

To Our Shareholders, Clients, and Employees:

I am pleased to report another year of strong performance for ITG®. In last year's letter, I laid out our plans to further diversify our business and deepen our global market penetration. In 2007 we accomplished them all, and more.

Over the past year ITG has made strategically important product introductions, expanded our distribution chain, moved into new asset classes, and broadened its global reach both in terms of clients and products. Importantly, we also saw an increase in the return on our investments outside of the U.S. in the form of improved operating margins.

The year's results successfully demonstrate our strategies and our concept of ITG as a one-stop source of self-directed trading solutions that empower our clients to achieve maximum performance. Our 2007 operating revenues jumped 25 percent while operating earnings per share rose by nearly 21 percent.

What's more, we posted strong third and fourth quarter results while our industry was being roiled by the credit crisis, unprecedented market volatility, and the significant reduction in the capital bases of many global financial institutions. This stress test showed the financial resilience we have gained through ongoing diversification of our business.

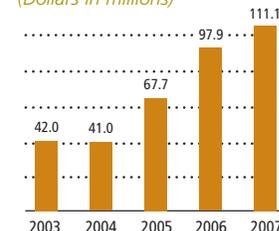
FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share amounts)

Year ended December 31	2007	2006	2005
Consolidated statement of income data			
Total revenues	\$730,999	\$599,484	\$408,161
Total expenses	542,131	437,520	299,065
Income before income taxes	188,868	161,964	109,096
Income tax expense	77,761	64,041	41,410
Net income	111,107	97,923	67,686
Basic earnings per share	2.52	2.26	1.61
Diluted earnings per share	2.48	2.21	1.60
Basic weighted average number of common shares outstanding (in millions)	44.0	43.4	42.2
Diluted weighted average number of common shares outstanding (in millions)	44.8	44.3	42.4
Consolidated statement of financial condition			
Total assets	\$2,100,887	\$1,462,312	\$1,016,334
Total stockholders' equity	704,295	608,034	462,306

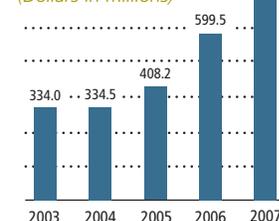
NET INCOME

(Dollars in millions)



TOTAL REVENUES

(Dollars in millions)



Four Key Strategies

Our consistent, long-term focus on four key business strategies paid off again in 2007. At the same time, it was a pivotal year in that we made important leaps forward on every strategic front, positioning ITG for further growth and leadership in the future.

Leverage Capabilities Globally

For more than a decade, we have been systematically globalizing our products and our product development. In 2007, we reaped a gratifying return from that investment while making a strong re-investment in our burgeoning global product line.

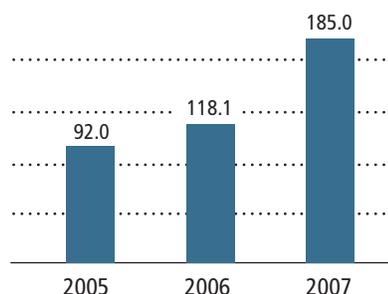
On an operating basis, revenues from our non-U.S. operations were up 57 percent for the year and non-U.S. operating EPS contribution nearly tripled to 30 cents a share. Our European, Canadian, and Asia Pacific operations all turned in record revenues.

This expansion overseas included the introduction of pan-Atlantic and Asia Pacific versions of Triton®, our flagship trading desktop, which connects clients with ITG's full product set. The year also saw Triton installations up 92 percent in Canada and 29 percent in Europe.

Another bright spot is our Hong Kong office. We see a promising future for ITG's business in Asia, where market structure and practice are much less evolved than what we are accustomed to in the U.S. Our first-mover advantage and solid reputation put us in a strong position to capture Asian market share as it inevitably moves to a more electronic environment.

In 2007, our non-U.S. operations accounted for 25 percent of ITG's total operating revenues. Looking ahead, we anticipate further growth as we continue building out our global product suite. During 2008, we plan to launch a new version of Triton with full global capability, giving our clients seamless trading across Asia, North America, and Europe. We will also be expanding to trade securities in 11 more European countries and rounding out our European crossing suite with the addition of POSIT AlertSM.

Total Non-U.S. Operating Revenues (Dollars in millions)



Broad market trends are also favorable to our global business. Cross-border investment has more than doubled since 1990. Collectively, non-U.S. markets now exceed the U.S. market in size, and the share of assets invested internationally is growing in all institutional segments.* Regulatory developments are another positive factor, particularly in European Union countries, where implementation of MiFID is spurring much greater focus on transaction cost control and pursuit of best execution. Both of these combine to contribute to increased market fragmentation.

Quarterly Non-U.S. Financial Summary
Operating Revenue
(in millions)

	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Asia	\$6.5	\$5.0	\$4.4	\$3.7
Australia	\$2.9	\$2.6	\$2.9	\$2.6
Canada	\$21.6	\$19.1	\$17.1	\$16.3
Europe	\$26.1	\$21.6	\$17.7	\$14.8
Total Revenues	\$57.1	\$48.3	\$42.1	\$37.4

Results:

- Non-U.S. operating revenues up 57 percent
- Expanded global product line
- A head start in the Asian market

Next-generation Trading

One important product initiative of 2007 was ITG Triton X™, our next-generation trading desktop, which is now in version 1.0 and will be further enhanced throughout 2008. Obliterating the traditional divide between execution management systems (EMS) and order management systems (OMS), ITG Triton X expertly combines high-performance execution and analytical tools with integrated portfolio management and compliance.

ITG Triton X will create a paradigm shift in the way our industry currently artificially distinguishes an OMS from an EMS. Most importantly it will elevate the user experience of every major buy side constituency including portfolio managers, traders, compliance managers and back office personnel.

For some time now, we have seen Triton and Radical™ as key to ITG's business growth. By giving institutional clients direct, single-point access to liquidity sources and execution providers, these front-end systems make ITG integral to their daily workflow. Through our EMSs, clients efficiently capitalize on the broad array of products we provide across the trading continuum, including POSIT®, ITG AlgorithmsSM, and pre- and post-trade analytical products. The addition of equities, options, futures, fixed income, and foreign exchange trading through ITG Matrix™ will further strengthen clients' reliance on ITG tools.

This strategy has borne steady year-over-year increases in installations and trading volumes via our desktops. We expect ITG Triton X to reinforce our technological leadership, grow our distribution chain, and further our strategy for desktop dominance.

*Source: Greenwich Associates

Grow the Network

ITG's industry-leading front ends give us an unparalleled advantage in the connectivity and commission revenue equation. Broker routing is another key point of leverage. Here, too, ITG made significant progress in 2007 as we completed the merger of ITG's RouteNet® with the Macgregor Financial Network we acquired in 2006.

Our new, combined network is called, appropriately, ITG NetSM, and it has already proved its value to our bottom line, generating \$52 million in revenue, equivalent to more than 9 percent of our total domestic revenues, for the year.

Results:

- ITG Net, a new offering in broker-neutral connectivity
 - A conduit to 380+ brokers and trading destinations
 - A profitable, recurring revenue stream
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With ITG Net, we are now able to offer direct, broker-neutral access to more than 380 brokers, exchanges, ECNs and other alternative trading systems, along with dozens of trading algorithms. Broker neutrality is at the core of our desktop strategy. Without the ability to route to competing brokers, we would not have the credibility necessary to partner with our clients.

The combination of ITG's desktop products and network give our clients a greater ability to manage execution seamlessly across all of their selected counterparties and liquidity pools. ITG gains a highly profitable and recurring revenue stream, added synergy with our Triton and Radical front ends, and expanded distribution of our algorithmic and crossing capabilities to those accessing ITG Net. In 2008 we will begin expanding ITG Net's global footprint while adding access to ITG's pre- and post-trade tools.

Expand into Multiple Asset Classes

Given ITG's intent to extensively diversify our core equities business, extending it into other asset classes is a natural move. In 2007 we got off to a strong start in this new area of our business by:

- Acquiring RedSky Financial and its best-of-class derivatives trading capabilities. This line extension neatly fits our existing distribution chain; it also gives us a revenue component that correlates positively with market volatility. ITG MatrixTM, our new desktop, blends tools for execution and risk management, and equips clients for high-speed, side-by-side trading of equities, options, futures, fixed income, and foreign exchange. It also gives ITG a platform for dramatically deepening our penetration of institutional client firms. We have already integrated ITG Matrix options capabilities into our Radical desktop and in 2008 will continue integrating additional ITG Matrix functionality into both Radical and Triton, providing clients with total flexibility and sophisticated tools they need to execute a full range of securities.

The Tabb Group currently estimates that 90 percent of institutional exchange-traded options are executed in a high-touch manner. This compares with their estimate of 33 percent of cash equity trading being executed in a similar way. ITG views this trend as an extraordinary opportunity to once again re-define the rules of engagement, providing clients with best-of-breed technological innovation.

- Staking out a substantial presence in foreign exchange, which is among our industry's largest and fastest growing markets. After gaining some FX capabilities through our RedSky acquisition, we decided to pursue the opportunity further by entering into a distribution agreement with FXall, a key player in foreign exchange. In 2008 we plan to provide clients with connectivity to FXall via our Macgregor XIPTM order management system and through Triton.

Results:

- Execution capabilities across the securities spectrum
 - New, non-correlated income streams
 - Potential for dramatically expanded market presence
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Evolutionary Path

We are excited and energized by these promising new dimensions of our business. Of course, no one should underestimate the gravity of the economic challenges our industry faces in 2008. Nor can we ignore the impacts of the shock waves rippling through Wall Street. This is no time for complacency. Be assured that we are not resting on the laurels of 2007.

When we reassess the long-term trends that drive our business against the backdrop of industry change, what we see is the opportunity for continued, steady growth with strong upside potential.

First of all, we at ITG have stuck to our philosophy that client needs should be the prime force shaping our product set. That means we actively and deliberately recast our mix of solutions based on clients' direct feedback. ITG's capabilities are developing as a mirror image of our clients' needs. And, of course, as we broaden the scope of our solutions, we gain new ability to expand our client base and extend our reach within existing client organizations.

Our potential for cross-selling grows geometrically as we push into new product and geographic areas. For example, we increasingly work with global asset manager clients to help them establish a set of execution best practices which they then replicate across their trading desks around the world.

We also see markets moving in our direction as they shift. Institutional investment and trading keep growing more complex, making ITG's integrated, global solutions even more valuable and essential to our buy-side clients. Meanwhile, trade crossing activity is trending toward the continuous and proactive methods we have built into our POSIT suite with POSIT NowSM and BLOCKalertSM.

One of the most notable trends in our industry is the large-scale reallocation of institutional assets to alpha-seeking strategies. The growth areas now are hedge funds, global equities, and derivatives. Asset managers are increasingly fixated not only on the search for alpha, but on systematic ways to preserve alpha by controlling execution costs and managing risk. This plays right into ITG's strong suit, underlining the tangible value of our execution tools, analytics, and algorithmic suites.

There is also a generational aspect to our changing marketplace. A new crop of professionals will increasingly hold the industry's reins. These up-and-coming practitioners are completely attuned to technology and highly receptive to the kinds of sophisticated, best-of-breed capabilities ITG provides.

Building on Our Advantages

I am immensely proud of what ITG has accomplished in the face of unprecedented turmoil in the global capital markets. In part, that reflects the ongoing appeal of our unique capabilities, our singular and unconflicted focus on agency execution, and our approach to client-driven innovation. But the lion's share of the credit belongs to ITG's more than 1,200 employees. They hold the intellectual capital that is the core asset of our firm. They are the ones executing on our vision of collaboration and partnership with our clients. On a day-to-day basis, they create the value we bring to our clients, and I am grateful for their passion, energy, and dedication to our firm.

Going forward, ITG has strong momentum as well as concrete plans for further extending our market reach and penetration. We believe considerable leverage remains in our product line and distribution chain; we also see substantial opportunity still there to be tapped in all four strategic areas of our business. My thanks to all of you—ITG's clients and shareholders as well as our employees around the world—who are sharing this journey.

Sincerely,



Robert Gasser
Chief Executive Officer
and President



This Management Letter contains forward-looking statements that reflect management's expectations for the future. A variety of important factors could cause results to differ materially from such statements. These factors are noted throughout ITG's 2007 Annual Report on its Form 10-K, and on its Form 10-Qs and include, but are not limited to, the actions of both current and potential new competitors, rapid changes in technology, fluctuations in market trading volumes, market volatility, changes in the regulatory environment, risk of errors or malfunctions in our systems or technology, cash flows into or redemptions from equity funds, effects of inflation, customer trading patterns, general economic and business conditions, securities, credit and financial market conditions, as well as adverse changes or volatility in interest rates.