

Keefe, Bruyette & Woods
Securities Brokerage & Market Structure Conference

November 2009



Disclaimer

The following information contains certain forward-looking statements that reflect the Company's current views with respect to certain current and future events and financial performance. These forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the Company's operations and business environment which may cause the Company's actual results to be materially different from any future results, expressed or implied, in these forward-looking statements. Any forward-looking statements are based upon information available to the Company on the date of this presentation. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any statements expressed or implied therein will not be realized. Additional information on risk factors that could potentially affect the Company's financial results may be found in the Company's filings with the Securities and Exchange Commission.



Company Overview

We are an automated global electronic market maker and broker specializing in routing orders and executing and processing trades in options, equities, futures foreign exchange and bonds.

- We operate on over 80 electronic exchanges and trading venues around the world
- Over 30 years experience as a broker dealer
- Our high degree of automation keeps fixed costs low and mitigates risk
- IB's brokerage customers are highly sophisticated and active traders
- IB Group equity capital of \$4.8 billion



Our Mission: To create technology to provide liquidity on better terms. Compete on price, speed, size, diversity of global products and advanced trading tools.



Differentiators

AUTOMATION

.....in addition to:

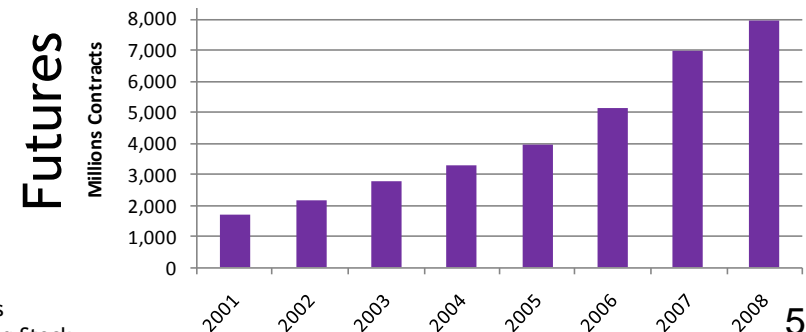
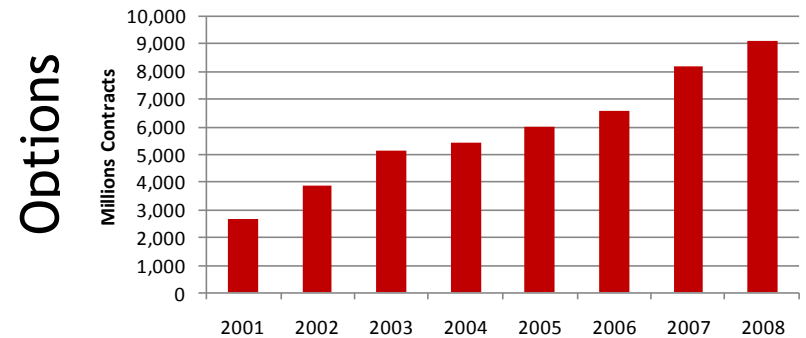
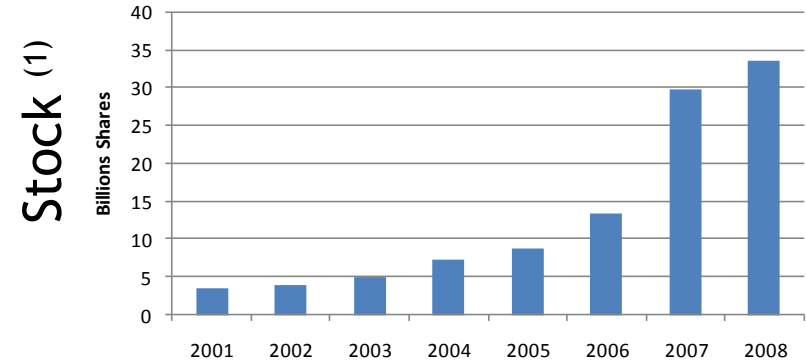
- **Broad global diversification** - Connected to over 80 electronic exchanges and trading venues in 27 countries and growing. Over 30% of revenues* earned outside of U.S.
- **Low cost leader** - Rated #1 by Barron's for 5th straight year as lowest cost broker
- **Complementary Business Segments** - Market Making and Brokerage share significant economies of scale in know-how and technology
- **Experienced Management Team** - 19 years average tenure, technology focused
- **Solid Financials** - Largest nonbank broker dealer by equity capital
- **Conservative risk**

* Based on 3Q09 YTD net revenues

Beneficiary of Long Term Market Trends



- Explosive growth in exchange products worldwide
- Increased competition between exchanges reduces customer costs and drives trading volumes
- Major worldwide trends in play:
 - Globalization - integration of the world's financial markets
 - Growing class of sophisticated investors
 - Adoption of Technology



Source: World Federation of Exchanges

(1) Data for global equity volume was based on annual volume of shares of the ten largest exchanges worldwide ranked by market capitalization, and include: NYSE Group, Tokyo Stock Exchange, Nasdaq Stock Market, London Stock Exchange, Euronext Exchange, Shanghai Stock Exchange, Hong Kong Exchanges, Deutsche Borse, TSX Group and BME Spanish Exchange



Profitable Track Record

Segment Results

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	YTD 3Q09 <u>Annualized</u>
<i>(In millions)</i>						
Market Making						
Net revenues	\$429	\$739	\$955	\$1,031	\$1,344	\$735
Non-interest expenses	\$187	\$233	\$292	\$311	\$316	\$289
Income before income taxes	\$241	\$505	\$663	\$720	\$1,028	\$445
Pre-tax profit margin	56%	68%	69%	70%	76%	61%
Electronic Brokerage						
Net revenues	\$133	\$185	\$298	\$425	\$506	\$465
Non-interest expenses	\$88	\$126	\$200	\$227	\$282	\$239
Income before income taxes	\$46	\$59	\$99	\$198	\$224	\$227
Pre-tax profit margin	34%	32%	33%	47%	44%	49%
Group income before income taxes	\$290	\$569	\$762	\$932	\$1,250	\$657

- Market making - irregular earnings stream based on shifting market cycles, unpredictable profit drivers, yet profit margin among highest in industry
- Electronic brokerage - steady, profitable growth. Target to comprise 50% of total company profits in next 2 years which will reduce earnings volatility



Segment Overviews

Market Making - Timber Hill

We are a leading global market maker in exchange traded options with preferential rights and obligations for providing liquidity at exchanges worldwide, executing many small trades at tiny but favorable bid/offer differentials



Market Making

Profits driven by random, irregular variables

- Market making profits are a product of exchange volumes and bid/offer spreads
 - Evolution of the financial markets supports long term growth in exchange traded derivatives
 - Bid/offer spreads are a function of competition and volatility. These forces move in cycles which lead to choppy earnings

- Spreads have been contracting throughout 2009 due to higher competition
 - Historically, similar periods of spread compression have been followed by higher volumes

- New exchange rules enacted that may reduce competition from HFT's
 - ISE professional trader designation implemented Oct 9, 2009
 - CBOE announced plans to institute a similar rule in coming months

- Other factors affecting market making profits are actual vs. implied volatility, M&A activity and currency movements
 - Actual to implied volatility has been declining throughout 2009. A lower ratio is generally unfavorable for trading gains



Market Making

Prudent Risk Management

- We primarily make markets in highly liquid, exchange traded instruments with readily determinable values
 - Counterparties are central clearing houses
 - Our portfolio is evaluated every second and continuously rebalanced throughout the trading day
 - Teams of experienced traders around the world monitor the system during all trading hours

- Broad diversification globally and across multiple instruments
 - Making markets in 27 countries across 573,000 tradable items protects capital base

- Proprietary risk management system estimates the fair value of financial instruments
 - Value at risk (VaR) is typically less than \$30 million
 - Financing limitations, both overall and product specific, are programmed as constraints
 - System hedges overall net position consistent with positive gamma profile

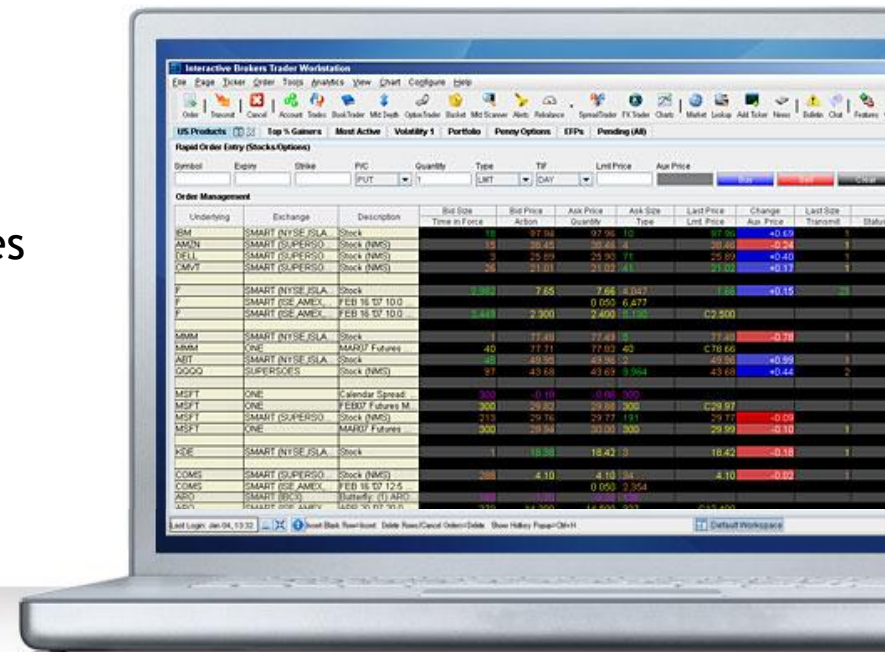


Segment Overviews

Electronic Brokerage

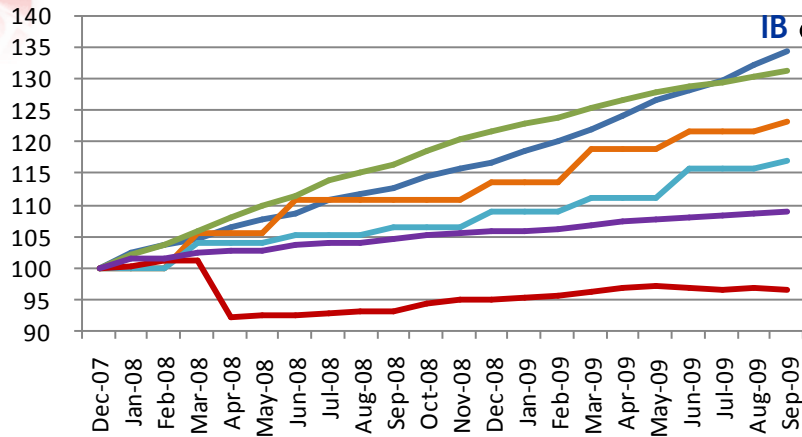
We are the broker of choice for sophisticated traders and investors that demand superior technology and best execution at the lowest possible cost

The IB Trader Workstation - “TWS” - allows our 130,000 customers in 140+ countries to access 80+ market destinations in 19 countries in 14 currencies in stocks, futures, options, forex and bonds from one screen, seamlessly.

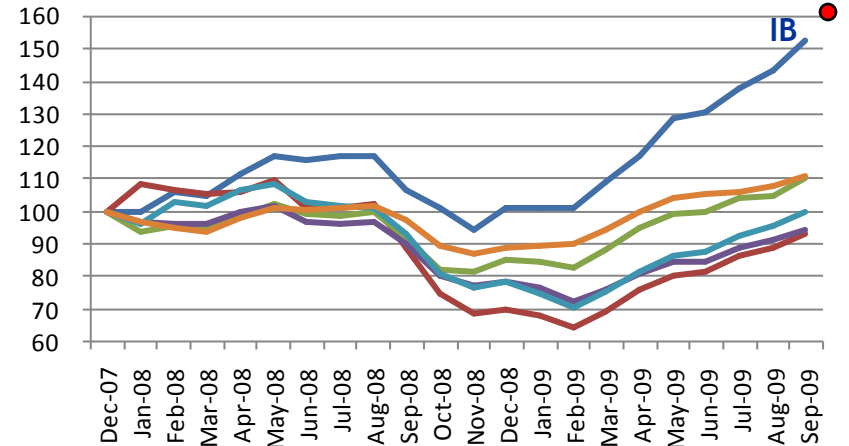


Brokerage Growth vs. Competitors: Normalized Trends

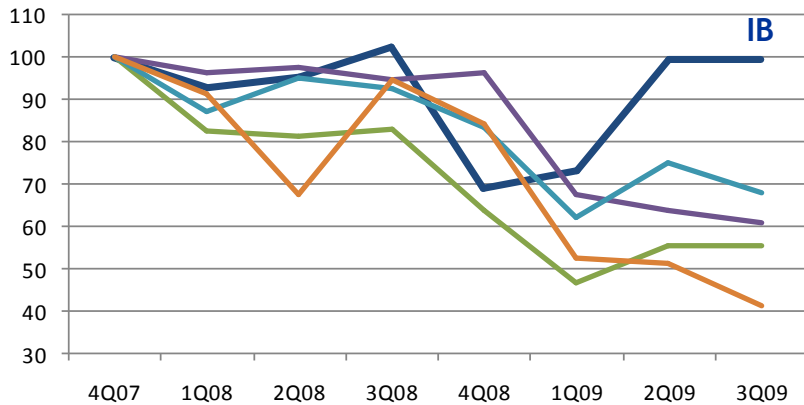
Accounts



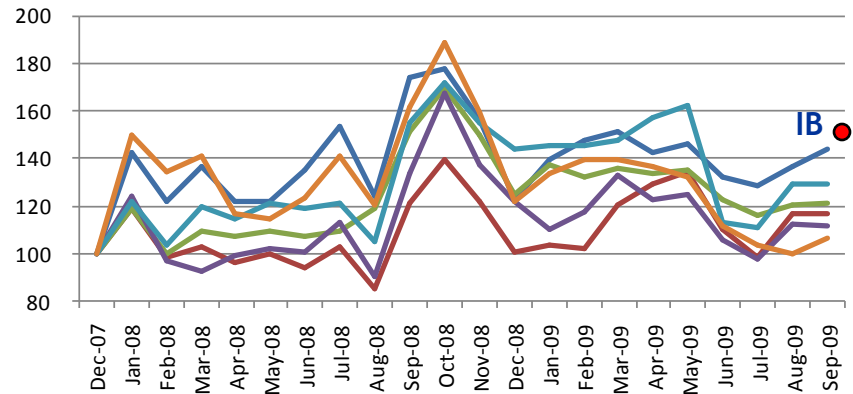
Customer Equity



Pretax Profits



DARTs



— Interactive Brokers — E-Trade — optionsXpress
— Schwab — TD Ameritrade — Tradestation

● Based on IB's October 2009 operating metrics

Source: Company filings



Electronic Brokerage: Leading the Competition on Several Metrics

	US Margin Loan Rates Comparison			US Commission Rates Comparison		
	\$25K	\$200K	\$1.5M	100 shares	1 Stock Option	1 E-mini S&P 500 Future
E-Trade	7.49%	5.99%	3.74%	\$ 7.99 ¹	\$ 8.74 ¹ plus reg fees	\$ 2.99 plus exch fees
Fidelity	7.58%	6.58%	3.75%	\$ 8.00 ²	\$ 8.75 ²	N/A
Interactive Brokers	1.61%	1.11%	0.61%	\$ 1.00 ³	\$ 1.00 ³	\$ 2.40
optionsXpress	6.25%	5.00%	4.00%	\$ 9.95 ⁴	\$ 12.95 ⁵	\$ 6.99 ⁶
Schwab	8.00%	6.88%	6.25%	\$ 8.95 ⁷	\$ 9.70	N/A
TD Ameritrade	8.50%	7.25%	6.25%	\$ 9.99	\$ 10.74	N/A
thinkorswim	7.70%	7.70% *	7.70% *	\$ 5.00	\$ 2.95	\$ 3.50

Comparisons as of 10/2/2009. Services vary by firm. Commissions data is for U.S. equities, stock options and futures.

* Negotiable

Net Dollar Price Improvement ^(A) vs. National Best Bid Offer

	Interactive Brokers	Industry ^(B)	IB Advantage
US Stocks (cents per 100 shares)	34¢	-19¢	53¢
US Options (cents per contract)	78¢	56¢	22¢

Source: The Transaction Auditing Group (TAG) a third party provider of transaction audit services.



In the software-based competition, Interactive Brokers has been rated #1 low cost broker ^ for 5 straight years

Interactive Brokers LLC is a member of [NYSE](#), [FINRA](#), [SIPC](#). Supporting documentation for any claims and statistical information will be provided upon request. [1] E-Trade - 150-1,499 trades per quarter. [2] Fidelity Gold Account - \$1 million or more in assets or \$25,000 in assets and 120 trades per year. [3] IB - Accounts generating commissions less than \$10 per month (with account equity of \$2,000 or more) will be assessed the difference as a monthly activity fee. [4] optionsXpress - minimum 9 stock trades per quarter. [5] optionsXpress - minimum 35 option trades per quarter. [6] optionsXpress - eMini - between 1 - 40 contracts per month. [7] Schwab - 120 trades+ per year or more than \$1 million in household balance. [A] Net \$ Improvement per Share Definition: ((# of Price Improved Shares * Price Improvement Amount) - (# of Price Dis-improved Shares*Price Dis-improvement Amount)) / Total Number of Executed Shares. [B] According to TAG for US stocks (53 cents per 100 shares better), the analysis included all market orders of 100 shares or more, up to 10,000 shares from January - June 2009. The analysis for US options (22 cents per contract better) included all market orders with order sizes of 1 to 50 contracts from January - June 2009. ^ Lowest cost broker according to Barron's online broker review - The 25 Leading Online Brokers - March 16, 2009. Barron's is a registered trademark of Dow Jones & Company, Inc. Criteria included Trade Experience, Trading Technology, Usability, Range of Offerings, Research Amenities, Portfolio Analysis & Report, Customer Service & Access, and Costs.



Our Unique Customer Base

A focus on *quality* rather than quantity

- Our target customer values best price execution at the lowest possible cost
- We keep our financing rates and commissions low so our customers are more profitable
- We believe this is the key to growing this business

	As of and for the quarter ended September 30, 2009				
	IB	Schwab	optionsXpress	ETrade	Ameritrade
Cleared accounts (<i>in thousands</i>)	127	7,620	344	2,729	7,563
Cleared DARTS (<i>in thousands</i>)	307	274	42	196	411
Average annual trades per account	624	9	31	18	14
Average commission per cleared trade	\$4.36	\$13.93	\$14.38	\$11.50	\$13.53
Average equity per customer account (<i>in thousands</i>)					
At September 30, 2008	\$ 87.9	\$ 178.5	\$ 17.4	\$ 26.8	\$ 40.2
At September 30, 2009	\$ 104.7	\$ 179.0	\$ 18.5	\$ 27.2	\$ 39.9
Change *	19%	0%	6%	2%	-1%

*** During this same period, the S&P fell 9%.**



Strategic Developments

Electronic Brokerage

Quadrivers

- Benefiting from increased focus by regulators on transparency of securities lending market
- Full integration with our trading and brokerage systems nearly complete
- Customers can view best borrowing and lending rates on our Trader Workstation
- Transactions are cleared by the OCC

Customer outreach

- Employee Track generating referrals from compliance staff of institutions
- Order Management System for broker dealer trading desks; now at 5 institutions
- Free market data service for noncustomer now on the iPhone; Blackberry soon

International expansion

- Received membership on the Osaka exchange
- Working through issues to become a direct member on the Tokyo exchange
- Opened office in Shanghai; may not solicit but can answer potential customer inquiries
- India: working on Bombay exchange membership and brokerage licenses for nonresident Indians and foreign institutions



We are well on our way to building *the* dominant global brokerage platform

- ✓ Significant head start in accessing the world's markets
- ✓ Little to no competition in Asia - our biggest opportunity
- ✓ New regions expected to deliver exponential growth in customers
- ✓ Evolving market structure will drive down trading costs and fuel worldwide trading volumes

NMX	2007-12-10, 10:17:57	100	1	126.9000	12,690.00	119.0000
NMX	2007-12-10, 10:27:39	100	1	126.7100	12,671.00	119.0000
NMX	2007-12-14, 10:08:57	100	1	128.0000	12,800.00	119.0000
NMX	2007-12-20, 14:46:50	100	1	129.9000	12,990.00	119.0000
NMX	2007-12-21, 15:55:49	100	1	133.5000	13,350.00	119.0000
Total in USD					1,712,916.44	
Options						
USD						
GS JAN08 220 C				4.79	387.25	0.2319