least 15 days before the Enrollment Date for the Offering Period designating a different rate of payroll contributions.

(d) *Payroll Contributions.* An enrolled Participant will make contributions under the Plan by means of payroll deductions from each payroll period which ends during the Offering Period, at the rate elected by the Participant in his or her enrollment form filed nearest to, but not later than, 15 days before the Enrollment Date for the Offering Period. The rate of payroll contributions elected by a Participant may not be more than ten percent of the Participant's Earnings for each payroll period; *provided, however*, that the Board may specify a higher maximum rate, subject to Section 8(c) hereof. The Administrator may specify, on the enrollment form, whether payroll contributions shall be a percentage of Earnings or a fixed dollar amount. The foregoing and any election of a Participant notwithstanding, a Participant's rate of payroll contributions will be adjusted downward by the Company at any time or from time to time as necessary to ensure that the limit on the amount of Stock purchased with respect to an Offering Period set forth in Section 6(c) is not exceeded. A Participant may elect to increase, decrease, or discontinue payroll contributions for future Offering Periods by filing a new enrollment form at least 15 days before the Enrollment Date for the Offering Period. A Participant may not elect to increase or decrease payroll contributions during an Offering Period, except that a Participant's

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payroll contributions will be automatically discontinued upon the filing of an election to withdraw payroll contributions prior to a Purchase Date or the filing of an election to withdraw or transfer shares if such filing occurs less than one year after the Purchase Date on which such shares were purchased, as specified in Sections 5(f), 7(a) and 7(b).

(e) *Holding of Payroll Contributions.* All payroll contributions by a Participant under the Plan will be received and held by the Company until the end of the Offering Period, and will represent unfunded obligations of the Company. Such amounts are not required to be segregated and may be used by the Company for any corporate purpose.

(f) *Withdrawal of Payroll Contributions; Refund of Payroll Contributions Upon Termination of Employment.* A Participant may elect to withdraw all (but not less than all) of his or her payroll contributions for a given Offering Period by filing a notice of withdrawal with the Administrator not later than the close of business the business day prior to the Purchase Date for such Offering Period. In addition, if the Participant ceases to be employed by the Company and its Subsidiaries prior to the Purchase Date, his or her payroll contributions for that Offering Period shall be refunded. In either case, the Company shall promptly pay to the Participant (or his or her estate, in the event of death) the amount of such payroll contributions. No further payroll contributions shall be made by the Participant in that Offering Period. In addition, in the case of withdrawal the Participant shall be subject to possible disqualification from participation in the next Offering Period under Section 7(b).

(g) *Refund of Unused Payroll Contributions.* If any of a Participant's payroll contributions are not applied to the purchase of shares on the Purchase Date (for example, if the number of shares purchased is limited under Section 6(c)), the portion of such payroll contributions not applied to the purchase of shares shall be promptly refunded to the Participant.

(h) *No Interest Payable on Payroll Contributions.* No amounts of interest will be credited or payable by the Company on payroll contributions pending investment in Stock, withdrawal, refund upon termination, or refund of any unused portion, or in any other circumstance under the Plan.

6. *Purchases of Stock.*

(a) *Purchase Rights.* Enrollment in the Plan for any Offering Period by a Participant will constitute a grant by the Company of a Purchase Right to such Participant for such Offering Period. Each Purchase Right will be subject to the terms set forth in this Section 6.

(b) *Purchase Price.* The purchase price at which each share of Stock will be purchased under a Purchase Right will equal 85% of the lesser of (i) Fair Market Value of a share of Stock on the first trading day in the Offering Period and (ii) Fair Market Value of a share of Stock on the last trading day in the Offering Period.

(c) *Number of Shares Purchased.* The number of shares of Stock that will be purchased upon exercise of a Participant's Purchase Right for an Offering Period will equal the number of shares (including fractional shares) that can be purchased at the purchase price specified in Section 6(b) with the aggregate amount of the Participant's payroll contributions during the Offering Period; *provided, however*, that the number of shares of Stock subject to a Participant's Purchase Right and purchasable in any Offering Period will not exceed the lesser of (i) the number derived by dividing \$12,500 by 100% of the Fair Market Value of one share of Stock determined as of the first trading day in the Offering Period or (ii) the number of shares such that the Participant's rights to purchase shares under all employee stock purchase plans qualifying under Section 423 of the Code of the Company and any parent or Subsidiary shall accrue at a rate which does not exceed \$25,000 of the Fair Market Value of the Stock (determined at the time each such option is granted) as required under Section 423(b)(8) of the Code.

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(d) *Automatic Exercise and Purchase.* The Purchase Right will be automatically exercised on the Purchase Date for the Offering Period. At or as promptly as practicable after the Purchase Date for an Offering Period, the aggregate amount of the Participant's payroll contributions for the Offering Period will be applied by the Company to the purchase of shares of Stock, in accordance with the terms of the Plan. Thereupon, the Company will deliver the shares of Stock purchased to the Custodian for deposit into the Participant's Account. Payment for Stock purchased upon exercise of a Purchase Right will be made only through payroll contributions in accordance with Section 5; no optional payments will be permitted.

(e) *Expiration.* A Participant's Purchase Right will expire on the earlier of the Purchase Date for the Offering Period (if not exercised) or the date on which the Participant's enrollment in the Plan terminates.

(f) *Dividend Reinvestment; Other Distributions.* Cash dividends on any Stock credited to a Participant's Account will be automatically reinvested in additional shares of Stock; such amounts will not be available in the form of cash to Participants. All cash dividends paid on Stock credited to Participants' Accounts will be paid over by the Company to the Custodian at the dividend payment date. The Custodian will aggregate all purchases of Stock in connection with the Plan for a given dividend payment date. Purchases of Stock for purposes of dividend reinvestment will be made as promptly as practicable (but not more than 30 days) after a dividend payment date. The Custodian will make such purchases, as directed by the Administrator, either (i) in transactions on any securities exchange upon which Stock is traded, otherwise in the over-the-counter market, or in negotiated transactions, or (ii) directly from the Company at 100% of the Fair Market Value of a share of Stock on the dividend payment date. Any shares of Stock distributed as a dividend or distribution in respect of shares of Stock or in connection with a split of the Stock credited to a Participant's Account will be credited to such Account. In the event of any other non-cash dividend or distribution in respect of Stock credited to a Participant's Account, the Custodian will, if reasonably practicable and at the direction of the Administrator, sell any property received in such dividend or distribution as promptly as practicable and use the proceeds to purchase additional shares of Stock in the same manner as cash paid over to the Custodian for purposes of dividend reinvestment. Shares of Stock acquired under this Section 6(f) shall be subject to section 7(a) and 7(b) and, for such purposes, shall be deemed to be acquired by a Participant at the same time as the Participant acquired the underlying shares in respect of which the shares were distributed under this Section 6(f).

(e) *Voting Rights.* Each Participant will be entitled to vote the number of shares of Stock credited to his or her Account (including any fractional shares credited to such account) on any matter as to which the approval of the Company's stockholders is sought. If a Participant does not vote or grant a valid proxy with respect to shares credited to his or her Account, such shares will be voted by the Custodian in accordance with any stock exchange or other rules governing the Custodian in the voting of shares held for customer accounts. Similar procedures will apply in the case of any consent solicitation of Company stockholders.

7. *Withdrawal or Transfer of Shares, Disqualification, and Account Distribution Upon Termination.*

(a) *Stock Withdrawals and Transfers.* A Participant may elect to withdraw shares of Stock from his or her Account in certificated form or to transfer such shares from his or her Account to an account of the Participant maintained with a broker-dealer or financial institution; *provided, however*, that an election to withdraw or transfer shares filed less than one year after the Purchase Date on which such shares were purchased shall be deemed an election to withdraw payroll contributions under Section 5(f) for the current Offering Period and shall result in disqualification from participation in the next Offering Period to the extent provided under Section 7(b). If a Participant elects to withdraw shares, one or more certificates for whole shares shall be issued in

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the name of, and delivered to, the Participant, with such Participant receiving cash in lieu of fractional shares based on the Fair Market Value of a share of Stock on the date of withdrawal. If shares of Stock are transferred from a Participant's Account to a broker-dealer or financial institution that maintains an account for the Participant, only whole shares shall be transferred and cash in lieu of any fractional share shall be paid over for the account of Participant based on the Fair Market Value of a share of Stock on the date of transfer, unless otherwise determined by the Administrator based on the Administrator's determination that such broker-dealer or financial institution is capable of crediting fractional shares. Other provisions of this Plan notwithstanding, if the Participant is then an employee of the Company or its subsidiaries, transfers will be made only to a broker-dealer or financial institution through which employees are then permitted to sell Stock under the Company's policies governing employee trading in Company securities. Participants may not designate any other person to receive directly shares of Stock withdrawn or transferred under the Plan, although no restrictions apply under this Plan to shares that have been withdrawn or transferred. A Participant seeking to withdraw or transfer shares of Stock must give instructions to the Custodian in such manner and form as may be prescribed by the Administrator and the Custodian, which instructions will be acted upon as promptly as practicable. Withdrawals and transfers will be subject to any fees imposed in accordance with Section 8(a) hereof.

(b) *Disqualification.* If a Participant elects to withdraw payroll contributions at any time under Section 5(f) or elects to withdraw or transfer shares that were purchased at a Purchase Date less than one year before the date of filing the election to withdraw or transfer under Section 7(a) (which is also deemed to constitute an election to withdraw payroll contributions), the Participant's enrollment for the Offering Period in effect at the date of such withdrawal or transfer shall cease and the Participant shall be disqualified from participating in the next Offering Period beginning after the filing of such election to withdraw payroll contributions or withdraw or transfer shares. The foregoing notwithstanding, the Administrator may permit a Participant to reenroll in the next Offering Period if the Participant demonstrates and the Administrator finds that the withdrawal of payroll contributions and/or the withdrawal or transfer of shares was necessary due to an unforeseeable financial emergency or hardship of the Participant. For purposes of the Plan, a Participant shall be deemed to withdraw or transfer shares from his or her Account in the order in which the shares were acquired (i.e., first in-first out).

(c) *Distribution of Account Upon Termination.* Upon termination of employment of a Participant, the Custodian will continue to maintain the Participant's Account until the earlier of such time as the Participant withdraws or transfers all Stock in the Account or one year after the Participant ceases to be employed by the Company and its Subsidiaries. At the expiration of such one year period, the assets in Participant's account shall be withdrawn or transferred as elected by the Participant or, in the absence of such election, as determined by the Administrator. If a Participant dies while assets remain credited to his or her Account, all amounts payable to the Participant will be paid to his or her estate as promptly as practicable.

8. *General.*

(a) *Costs.* Costs and expenses incurred in the administration of the Plan and maintenance of Accounts will be paid by the Company, including annual fees of the Custodian and any brokerage fees and commissions for the purchase of Stock upon reinvestment of dividends and distributions. The foregoing notwithstanding, the Custodian may impose or pass through a reasonable fee for the withdrawal of Stock in the form of stock certificates (as permitted under Section 6(f)), and reasonable fees for other services unrelated to the purchase of Stock under the Plan, to the extent approved in writing by the Company and communicated to Participants. In no circumstance shall the Company pay any brokerage fees and commissions for the sale of Stock acquired under the Plan by a Participant.



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(b) *Statements to Participants.* The Custodian will reflect payroll contributions, purchases, dividends and distributions and reinvestment thereof, withdrawals and transfers of shares of Stock and other Plan transactions by appropriate adjustments to the Participant's Account. The Custodian will, not less frequently than semi-annually, provide or cause to be provided a written statement to the Participant showing the transactions in his or her Account and the date thereof, the number of shares of Stock purchased, the aggregate purchase price paid, the purchase price per share, the brokerage fees and commissions paid (if any), the total shares of Stock held for the Participant's Account (computed to at least three decimal places), and other information.

(c) *Compliance with Section 423.* It is the intent of the Company that this Plan comply in all respects with applicable requirements of Section 423 of the Code and regulations thereunder. Accordingly, if any provision of this Plan does not comply with such requirements, such provision will be construed or deemed amended to the extent necessary to conform to such requirements.

9. *General Provisions.*

(a) *Compliance With Legal and Other Requirements.* The Plan, the granting and exercising of Purchase Rights hereunder, and the other obligations of the Company and the Custodian under the Plan will be subject to all applicable federal and state laws, rules, and regulations, and to such approvals by any regulatory or governmental agency as may be required. The Company may, in its discretion, postpone the issuance or delivery of Stock upon exercise of Purchase Rights until completion of such registration or qualification of such Stock or other required action under any federal or state law, rule, or regulation, listing or other required action with respect to any automated quotation system or stock exchange upon which the Stock or other Company securities are designated or listed, or compliance with any other contractual obligation of the Company, as the Company may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Stock in compliance with applicable laws, rules, and regulations, designation or listing requirements, or other contractual obligations.

(b) *Limits on Encumbering Rights.* No right or interest of a Participant under the Plan, including any Purchase Right, may be pledged, encumbered, or hypothecated to or in favor of any party, subject to any lien, obligation, or liability of such Participant, or otherwise assigned, transferred, or disposed of except pursuant to the laws of descent or distribution, and any right of a Participant under the Plan will be exercisable during the Participant's lifetime only by the Participant.

(c) *No Right to Continued Employment.* Neither the Plan nor any action taken hereunder, including the grant of a Purchase Right, will be construed as giving any employee the right to be retained in the employ of the Company or any of its Subsidiaries, nor will it interfere in any way with the right of the Company or any of its Subsidiaries to terminate any employee's employment at any time.

(d) *Taxes.* The Company or any Subsidiary is authorized to withhold from any payment to be made to a Participant, including any payroll and other payments not related to the Plan, amounts of withholding and other taxes due in connection with any transaction under the Plan, and a Participant's enrollment in the Plan will be deemed to constitute his or her consent to such withholding. In addition, Participants are required to advise the Company of sales and other dispositions of Stock acquired under the Plan in order to permit the Company to comply with tax laws and to claim any tax deductions to which the Company may be entitled with respect to the Plan.

(e) *Changes to the Plan.* The Board may amend, alter, suspend, discontinue, or terminate the Plan without the consent of stockholders or Participants, *provided, however,* that any such

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action will be subject to the approval of the Company's stockholders within one year after such Board action if such stockholder approval is required by any federal or state law or regulation or the rules of any automated quotation system or stock exchange on which the Stock may then be quoted or listed, or if such stockholder approval is necessary in order for the Plan to continue to meet the requirements of Section 423 of the Code, and the Board may otherwise, in its discretion, determine to submit other such actions to stockholders for approval. Upon termination of the Plan, the Board may elect to terminate all outstanding Purchase Rights at such time as the Board may designate; if such termination results in termination of any Purchase Right prior to its exercise, all of a Participant's payroll contributions not invested in Stock will be returned to the Participant (without interest) as promptly as practicable.

(f) *No Rights to Participate; No Stockholder Rights.* No Participant or employee will have any claim to participate in the Plan with respect to Offering Periods that have not commenced, and the Company will have no obligation to continue the Plan. No Purchase Right will confer on any Participant any of the rights of a stockholder of the Company unless and until Stock is duly issued or transferred to the Custodian and credited to the Participant's Account.

(g) *Fractional Shares.* Unless otherwise determined by the Administrator, purchases of Stock under the Plan executed by the Custodian may result in the crediting of fractional shares of Stock to the Participant's Stock Account. Such fractional shares will be computed to at least three decimal places. Fractional shares will not, however, be issued by the Company, and certificates representing fractional shares will not be delivered to Participants under any circumstances. If at any time fractional shares will not be credited to Participants' Accounts, the Administrator shall determine whether a Participant's payroll contributions remaining after the purchase of the greatest possible number of whole shares on a given Purchase Date will be refunded or will be retained and applied to purchases in the next Offering Period.

(h) *Nonexclusivity of the Plan.* Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval will be construed as creating any limitations on the power of the Board to adopt such other compensatory arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(i) *Governing Law.* The Plan and all related documents shall be governed by, and construed in accordance with, the laws of the State of New York (except to the extent the Delaware General Corporation Law and provisions of federal law may be applicable), without reference to principles of conflict of laws. If any provision hereof shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

(k) *Effective Date.* The Plan was originally effective February 1, 1998. The Plan as amended and restated herein shall be effective as of the date of the Annual Meeting of the Company's stockholders in May 2009, subject to approval by the Company's stockholders at such Annual Meeting.

**INVESTMENT TECHNOLOGY GROUP, INC.**  
**2007 OMNIBUS EQUITY COMPENSATION PLAN**

Amended and Restated Effective May 12, 2009, Subject to Approval By the Company's Stockholders

1. *Purpose*

The purpose of the Investment Technology Group, Inc. 2007 Omnibus Equity Compensation Plan (the "Plan") is to provide (i) designated employees of Investment Technology Group, Inc. (the "Company") and its subsidiaries, and (ii) non-employee members of the board of directors of the Company with the opportunity to receive grants of stock options, stock units, stock awards, dividend equivalents and other stock-based awards. The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, thereby benefiting the Company's stockholders, and will align the economic interests of the participants with those of the stockholders. The Plan was originally effective on May 8, 2007 upon approval by the stockholders of the Company. This amendment and restatement will be effective May 12, 2009 if approved by the Company's stockholders as of such date.

The Investment Technology Group, Inc. Non-Employee Directors Stock Option Plan (the "Director Plan"), the Investment Technology Group, Inc. Amended and Restated 1994 Stock Option and Long-term Incentive Plan (the "1994 Plan"), the Amended and Restated Investment Technology Group, Inc. Stock Unit Award Program Subplan (the "SUA Subplan"), the Amended and Restated Investment Technology Group, Inc. Directors' Retainer Fee Subplan (the "Directors' Retainer Fee Subplan"), and the Amended and Restated Investment Technology Group, Inc. Directors' Equity Subplan (the "Directors' Equity Subplan", and collectively with the SUA Subplan and the Directors' Retainer Fee Subplan, the "Subplans") were merged with and into this Plan as of May 8, 2007. No additional grants will be made thereafter under the Director Plan and the 1994 Plan. Outstanding grants under the Director Plan, the 1994 Plan and the Subplans as of May 8, 2007 will continue in effect according to their terms as in effect on May 8, 2007 (subject to such amendments as the Committee (as defined below) determines appropriate, consistent with the terms of the Director Plan, the 1994 Plan or the Subplans, as applicable), and the shares with respect to such outstanding grants will be issued or transferred under this Plan. After May 8, 2007, the Subplans shall continue in effect as subplans of the Plan and grants and/or deferrals may continue to be made under the Subplans with shares associated with such grants and/or deferrals being issued under this Plan.

2. *Definitions*

Whenever used in this Plan, the following terms will have the respective meanings set forth below:

(a) "*Board*" means the Company's Board of Directors.

(b) "*Change in Control*" means and shall be deemed to have occurred:

(i) if any person (within the meaning of the Exchange Act), other than the Company or a Related Party, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of Voting Securities representing 35% percent or more of the total voting power of all the then-outstanding Voting Securities; or

(ii) if the individuals who, as of the date hereof, constitute the Board, together with those who first become directors subsequent to such date and whose recommendation, election or nomination for election to the Board was approved by a vote of at least a majority of the directors then still in office who either were directors as of the date hereof or whose recommendation, election or nomination for election was previously so approved, cease for any reason to constitute a majority of the members of the Board; or

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(iii) upon consummation of a merger, consolidation, recapitalization or reorganization of the Company, reverse split of any class of Voting Securities, or an acquisition of securities or assets by the Company other than (i) any such transaction in which the holders of outstanding Voting Securities immediately prior to the transaction receive (or retain), with respect to such Voting Securities, voting securities of the surviving or transferee entity representing more than 50 percent of the total voting power outstanding immediately after such transaction, with the voting power of each such continuing holder relative to other such continuing holders not substantially altered in the transaction, or (ii) any such transaction which would result in a Related Party beneficially owning more than 50 percent of the voting securities of the surviving or transferee entity outstanding immediately after such transaction; or

(iv) upon consummation of the sale or disposition by the Company of all or substantially all of the Company's assets, other than any such transaction which would result in a Related Party owning or acquiring more than 50 percent of the assets owned by the Company immediately prior to the transaction; or

(v) if the stockholders of the Company approve a plan of complete liquidation of the Company.

(c) "*Code*" means the Internal Revenue Code of 1986, as amended.

(d) "*Committee*" means (i) with respect to Grants to Employees, the Compensation Committee of the Board or another committee appointed by the Board to administer the Plan, (ii) with respect to Grants made to Non-Employee Directors, the Board, and (iii) with respects to Grants that are intended to be "qualified performance-based compensation" under section 162(m) of the Code, a committee that consists of two or more persons appointed by the Board, all of whom shall be "outside directors" as defined under section 162(m) of the Code and related Treasury regulations.

(e) "*Company*" means Investment Technology Group, Inc. and any successor corporation.

(f) "*Company Stock*" means the common stock of the Company.

(g) "*Dividend Equivalent*" means an amount determined by multiplying the number of shares of Company Stock subject to a Grant by the per-share cash dividend, or the per-share fair market value (as determined by the Committee) of any dividend in consideration other than cash, paid by the Company on its Company Stock.

(h) "*Employee*" means an employee of the Employer (including an officer or director who is also an employee).

(i) "*Employer*" means the Company and its subsidiaries.

(j) "*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

(k) "*Exercise Price*" means the per share price at which shares of Company Stock may be purchased under an Option, as designated by the Committee.

(l) "*Fair Market Value*," unless otherwise required by an applicable provision of the Code, as of any date, means the closing sales price of the Common Stock as reported on the New York Stock Exchange on the date of grant; provided, however, that at any time that the Common Stock is not quoted on the New York Stock Exchange on such trading days, Fair Market Value shall be determined by the Committee in its discretion.

(m) "*Grant*" means an Option, Stock Unit, Stock Award, SAR, Dividend Equivalent or Other Stock-Based Award granted under the Plan.

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- (n) "*Grant Agreement*" means the written instrument that sets forth the terms and conditions of a Grant, including all amendments thereto.
- (o) "*Incentive Stock Option*" means an Option that is intended to meet the requirements of an incentive stock option under section 422 of the Code.
- (p) "*Non-Employee Director*" means a member of the Board who is not an employee of the Employer.
- (q) "*Nonqualified Stock Option*" means an Option that is not intended to be taxed as an incentive stock option under section 422 of the Code.
- (r) "*Option*" means an option to purchase shares of Company Stock, as described in Section 7.
- (s) "*Other Stock-Based Award*" means any Grant based on, measured by or payable in, Company Stock (other than a Grant described in Sections 7, 8, 9 or 10(a) of the Plan), as described in Section 10(b).
- (t) "*Participant*" means an Employee or Non-Employee Director designated by the Committee to participate in the Plan.
- (u) "*Person*" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, an estate, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.
- (v) "*Plan*" means this Investment Technology Group, Inc. 2007 Omnibus Equity Compensation Plan, as in effect from time to time.
- (w) "*Related Party*" means (a) a Subsidiary of the Company; (b) an employee or group of employees of the Company or any Subsidiary of the Company; (c) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any majority-owned Subsidiary of the Company; or (d) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportion as their ownership of Voting Securities.
- (x) "*SAR*" means a stock appreciation right as described in Section 10(a).
- (y) "*Stock Award*" means an award of Company Stock as described in Section 9.
- (z) "*Stock Unit*" means an award of a phantom unit representing a share of Company Stock, as described in Section 8.
- (aa) "*Subsidiary*" or "*Subsidiaries*" means, with respect to any Person, any corporation, partnership, limited liability company, association or other business entity of which (a) if a corporation, fifty (50) percent or more of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or combination thereof; or (b) if a partnership, limited liability company, association or other business entity, fifty (50) percent or more of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes of this definition, a Person or Persons will be deemed to have a fifty (50) percent or more ownership interest in a partnership, limited liability company, association or other business entity if such Person or Persons are allocated fifty (50) percent or more of partnership, limited liability company, association or other business entity gains or losses or control the managing director or member or general partner of such partnership, limited liability company, association or other business entity.

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(bb) "*Voting Securities or Security*" means any securities of the Company which carry the right to vote generally in the election of directors.

3. *Administration*

(a) *Committee.* The Plan shall be administered and interpreted by the Compensation Committee of the Board or another committee appointed by the Board to administer the Plan with respect to grants to Employees. The Plan shall be administered and interpreted by the Board with respect to grants to Non-Employee Directors. The Board or committee, as applicable, that has authority with respect to a specific Grant shall be referred to as the "Committee" with respect to that Grant. Ministerial functions may be performed by an administrative committee comprised of Company employees appointed by the Committee.

(b) *Committee Authority.* The Committee shall have the sole authority to (i) determine the Participants to whom Grants shall be made under the Plan, (ii) determine the type, size and terms and conditions of the Grants to be made to each such Participant, (iii) determine the time when the grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (iv) amend the terms and conditions of any previously issued Grant, subject to the provisions of Section 18 below, and (v) deal with any other matters arising under the Plan.

(c) *Committee Determinations.* The Committee shall have full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated Participants.

4. *Grants*

(a) Grants under the Plan may consist of Options as described in Section 7, Stock Units as described in Section 8, Stock Awards as described in Section 9, and SARs or Other Stock-Based Awards as described in Section 10. All Grants shall be subject to such terms and conditions as the Committee deems appropriate and as are specified in writing by the Committee to the Participant in the Grant Agreement.

(b) All Grants shall be made conditional upon the Participant's acknowledgement, in writing or by acceptance of the Grant, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under such Grant. Grants under a particular Section of the Plan need not be uniform as among the Participants.

5. *Shares Subject to the Plan*

(a) *Shares Authorized.* The total aggregate number of shares of Company Stock that may be issued under the Plan is the sum of the following (i) 1,625,000 new shares of Company Stock plus (ii) that number of shares of Company Stock subject to outstanding grants under the Plan as of May 12, 2009 plus (iii) that number of shares remaining available for issuance under the Plan but not subject to previously exercised, vested or paid grants as of May 12, 2009; provided that of the total number of shares of Company Stock described in (i), 50,000 shares shall be used solely to grant Options.

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(b) *Source of Shares; Share Counting.* Shares issued under the Plan may be authorized but unissued shares of Company Stock or reacquired shares of Company Stock, including shares purchased by the Company on the open market for purposes of the Plan. If and to the extent Options or SARs granted under the Plan (including options granted under the Director Plan, the 1994 Plan and the Subplans) terminate, expire, or are canceled, forfeited, exchanged or surrendered without having been exercised, and if and to the extent that any Stock Awards, Stock Units, or Other Stock-Based Awards (including any stock awards, stock units or other-stock based awards granted under the Director Plan, the 1994 Plan and the Subplans) are forfeited or terminated, or otherwise are not paid in full, the shares reserved for such Grants shall again be available for purposes of the Plan. Shares of Company Stock surrendered in payment of the Exercise Price of an Option shall again be available for purposes of the Plan. To the extent any Grants are paid in cash, and not in shares of Company Stock, any shares previously subject to such Grants shall again be available for issuance or transfer under the Plan.

(c) *Individual Limits.* All Grants under the Plan shall be expressed in shares of Company Stock. The maximum aggregate number of shares of Company Stock with respect to which all Grants may be made under the Plan to any individual during any calendar year shall be 1,000,000 shares, subject to adjustment as described in subsection (d) below. A Participant may not accrue Dividend Equivalents during any calendar year in excess of \$1,000,000. The individual limits of this subsection (c) shall apply without regard to whether the Grants are to be paid in Company Stock or cash. All cash payments (other than with respect to Dividend Equivalents) shall equal the Fair Market Value of the shares of Company Stock to which the cash payments relate.

(d) *Adjustments.* If there is any change in the number or kind of shares of Company Stock outstanding by reason of a stock dividend, spinoff, stock split or reverse stock split, or by reason of a combination, reorganization, recapitalization or reclassification affecting the outstanding Company Stock as a class without the Company's receipt of consideration, the maximum number of shares of Company Stock available for Grants, the maximum number of shares of Company Stock that any individual participating in the Plan may be granted in any year, the number of shares covered by outstanding Grants, the kind of shares issued under the Plan and outstanding Grants, and the price per share of outstanding Grants shall be equitably adjusted by the Committee, as the Committee deems appropriate, to reflect any increase or decrease in the number of, or change in the kind or value of, issued shares of Company Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under Grants; provided, however, that any fractional shares resulting from such adjustment shall be eliminated. In addition, the Committee shall have discretion to make the foregoing equitable adjustments in any circumstances in which an adjustment is not mandated by this subsection (d) or applicable law, including in the event of a Change in Control. Any adjustments to outstanding Grants shall be consistent with section 409A or 422 of the Code, to the extent applicable. Any adjustments determined by the Committee shall be final, binding and conclusive.

6. *Eligibility for Participation*

(a) *Eligible Persons.* All Employees, including Employees who are officers or members of the Board, and all Non-Employee Directors shall be eligible to participate in the Plan.

(b) *Selection of Participants.* The Committee shall select the Employees and Non-Employee Directors to receive Grants and shall determine the number of shares of Company Stock subject to each Grant.

7. *Options*

(a) *General Requirements.* The Committee may grant Options to an Employee or Non-Employee Director upon such terms and conditions as the Committee deems appropriate under

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this Section 7. The Committee shall determine the number of shares of Company Stock that will be subject to each Grant of Options to Employees and Non-Employee Directors.

(b) *Type of Option, Price and Term.*

(i) The Committee may grant Incentive Stock Options or Nonqualified Stock Options or any combination of the two, all in accordance with the terms and conditions set forth herein. Incentive Stock Options may be granted only to Employees of the Company or its parents or subsidiaries, as defined in section 424 of the Code. Nonqualified Stock Options may be granted to Employees or Non-Employee Directors.

(ii) The Exercise Price of Company Stock subject to an Option shall be determined by the Committee and may be equal to or greater than the Fair Market Value of a share of Company Stock on the date the Option is granted. However, an Incentive Stock Option may not be granted to an Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary, as defined in section 424 of the Code, unless the Exercise Price per share is not less than 110% of the Fair Market Value of the Company Stock on the date of grant.

(iii) The Committee shall determine the term of each Option, which shall not exceed ten years from the date of grant. However, an Incentive Stock Option that is granted to an Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary, as defined in section 424 of the Code, may not have a term that exceeds five years from the date of grant.

(c) *Exercisability of Options.*

(i) Options shall become exercisable in accordance with such terms and conditions as may be determined by the Committee and specified in the Grant Agreement. The Committee may accelerate the exercisability of any or all outstanding Options at any time for any reason.

(ii) The Committee may provide in a Grant Agreement that the Participant may elect to exercise part or all of an Option before it otherwise has become exercisable. Any shares so purchased shall be restricted shares and shall be subject to a repurchase right in favor of the Company during a specified restriction period, with the repurchase price equal to the lesser of (A) the Exercise Price or (B) the Fair Market Value of such shares at the time of repurchase, or such other restrictions as the Committee deems appropriate.

(iii) Options granted to persons who are non-exempt employees under the Fair Labor Standards Act of 1938, as amended, may not be exercisable for at least six months after the date of grant (except that such Options may become exercisable, as determined by the Committee, upon the Participant's death, Disability or retirement, or upon a Change in Control or other circumstances permitted by applicable regulations).

(d) *Termination of Employment or Service.* Except as provided in the Grant Agreement, an Option may only be exercised while the Participant is employed by the Employer, or providing service as a Non-Employee Director. The Committee shall determine in the Grant Agreement under what circumstances and during what time periods a Participant may exercise an Option after termination of employment or service.

(e) *Exercise of Options.* A Participant may exercise an Option that has become exercisable, in whole or in part, by delivering a notice of exercise to the Company. The Participant shall pay the Exercise Price for the Option (i) in cash, (ii) if permitted by the Committee, by delivering shares of Company Stock owned by the Participant and having a Fair Market Value on the date of exercise equal to the Exercise Price or by attestation to ownership of shares of Company Stock



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having an aggregate Fair Market Value on the date of exercise equal to the Exercise Price, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, or (iv) by such other method as the Committee may approve. Shares of Company Stock used to exercise an Option shall have been held by the Participant for the requisite period of time to avoid adverse accounting consequences to the Company with respect to the Option. Payment for the shares pursuant to the Option, and any required withholding taxes, must be received by the time specified by the Committee depending on the type of payment being made, but in all cases prior to the issuance of the Company Stock.

(f) *Limits on Incentive Stock Options.* Each Incentive Stock Option shall provide that, if the aggregate Fair Market Value of the stock on the date of the grant with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year, under the Plan or any other stock option plan of the Company or a parent or subsidiary, as defined in section 424 of the Code, exceeds \$100,000, then the Option, as to the excess, shall be treated as a Nonqualified Stock Option. An Incentive Stock Option shall not be granted to any person who is not an Employee of the Company or a parent or subsidiary, as defined in section 424 of the Code.

8. *Stock Units*

(a) *General Requirements.* The Committee may grant Stock Units to an Employee or Non-Employee Director, upon such terms and conditions as the Committee deems appropriate under this Section 8. Each Stock Unit shall represent the right of the Participant to receive a share of Company Stock or an amount based on the value of a share of Company Stock. All Stock Units shall be credited to bookkeeping accounts on the Company's records for purposes of the Plan.

(b) *Terms of Stock Units.* The Committee may grant Stock Units that are payable on terms and conditions determined by the Committee, which may include payment based on achievement of performance goals. Stock Units may be paid at the end of a specified vesting or performance period, or payment may be deferred to a date authorized by the Committee. The Committee shall determine the number of Stock Units to be granted and the requirements applicable to such Stock Units.

(c) *Payment With Respect to Stock Units.* Payment with respect to Stock Units shall be made in cash, in Company Stock, or in a combination of the two, as determined by the Committee. The Grant Agreement shall specify the maximum number of shares that can be issued under the Stock Units.

(d) *Requirement of Employment or Service.* The Committee shall determine in the Grant Agreement under what circumstances a Participant may retain Stock Units after termination of the Participant's employment or service, and the circumstances under which Stock Units may be forfeited.

9. *Stock Awards*

(a) *General Requirements.* The Committee may issue shares of Company Stock to an Employee or Non-Employee Director under a Stock Award, upon such terms and conditions as the Committee deems appropriate under this Section 9. Shares of Company Stock issued pursuant to Stock Awards may be issued for cash consideration or for no cash consideration, and subject to restrictions or no restrictions, as determined by the Committee. The Committee may establish conditions under which restrictions on Stock Awards shall lapse over a period of time or according to such other criteria as the Committee deems appropriate, including restrictions based upon the achievement of specific performance goals. The Committee shall determine the number of shares of Company Stock to be issued pursuant to a Stock Award.

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(b) *Requirement of Employment or Service.* The Committee shall determine in the Grant Agreement under what circumstances a Participant may retain Stock Awards after termination of the Participant's employment or service, and the circumstances under which Stock Awards may be forfeited.

(c) *Restrictions on Transfer.* While Stock Awards are subject to restrictions, a Participant may not sell, assign, transfer, pledge or otherwise dispose of the shares of a Stock Award except upon death as described in Section 15(a). Each certificate for a share of a Stock Award shall contain a legend giving appropriate notice of the restrictions in the Grant. The Participant shall be entitled to have the legend removed when all restrictions on such shares have lapsed. The Company may retain possession of any certificates for Stock Awards until all restrictions on such shares have lapsed.

(d) *Right to Vote and to Receive Dividends.* The Committee shall determine to what extent, and under what conditions, the Participant shall have the right to vote shares of Stock Awards and to receive any dividends or other distributions paid on such shares during the restriction period.

10. *Stock Appreciation Rights and Other Stock-Based Awards*

(a) *SARs.* The Committee may grant SARs to an Employee or Non-Employee Director separately or in tandem with an Option. The following provisions are applicable to SARs:

(i) *Base Amount.* The Committee shall establish the base amount of the SAR at the time the SAR is granted. The base amount of each SAR shall be equal to the per share Exercise Price of the related Option or, if there is no related Option, an amount that is at least equal to the Fair Market Value of a share of Company Stock as of the date of Grant of the SAR.

(ii) *Tandem SARs.* The Committee may grant tandem SARs either at the time the Option is granted or at any time thereafter while the Option remains outstanding; provided, however, that, in the case of an Incentive Stock Option, SARs may be granted only at the date of the grant of the Incentive Stock Option. In the case of tandem SARs, the number of SARs granted to a Participant that shall be exercisable during a specified period shall not exceed the number of shares of Company Stock that the Participant may purchase upon the exercise of the related Option during such period. Upon the exercise of an Option, the SARs relating to the Company Stock covered by such Option shall terminate. Upon the exercise of SARs, the related Option shall terminate to the extent of an equal number of shares of Company Stock.

(iii) *Exercisability.* An SAR shall be exercisable during the period specified by the Committee in the Grant Agreement and shall be subject to such vesting and other restrictions as may be specified in the Grant Agreement. The Committee may grant SARs the exercise of which is subject to achievement of performance goals or other conditions. The Committee may accelerate the exercisability of any or all outstanding SARs at any time for any reason. The Committee shall determine in the Grant Agreement under what circumstances and during what periods a Participant may exercise an SAR after termination of employment or service. A tandem SAR shall be exercisable only while the Option to which it is related is exercisable.

(iv) *Grants to Non-Exempt Employees.* SARs granted to persons who are non-exempt employees under the Fair Labor Standards Act of 1938, as amended, may not be exercisable for at least six months after the date of grant (except that such SARs may become exercisable, as determined by the Committee, upon the Participant's death, Disability or retirement, or upon a Change in Control or other circumstances permitted by applicable regulations).

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(v) *Value of SARs.* When a Participant exercises SARs, the Participant shall receive in settlement of such SARs an amount equal to the value of the stock appreciation for the number of SARs exercised. The stock appreciation for an SAR is the amount by which the Fair Market Value of the underlying Company Stock on the date of exercise of the SAR exceeds the base amount of the SAR as described in subsection (i).

(vi) *Form of Payment.* The Committee shall determine whether the stock appreciation for an SAR shall be paid in the form of shares of Company Stock, cash or a combination of the two. For purposes of calculating the number of shares of Company Stock to be received, shares of Company Stock shall be valued at their Fair Market Value on the date of exercise of the SAR. If shares of Company Stock are to be received upon exercise of an SAR, cash shall be delivered in lieu of any fractional share.

(b) *Other Stock-Based Awards.* The Committee may grant other awards not specified in Sections 7, 8 or 9 or subsection (a) above that are based on or measured by Company Stock to Employees and Non-Employee Directors, on such terms and conditions as the Committee deems appropriate. Other Stock-Based Awards may be granted subject to achievement of performance goals or other conditions and may be payable in Company Stock or cash, or in a combination of the two, as determined by the Committee in the Grant Agreement.

11. *Dividend Equivalents*

(a) *General Requirements.* When the Committee makes a Grant under the Plan, the Committee may grant Dividend Equivalents in connection with the Grant, under such terms and conditions as the Committee deems appropriate under this Section 11. Dividend Equivalents may be paid to Participants currently or may be deferred, as determined by the Committee. All Dividend Equivalents that are not paid currently shall be credited to bookkeeping accounts on the Company's records for purposes of the Plan. Dividend Equivalents may be accrued as a cash obligation, or may be converted to Stock Units for the Participant, and deferred Dividend Equivalents may accrue interest, all as determined by the Committee. The Committee may provide that Dividend Equivalents shall be payable based on the achievement of specific performance goals.

(b) *Payment with Respect to Dividend Equivalents.* Dividend Equivalents may be payable in cash or shares of Company Stock or in a combination of the two, as determined by the Committee.

12. *Qualified Performance-Based Compensation*

(a) *Designation as Qualified Performance-Based Compensation.* The Committee may determine that Stock Units, Stock Awards, Dividend Equivalents or Other Stock-Based Awards granted to an Employee shall be considered "qualified performance-based compensation" under section 162(m) of the Code, in which case the provisions of this Section 12 shall apply. The Committee may also grant Options or SARs under which the exercisability of the Options is subject to achievement of performance goals as described in this Section 12 or otherwise.

(b) *Performance Goals.* When Grants are made under this Section 12, the Committee shall establish in writing (i) the objective performance goals that must be met, (ii) the period during which performance will be measured, (iii) the maximum amounts that may be paid if the performance goals are met, and (iv) any other conditions that the Committee deems appropriate and consistent with the requirements of section 162(m) of the Code for "qualified performance-based compensation." The performance goals shall satisfy the requirements for "qualified performance-based compensation," including the requirement that the achievement of the goals be substantially uncertain at the time they are established and that the performance goals be established in such a way that a third party with knowledge of the relevant facts could determine

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whether and to what extent the performance goals have been met. The Committee shall not have discretion to increase the amount of compensation that is payable, but may reduce the amount of compensation that is payable, pursuant to Grants identified by the Committee as "qualified performance-based compensation."

(c) *Criteria Used for Objective Performance Goals.* The Committee shall use objectively determinable performance goals based on one or more of the following criteria: stock price, earnings per share, price-earnings multiples, net earnings, operating earnings, revenue, number of days sales outstanding in accounts receivable, productivity, margin, EBITDA (earnings before interest, taxes, depreciation and amortization), net capital employed, return on assets, shareholder return, return on equity, return on capital employed, growth in assets, unit volume, sales, cash flow, market share, relative performance to a comparison group designated by the Committee, or strategic business criteria consisting of one or more objectives based on meeting specified revenue goals, market penetration goals, customer growth, geographic business expansion goals, cost targets or goals relating to acquisitions or divestitures. The performance goals may relate to one or more business units or the performance of the Company as a whole, or any combination of the foregoing. Performance goals need not be uniform as among Participants.

(d) *Timing of Establishment of Goals.* The Committee shall establish the performance goals in writing either before the beginning of the performance period or during a period ending no later than the earlier of (i) 90 days after the beginning of the performance period or (ii) the date on which 25% of the performance period has been completed, or such other date as may be required or permitted under applicable regulations under section 162(m) of the Code.

(e) *Certification of Results.* The Committee shall certify the performance results for the performance period specified in the Grant Agreement after the performance period ends. The Committee shall determine the amount, if any, to be paid pursuant to each Grant based on the achievement of the performance goals and the satisfaction of all other terms of the Grant Agreement.

(f) *Death, Disability or Other Circumstances.* The Committee may provide in the Grant Agreement that Grants under this Section 12 shall be payable, in whole or in part, in the event of the Participant's death or disability, a Change in Control or under other circumstances consistent with the Treasury regulations and rulings under section 162(m) of the Code.

13. *Deferrals*

The Committee may permit or require a Participant to defer receipt of the payment of cash (including dividend equivalents) or the delivery of shares that would otherwise be due to the Participant in connection with any Grant. The Committee shall establish rules and procedures for any such deferrals, consistent with applicable requirements of section 409A of the Code.

14. *Withholding of Taxes*

(a) *Required Withholding.* All Grants under the Plan shall be subject to applicable federal (including FICA), state and local tax withholding requirements. The Company may require that the Participant or other person receiving or exercising Grants pay to the Company the amount of any federal, state or local taxes that the Company is required to withhold with respect to such Grants, or the Company may deduct from other wages paid by the Company the amount of any withholding taxes due with respect to such Grants.

(b) *Election to Withhold Shares.* If the Committee so permits, a Participant may elect to satisfy the Company's tax withholding obligation with respect to Grants paid in Company Stock by having shares withheld, at the time such Grants become taxable, up to an amount that does not

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exceed the minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities. The election must be in a form and manner prescribed by the Committee.

15. *Transferability of Grants*

(a) *Restrictions on Transfer.* Except as described in subsection (b) below, only the Participant may exercise rights under a Grant during the Participant's lifetime, and a Participant may not transfer those rights except by will or by the laws of descent and distribution. When a Participant dies, the personal representative or other person entitled to succeed to the rights of the Participant may exercise such rights. Any such successor must furnish proof satisfactory to the Company of his or her right to receive the Grant under the Participant's will or under the applicable laws of descent and distribution.

(b) *Transfer of Nonqualified Stock Options to or for Family Members.* Notwithstanding subsection (a) above, the Committee may provide, in a Grant Agreement, that a Participant may transfer Nonqualified Stock Options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with the applicable securities laws, according to such terms as the Committee may determine; provided that the Participant receives no consideration for the transfer of an Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

16. *Consequences of a Change in Control*

a) In the event of a Change in Control, the Committee may take any one or more of the following actions with respect to some or all outstanding Grants, without the consent of any Participant: (i) the Committee may determine that outstanding Options and SARs shall be fully exercisable, and restrictions on outstanding Stock Awards and Stock Units shall lapse, as of the date of the Change in Control or at such other time as the Committee determines, (ii) the Committee may require that Participants surrender their outstanding Options and SARs in exchange for one or more payments by the Company, in cash or Company Stock as determined by the Committee, in an amount equal to the amount by which the then Fair Market Value of the shares of Company Stock subject to the Participant's unexercised Options and SARs exceeds the Exercise Price, or Base Amount, as applicable, if any, and on such terms as the Committee determines, (iii) after giving Participants an opportunity to exercise their outstanding Options and SARs, the Committee may terminate any or all unexercised Options and SARs at such time as the Committee deems appropriate, (iv) with respect to Participants holding Stock Units, Other Stock-Based Awards or Dividend Equivalents, the Committee may determine that such Participants shall receive one or more payments in settlement of such Stock Units, Other Stock-Based Awards or Dividend Equivalents, in such amount and form and on such terms as may be determined by the Committee, (v) if the Company is the surviving corporation, the Committee may determine that Grants will remain outstanding after the Change in Control, or (vi) if the Company is not the surviving corporation, the Committee may determine that Grants that remain outstanding after the Change in Control shall be converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation). Such acceleration, surrender, termination, settlement or conversion shall take place as of the date of the Change in Control or such other date as the Committee may specify.

(b) *Other Transactions.* The Committee may provide in a Grant Agreement that a sale or other transaction involving a subsidiary or other business unit of the Company shall be considered a Change in Control for purposes of a Grant, or the Committee may establish other provisions that shall be applicable in the event of a specified transaction.

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17. *Requirements for Issuance of Shares*

No Company Stock shall be issued in connection with any Grant hereunder unless and until all legal requirements applicable to the issuance of such Company Stock have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any Grant made to any Participant hereunder on such Participant's undertaking in writing to comply with such restrictions on his or her subsequent disposition of such shares of Company Stock as the Committee shall deem necessary or advisable, and certificates representing such shares may be legended to reflect any such restrictions. Certificates representing shares of Company Stock issued under the Plan will be subject to such stop-transfer orders and other restrictions as may be required by applicable laws, regulations and interpretations, including any requirement that a legend be placed thereon. Except as determined under Section 9(a), no Participant shall have any right as a shareholder with respect to Company Stock covered by a Grant until shares have been issued to the Participant.

18. *Amendment and Termination of the Plan*

(a) *Amendment.* The Board may amend or terminate the Plan at any time; provided, however, that the Board shall not amend the Plan without approval of the stockholders of the Company if such approval is required in order to comply with the Code or applicable laws, or to comply with applicable stock exchange requirements. No amendment or termination of this Plan shall, without the consent of the Participant, materially impair any rights or obligations under any Grant previously made to the Participant under the Plan, unless such right has been reserved in the Plan or the Grant Agreement, or except as provided in Section 19(b) below. Notwithstanding anything in the Plan to the contrary, the Board may amend the Plan in such manner as it deems appropriate in the event of a change in applicable law or regulations.

(b) *No Repricing Without Stockholder Approval.* Except as otherwise provided in Section 5(d), the terms of outstanding Grants may not be amended to reduce the exercise price of outstanding Options or the base amount of outstanding SARs or to cancel outstanding Options or SARs in exchange for cash, other awards, Options with an exercise price that is less than the exercise price of the original Options or SARs with a base amount that is less than the base amount for the original SARs, without stockholder approval.

(c) *Stockholder Approval for "Qualified Performance-Based Compensation."* If Grants are made under Section 12 above, the Plan must be reapproved by the Company's stockholders no later than the first stockholders meeting that occurs in the fifth year following the year in which the stockholders previously approved the provisions of Section 12, if additional Grants are to be made under Section 12 and if required by section 162(m) of the Code or the regulations thereunder.

(d) *Termination of Plan.* The Plan shall terminate on May 7, 2017, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the stockholders. The termination of the Plan shall not impair the power and authority of the Committee with respect to an outstanding Grant.

19. *Miscellaneous*

(a) *Grants in Connection with Corporate Transactions and Otherwise.* Nothing contained in this Plan shall be construed to (i) limit the right of the Committee to make Grants under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Grants to employees thereof who become Employees, or for other proper corporate purposes, or (ii) limit the right of the Company to grant stock options or make other stock-based awards outside of this Plan. Without limiting the foregoing, the Committee may make a Grant to an employee of another corporation who becomes an Employee by reason of a corporate merger, consolidation, acquisition of stock or

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property, reorganization or liquidation involving the Company in substitution for a grant made by such corporation. The terms and conditions of the Grants may vary from the terms and conditions required by the Plan and from those of the substituted stock incentives, as determined by the Committee

(b) *Compliance with Law.* The Plan, the exercise of Options and the obligations of the Company to issue or transfer shares of Company Stock under Grants shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. In addition, it is the intent of the Company that Incentive Stock Options comply with the applicable provisions of section 422 of the Code, that Grants of "qualified performance-based compensation" comply with the applicable provisions of section 162(m) of the Code and that, to the extent applicable, Grants are either exempt from, or comply with, the requirements of section 409A of the Code. To the extent that any legal requirement of section 16 of the Exchange Act or section 422, 162(m) or 409A of the Code as set forth in the Plan ceases to be required under section 16 of the Exchange Act or section 422, 162(m) or 409A of the Code, that Plan provision shall cease to apply. The Committee may revoke any Grant if it is contrary to law or modify a Grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to Participants.

(c) *Enforceability.* The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

(d) *Funding of the Plan; Limitation on Rights.* This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Grants under this Plan. Nothing contained in the Plan and no action taken pursuant hereto shall create or be construed to create a fiduciary relationship between the Company and any Participant or any other person. No Participant or any other person shall under any circumstances acquire any property interest in any specific assets of the Company. To the extent that any person acquires a right to receive payment from the Company hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

(e) *Rights of Participants.* Nothing in this Plan shall entitle any Employee, Non-Employee Director or other person to any claim or right to receive a Grant under this Plan. Neither this Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employment or service of the Employer.

(f) *No Fractional Shares.* No fractional shares of Company Stock shall be issued or delivered pursuant to the Plan or any Grant. The Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(g) *Employees Subject to Taxation Outside the United States.* With respect to Participants who are subject to taxation in countries other than the United States, the Committee may make Grants on such terms and conditions as the Committee deems appropriate to comply with the laws of the applicable countries, and the Committee may create such procedures, addenda and subplans and make such modifications as may be necessary or advisable to comply with such laws.

(h) *Governing Law.* The validity, construction, interpretation and effect of the Plan and Grant Agreements issued under the Plan shall be governed and construed by and determined in accordance with the laws of the State of New York, without giving effect to the conflict of laws provisions thereof.













