FULL ANALYSIS

IBG LLC

Counterparty Credit Rating
BBB+/Stable/—

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Major Rating Factors

Strengths:

- Growing business and geographic diversification
- Strong profitability and low fixed costs
- Conservative financial profile, including strong capitalization

Weaknesses:

- Highly competitive and transactional nature of options market-making business
- Model risk
- Key-man risk

Rationale

Standard & Poor's Ratings Services' ratings on IBG LLC reflect the firm's focus on market making, its growing electronic brokerage business, and its solid financial profile, which is highlighted by consistently strong earnings, solid capitalization, and adequate liquidity. The highly competitive and transactional nature of the core market-making business, correlation of margins to market volatility and volumes, and the firm's exposure to model and key-man risk partially offset the strengths.

IBG is a major global electronic market maker and broker in exchange-listed options, stocks, bonds, foreign exchange, and futures at more than 90 market centers worldwide. IBG operates two business segments: market making and electronic brokerage. The market-making segment—Timber Hill—has historically been the bigger contributor to earnings.

Timber Hill uses proprietary computer models to make markets in thousands of individual options, stocks, exchange-traded funds, and futures. Although the model has an excellent long-term track record on pricing and limiting risk, IBG's reliance on it exposes the firm to substantial model risk. Because options market making requires the firm consistently to post the most competitive bids for it to generate revenue, we do not attribute much of a franchise value to this business. During the past two years the less-favorable operating environment and more-effective competition have eroded this unit's revenue and profit margins. Nevertheless, its profitability remained more than adequate at 23.6% for 2010. Although we believe that the proliferation of advanced technology and expertise may have finally allowed competitors to close the gap with IBG, it is still too early to tell if this means a permanent reduction in Tiber Hill's profitability or simply another temporary period when other firms can steal market share in the short term but cannot hold it profitably.

The growth of the electronic brokerage segment—Interactive Brokers—combined with maturing international operations provides growing diversification to IBG's overall business. To date, IBG has a good track record of managing its risks, but its continued expansion—particularly internationally—increases its exposure to operational and other risks. In addition, IBG is still maturing as a public company, particularly concerning governance, and has some exposure to key-man risk in the person of founder and CEO Thomas Peterffy.

The company is disciplined in managing expenses and strives to be the low-cost provider in all its businesses. Timber Hill's trading results demonstrate some volatility, but consolidated profitability measures even in down quarters have been adequate to support the rating. IBG's strong trading results during the tumultuous second half of 2008 demonstrated the extent to which its market share, market volatility, and volumes—not market direction—drive IBG's market-making results.

The financial profile is anchored by a solid capital base, low leverage, and good risk-adjusted capital adequacy, even allowing for the substantial market risk involved in the firm's market-making operations. Given the relatively simple nature of IBG's balance sheet, its low leverage, and the highly liquid nature of its securities inventory, we consider liquidity adequate for the rating.

Outlook

The outlook is stable. We believe the firm's continued strong margins and capitalization should buttress its financial profile against less-favorable operating conditions. We expect IBG's brokerage business and international operations to continue to grow, which will diversify revenue and reduce dependence on U.S. options-market volumes and equity-market volatility. For us to raise the rating, IBG would need to maintain its strong financial profile and continue to develop its governance and diversification efforts. Conversely, if market-making business falls off further or the firm has a material increases in leverage or decrease in capital or liquidity, we could lower the ratings.

Profile: Global Reach And Brokerage-Segment Expansion

Through its U.S. and international subsidiaries, IBG is a major global electronic market maker and broker in exchange-listed options, stocks, bonds, foreign exchange, and futures. Its major subsidiaries include Timber Hill LLC, a U.S.-based broker-dealer that makes markets in exchange-listed derivatives; and Interactive Brokers LLC, a U.S.-based broker-dealer that provides brokerage services on an agency basis. Other subsidiaries are located in Europe, Hong Kong, Australia, Canada, India, and most recently, Japan. IBG, through its subsidiaries, is a member of more than 90 electronic exchanges and trading venues around the world, which allows the company's clients seamless access to securities, futures, and foreign exchange through an automated, computerized platform. In the past the company made some targeted acquisitions, but most of its growth has been organic.

IBG operates two business segments: market making (Timber Hill) and electronic brokerage (Interactive Brokers). Traditionally the market-making segment was the larger and contributed the majority of the company's pretax profit. However, that has been changing the past few years as the broker has been growing and the market maker's results have decreased considerably since 2008.

We look favorably on the company's efforts to expand its electronic brokerage segment, which provides diversification to its overall business. In 2010 the broker segment's daily average revenue trades were 379,000, an increase of 9% compared with 2009, and total client assets were up 45% to $22.1 billion. The segment serves a wide array of predominantly institutional clients, from midsize hedge funds to independent investment advisors and day traders.

The company's proprietary options-and-futures pricing model continuously adjusts the firm's bid and offer quotes based on current market prices and portfolio risk factors. The automated system then posts bid and offer quotes for the stocks, options, and futures at the various exchanges, either electronically or through designated floor traders who have handheld devices that display hundreds of the computer-generated price quotes at a time.

Because of the firm's reliance on quantitative models and the necessity for speed of communication, it devotes considerable resources to its technology operations. The firm invests in its human capital and is constantly recruiting the top programmers and mathematicians to help evolve its products in pace with the dynamic environment in which it competes.

Support And Ownership

IBG is 10.8% owned by Interactive Brokers Group Inc. (Nasdaq: IBKR), with the remainder owned by IBG Holdings LLC (Holdings), a Delaware limited-liability company. Holdings is, in turn, owned by 65 equity members. Member Thomas Peterffy, Chairman and CEO of IBKR, owns approximately 85% of Holdings and is Holdings' sole voting member. The remaining members are executive officers and key employees of IBKR and its affiliates. IBKR was formed as a result of an IPO and recapitalization in May 2007.

Holdings is set up so that the income from IBG attributable to its membership interests will be taxed at the individual level, thus avoiding corporate taxes. The public shareholders' stake will increase gradually over time as Mr. Peterffy and members unwind their holdings in the company.

Strategy And Management: Technology Driven

IBG is focused on developing technology and applying it as a financial intermediary in the financial markets in which it operates. The company's strategy is to operate with a low cost structure and provide very competitive pricing. This is achievable due to the firm's extensive use of technology, which is a major competitive advantage. The company endeavors to calculate option prices a few seconds ahead of the market, and execute favorable trades as a result. For its strategy to be successful, the company must be able to update its quotes very quickly and accurately. This has led the firm to have to compete in the financial markets' "technology arms race" where firms invest to achieve ever-faster interaction with markets. In addition, success requires the firm consistently to post the most competitive bids and asks in enough of its listed options for it to generate trade revenue. With the technology and expertise becoming more widely available, other firms, particularly high-frequency trading (HFT) firms, have increased their options market-making share during the past couple of years, partially at the expense of IBG. Although we believe IBG's technology and business model remain strong, this will likely reduce the firm's market-making competitive advantage and profit margins. This puts increasing pressure on the brokerage business to maintain the firm's consolidated profitability and generate capital for continued growth.

Unlike some of its competitors, IBG does not trade based on knowledge of customer order flow or fundamental research on entities, but rather on its pricing model. This leaves IBG vulnerable to shifts in customer knowledge or preferences that other firms may be able to perceive and react to more quickly or accurately.

The company is actively expanding its electronic brokerage business, continuously rolling out new products and services and customizing its interface to the varying needs of its very diverse client base.

The company has greatly expanded into foreign markets. The company's foreign operations include market making and electronic brokerage; clearing and customer service in India, Japan, Brazil, and Italy; and bonds, foreign exchange, gold, and other new products globally.

Accounting

We believe the company's financial accounting is appropriate. It carries the majority of its assets and liabilities at fair value or approximations of fair value.

Beyond a small difference in total assets and income, the main difference between the financials of IBG and IBKR is in how the ownership interest is accounted for on the balance sheet and how income is allocated to the ownership interests in the income statement.

Performance: Margins Compress But Are Still Strong

Volume and volatility in the equity and options markets influence IBG's profitability. Lower volatility, a slight decrease in the ratio of actual to implied volatility, and a decrease in average bid/offer spreads during the past two years hurt IBG's 2010 market-making results. In addition, the firm's market share has decreased modestly, partially because of a surge in the activity of HFT firms and certain advantages they have over registered market makers. Although we expect this to continue to hurt IBG's market-making market share and profitability, we also expect the firm and the market-making unit's profitability to remain adequate for the rating.

Market-making revenue comes from the net trading gains earned from trades made when the bids it derives from its proprietary model are hit in a market. The model does not actually execute trades, but continuously posts bid-and-offer quotes on tens of thousands of options and related instruments. Trading managers can, but rarely do, step in to balance the company's overall risk exposure if they believe there is too much weight in a specific area. Then, if the bid gets hit or the offer taken, the trade is executed. Consequently, the level of revenues fluctuates with market conditions, competitive dynamics, and overall trading volumes.

Historically low equity-market volatility, as occurred between 2003 and 2007, did not preclude robust profit growth at the company. Although higher volatility increases revenue opportunities for market makers, their transaction volume drives profitability more. With lower volatility in markets, particularly in the U.S., IBG's market-making profitability decreased considerably since mid-2009. Much of this was caused by both a decline in revenue and the cost associated with maintaining the firm's hedging strategy. This hedging strategy limits the firm's risk, but also is required to maintain its desired exposure to volatility and avoid exposure to market direction.

For the second year in a row the dollar amount of profitability and the pretax margin were down, but IBG's pretax margin remained quite healthy at 36.9% for the year. This is largely a benefit of diversification, as for the second straight year the broker segment's improved results have helped to offset weaker results at the market maker.

The company's good expense management contributes to its strong margins. In contrast to most brokerage firms, at which compensation is the largest expense, IBG's largest expenses are exchange fees and clearing costs (usually approximately 50% of noninterest expense). The expense base is largely variable and adjusts downward with trading volumes in unfavorable market conditions. The firm can operate with such low compensation expenses because of the efficiency it gains from its extensive use of technology.

Nevertheless, the firm and its competitors are continuously challenged to continue to invest in technology to avoid being outclassed by better or faster trade technology.

Risk Profile And Management: Critical To The Success Of IBG's Business Model

We consider IBG's risk management to be adequate. IBG employs a risk-management framework of policies and procedures to oversee and mitigate various risks to the company. The risk-management team, composed of top management and skilled risk professionals, communicates regularly and maintains the risk tolerance levels and parameters the company establishes. Management looks to ensure that its risk taking is defined with regard to fluid market conditions, its capital base, and its business strategy.

Governance risk

We consider IBG's governance risk management adequate for the current rating. Documentation and policies have improved since the firm became compliant with Sarbanes-Oxley. The company has three independent directors on its board of directors. Nevertheless, Mr. Peterffy, as CEO and majority shareholder, has controlling authority of the firm. We believe this exposes the firm to considerable key-man risk.

Market risk

IBG has substantial inherent market risk in its market-making business, but to date it has managed it well. IBG's market risk-management strategy is to be long gamma, or market volatility. This means that the firm's exposure to equity markets becomes longer as the markets gain, and shorter as markets fall, thus providing some protection from extreme market movements. In effect, IBG's exposure is between the implied volatility (the price at which it sets its bids/offers) and the actual volatility of the market.

The firm uses its proprietary options-and-futures pricing model to evaluate and monitor the risks inherent in its portfolio. The firm rebalances its market bids and positions constantly to manage risk exposures, both on its options and futures positions and the underlying securities.

The company considers the impact on its risk of buying or selling any individual security in setting its market quotes. The model will price the increased risk that a position would add to the overall portfolio into its bid and ask quotes. This inherent risk limitation feature helps IBG avoid taking on excessive risk in any single position as investors hit the bid or lift the ask.

Accordingly, the company does not have any hard risk limits by exchange, and the firm does not measure exposures based on an aged inventory concept. IBG imposes an absolute limit of 5% of firm capital at risk in a +/- 30% instantaneous market shock.

Credit risk

We consider IBG's credit risk to be minimal and well managed. By only trading in listed securities and cash foreign exchange, IBG limits its credit risk and collateral-posting requirements. The various exchanges set IBG's margin requirements, and the company may impose additional margin requirements on its customers. The firm engages in securities lending, although the high levels of cash collateral mitigate credit risk. Trading counterparty risk with exchanges is minimal due to their high credit ratings, and cash foreign-exchange dealing is done only with large banks. The company conducts counterparty credit risk analysis through a due diligence and surveillance analytical process. The company imposes credit limits and monitors exposures to limit concentration risk in times of changing counterparty and market conditions.

Operational risk

Overall operating risk is well managed. The area of operational risk of most concern to us is model risk. If the assumptions, correlations, or prices used by the model are inaccurate, the company could execute a series of bad trades. To minimize model risk the firm employs a team of analysts to monitor its trading exposures constantly. IBG immediately investigates and revises the model if it detects any errors. Also, senior management deconstructs the trading profit and loss every day, highlighting every loss-making position. The results are then discussed and the model is analyzed to diagnose any model errors that appeared. Because the model has been in use since 1982, the existence of systematic flaws seems unlikely.

Another mechanism to prevent model errors is a limit on the number of contracts that the company will execute at a given quote. The "quote quantity" maximum is 2,000 contracts in the most liquid instruments, but much less for other items. Senior traders also monitor major news and market conditions and can override the system manually in the case of certain events. At that point, IBG can suspend bids and offers until the model has time to react to the news and generate new quotes. Traders can also manually widen the quoted spread on specific items to change the composition of the portfolio over time.

Legal risk at IBG is minimal compared to that of other brokerage firms because the company does not give any investment advice to clients, nor is it involved in investment banking.

Liquidity And Funding: Adequate For The Rating

We consider the company's liquidity adequate for the rating. The company maintains considerable excess unencumbered assets and is actually a net supplier of stock to the market on a secured basis. In addition, the firm maintains considerable latitude to adjust its positions and hedging based on the availability and economics of various funding or liquidity needs. Relatively illiquid assets comprise less than 2% of total assets, or 11.4% of total equity.

The company has a $100 million committed credit facility. The firm drew on the facility during the end of 2010, but it usually leaves the entire amount undrawn as a source of contingent liquidity. The facility was paid down to zero on Jan. 18, 2011. The firm also maintains substantial uncommitted broker lines from banks to fund everyday liquidity needs. An additional source of funding is customer free-credit balances. As of year-end 2010 the company was well within compliance on all its covenants.

Capital: Strong By All Measures

The company's capital adequacy is strong given its disciplined risk taking, sizable capital base, and low leverage. This is despite more than $1 billion in dividends, including a special dividend of $1 billion paid during 2010. This represents a substantial change in capital management from prior years. Previously the firm's dividend payouts were much smaller (dividends averaged 23% of annual income in 2008-2009). Management has stated that it remains committed to maintaining what it considers very strong capitalization. Because the firm's capitalization is the foundation of the current ratings, we would take a very negative view of further material reductions in equity or increases in leverage. Total adjusted tangible equity stood at $4.2 billion at year-end 2010, down from $4.9 billion at year-end 2009. Financial leverage (adjusted net assets-to-adjusted tangible equity) was only 4.4x at Dec. 31, 2010, up slightly from 3x in 2009. IBKR's status as a public company gives IBG some flexibility to raise additional capital. All of IBG's regulated subsidiaries have considerable excess regulatory capital.

Table 1 | Download Table

IBG LLC Profitability Ratios

	--Year-ended Dec. 31--				
(%)	2010	2009	2008	2007	2006
Net interest income/revenues	11.4	4.7	5.7	15.1	15.0
Fee income/revenues	41.7	31.9	19.3	17.3	13.9
Market-sensitive income/revenues	39.7	57.3	70.1	61.5	64.3
Personnel expense/revenues	21.6	15.9	8.5	7.9	8.8
Noninterest expenses/revenues	62.6	50.2	32.3	35.7	39.2
New loan loss provisions/revenues	0.0	0.0	0.0	0.0	0.0
Net operating income after loan loss provisions/revenues	37.4	49.8	67.7	64.3	60.8
Pretax profit/revenues	36.7	49.2	67.2	61.9	60.8
Tax/pretax profit	17.7	10.0	10.3	6.8	3.6
Core earnings/revenues	30.8	44.8	60.8	60.0	58.6
Core earnings/average adjusted net assets (%)	1.8	3.2	5.8	4.4	4.6
Noninterest expenses/average adjusted net assets (%)	3.7	3.6	3.1	2.6	3.1

Core earnings/average risk-weighted assets	N.M.	N.M.	N.M.	N.M.	N.M.
Core earnings/average adjusted common equity	6.3	10.7	28.4	28.8	30.4
Pretax profit/average common equity	64.1	100.0	271.0	58.0	30.6

N.M.--Not meaningful.

Table 2 | Download Table

IBG LLC Capital Ratios

	--Year-ended Dec. 31--				
(%)	2010	2009	2008	2007	2006
Adjusted total equity/managed assets	14.7	18.3	15.5	10.3	8.4
Common dividend payout ratio	(10,725.3)	344.6	239.4	89.7	22.4

Table 3 | Download Table

IBG LLC Summary Balance Sheet

	--Year-ended Dec. 31--				
(Mil. $)	2010	2009	2008	2007	2006
Assets					
Cash and money market instruments	14,872.4	14,545.6	13,628.4	18,490.3	22,690.0
Securities	5,420.9	7,809.9	10,049.5	11,018.6	7,485.9
Trading securities (marked to market)	0.0	N/A	0.0	0.0	0.0
Nontrading securities	5,420.9	7,809.9	10,049.5	11,018.6	7,485.9
Mortgage-backed securities included above	0.0	0.0	0.0	0.0	0.0
Loans to banks (net)	0.0	0.0	0.0	0.0	0.0
Receivables (gross)	6,990.9	3,256.3	1,638.7	1,918.1	849.5
Loan loss reserves	17.9	16.6	17.6	2.0	1.0
Receivables (net)	6,973.0	3,239.6	1,621.2	1,916.1	848.4
Earning assets	16,040.5	16,542.2	18,315.8	19,833.7	18,912.3
Equity interests/participations (nonfinancial)	26.3	27.0	34.2	52.6	33.1
Investments in unconsolidated subsidiaries (financial companies)	N/A	N/A	N/A	N/A	N/A

Intangibles (nonservicing)	0.0	0.0	0.0	0.0	0.0
Interest-only strips	N/A	N/A	N/A	N/A	N/A
Fixed assets	41.1	41.7	44.3	35.5	21.5
Derivatives credit amount	N/A	N/A	N/A	N/A	N/A
Accrued receivables	19.7	15.9	25.8	85.5	62.8
All other assets	412.4	432.8	425.3	459.4	81.9
Total assets	28,498.8	26,605.6	28,356.6	34,542.1	32,080.5
Intangibles (nonservicing)	0.0	0.0	0.0	0.0	0.0
Less insurance statutory funds	0.0	0.0	0.0	0.0	0.0
Adjusted assets	28,498.8	26,605.6	28,356.6	34,542.1	32,080.5
Liabilities					
Total deposits	0.0	0.0	0.0	0.0	0.0
Noncore deposits	0.0	0.0	0.0	0.0	0.0
Core/customer deposits	0.0	0.0	0.0	0.0	0.0
Acceptances	N/A	N/A	0.0	0.0	0.0
Repurchase agreements	N/A	N/A	N/A	N/A	N/A
Other borrowings	482.0	526.6	651.2	1,876.2	1,597.5
Other credit reserves	N/A	N/A	N/A	N/A	N/A
Other liabilities	17,671.1	12,438.6	9,820.6	14,776.2	12,895.0
Total liabilities	24,278.3	21,728.4	23,948.6	30,968.3	29,278.1
Total equity	4,220.5	4,877.1	4,408.1	3,573.8	2,802.4
Manditorily convertible securities	0.0	N/A	0.0	0.0	0.0
Limited life preferred and quasi equity	0.0	0.0	0.0	0.0	0.0
Enhanced trust preferred	0.0	N/A	0.0	0.0	0.0
Minority interest-equity	3,732.7	4,302.2	3,894.2	3,165.4	0.5
Common shareholders' equity (reported)	487.8	574.9	513.9	408.4	2,801.9
Share capital and surplus	536.1	529.1	486.3	451.1	N/A
Revaluation reserve	21.1	10.9	3.9	4.1	98.6
Retained profits	92.5	177.4	141.2	48.2	N/A

Other equity	(161.9)	(142.4)	(117.6)	(95.0)	N/A
Total liabilities and equity	28,498.8	26,605.6	28,356.6	34,542.1	32,080.5

N/A--Not applicable.

Table 4 | Download Table

IBG LLC Equity Reconciliation Table

	--Year-ended Dec. 31--				
(Mil. $)	2010	2009	2008	2007	2006
Common shareholders' equity (reported)	487.8	574.9	513.9	408.4	2,801.9
Plus minority interest (equity)	3,732.7	4,302.2	3,894.2	3,165.4	0.5
Minus dividends (not yet distributed)	0.0	0.0	0.0	0.0	0.0
Minus revaluation reserves	(21.1)	(10.9)	(3.9)	(4.1)	(98.6)
Minus nonservicing intangibles	0.0	0.0	0.0	0.0	0.0
Minus interest-only strips (net)	0.0	0.0	0.0	0.0	0.0
Minus tax loss carryforwards	0.0	0.0	0.0	0.0	0.0
Minus postretirement benefit adjustments	0.0	0.0	0.0	0.0	0.0
Minus cumulative effect of credit-spread related revaluation of liabilities	N/A	N/A	N/A	N/A	N/A
Minus other adjustments	N/A	N/A	0.0	0.0	0.0
Adjusted common equity	4,199.4	4,866.2	4,404.2	3,569.7	2,703.9
Plus admissible preferred and hybrids	0.0	0.0	0.0	0.0	0.0
Total Adjusted Capital	4,199.4	4,866.2	4,404.2	3,569.7	2,703.9
Plus general reserves	0.0	0.0	0.0	0.0	0.0
Plus unrealized gains	N/A	N/A	0.0	0.0	0.0
Minus equity in unconsolidated subsidiaries	0.0	0.0	0.0	0.0	0.0
Minus capital of insurance subsidiaries	N/A	N/A	0.0	0.0	0.0
Minus adjustment for securitized assets	0.0	0.0	0.0	0.0	0.0
Adjusted total equity	4,199.4	4,866.2	4,404.2	3,569.7	2,703.9

N/A--Not applicable.

Table 5 | Download Table

IBG LLC Profit And Loss

	--Year-ended Dec. 31--				
(Mil. $)	2010	2009	2008	2007	2006
Net interest income	106.3	52.2	105.2	227.0	187.6
Interest income	172.5	121.6	437.2	782.2	672.1
Interest expense	66.2	69.4	332.0	555.2	484.4
Operating noninterest income	822.2	1,054.6	1,754.9	1,278.2	1,064.8
Fees and commissions	386.8	353.0	359.5	261.1	174.4
Net brokerage commissions	386.8	353.0	359.5	261.1	174.4
Trading gains	368.6	633.9	1,304.0	925.1	805.1
Other market-sensitive income	N/A	N/A	N/A	N/A	N/A
Net insurance income	0.0	0.0	0.0	0.0	0.0
Equity in earnings of unconsolidated subsidiaries	N/A	N/A	0.0	0.0	0.0
Other noninterest income	66.8	67.7	91.4	92.0	85.2
Operating revenues	928.5	1,106.7	1,860.1	1,505.2	1,252.4
Noninterest expenses	581.3	555.8	600.4	536.6	490.8
Personnel expenses	200.2	175.8	158.0	118.8	110.1
Other general and administrative expense	89.8	85.7	101.7	70.0	55.9
Preprovision operating income	347.2	550.9	1,259.7	968.6	761.6
Credit loss provisions (net new)	0.0	0.0	0.0	0.0	0.0
Operating income after loss provisions	347.2	550.9	1,259.7	968.6	761.6
Nonrecurring/special income	(6.4)	(6.4)	(10.0)	(37.0)	0.0
Nonrecurring/special expense	0.0	N/A	0.0	0.0	0.0
Amortization of intangibles	0.0	N/A	0.0	0.0	0.0
Impairment of intangibles	0.0	N/A	0.0	0.0	0.0
Pretax profit	340.8	544.5	1,249.7	931.6	761.6
Tax expense/credit	60.4	54.4	128.4	63.0	27.4
Net income (before minority	280.4	490.1	1,121.4	868.5	734.2

interest)					
Minority interest in consolidated subsidiaries	289.7	453.9	1,028.3	568.0	N/A
Net income before extraordinaries	(9.3)	36.2	93.0	300.5	734.2
Net income after extraordinaries	(9.3)	36.2	93.0	300.5	734.2

N/A--Not applicable.

Table 6 | Download Table

IBG LLC Core Earnings Reconciliation Table

	--Year-ended Dec. 31--				
(Mil. $)	2010	2009	2008	2007	2006
Net income (before minority interest)	280.4	490.1	1,121.4	868.5	734.2
Minus nonrecurring/special income	6.4	6.4	10.0	37.0	0.0
Plus nonrecurring/special expense	0.0	0.0	0.0	0.0	0.0
Plus or minus tax impact of adjustments	(1.1)	(0.6)	(1.0)	(2.5)	0.0
Plus amortization/impairment of goodwill/intangibles	0.0	0.0	0.0	0.0	0.0
- Preferred dividends	0.0	0.0	0.0	0.0	0.0
Plus or minus other earnings adjustments	N/A	N/A	0.0	0.0	0.0
Core earnings	285.7	495.9	1,130.4	903.0	734.2

N/A--Not applicable.

Ratings Detail (As Of 23-Mar-2011)*	
IBG LLC	
Counterparty Credit Rating	BBB+/Stable/--
Counterparty Credit Ratings History	
19-Dec-2008	BBB+/Stable/--
08-May-2007	BBB/Stable/--
15-Dec-2006	BBB-/Watch Pos/--
Sovereign Rating	
United States of America (Unsolicited Ratings)	AAA/Stable/A-1+
Related Entities	
Interactive Brokers LLC	
Issuer Credit Rating	A-/Stable/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.