

MARKETAXESS

3Q13

CONFERENCE CALL & WEBCAST

October 23, 2013

TRADE ON  MarketAxess®

Forward Looking Statements



This presentation may contain forward-looking statements, including statements about the outlook and prospects for Company and industry growth, as well as statements about the Company's future financial and operating performance. These and other statements that relate to future results and events are based on MarketAxess' current expectations. Actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties, including: the volatility of financial services markets generally; the level of trading volume transacted on the MarketAxess platform; the absolute level and direction of interest rates and the corresponding volatility in the corporate fixed-income market; the level and intensity of competition in the fixed-income electronic trading industry and the pricing pressures that may result; the variability of our growth rate; the rapidly evolving nature of the electronic financial services industry; our ability to introduce new fee plans and our clients' response; our exposure to risks resulting from non-performance by counterparties to transactions executed between our clients in which we act as an intermediary in matching back-to-back trades; our dependence on our broker-dealer clients; the loss of any of our significant institutional investor clients; our ability to develop new products and offerings and the market's acceptance of those products; the effect of rapid market or technological changes on us and the users of our technology; our ability to successfully maintain the integrity of our trading platform and our response to system failures, capacity constraints and business interruptions; our vulnerability to cyber security risks; our ability to protect our intellectual property rights or technology and defend against intellectual property infringement or other claims; our ability to enter into strategic alliances and to acquire other businesses and successfully integrate them with our business; our ability to comply with new laws, rules and regulations both domestically and internationally; our ability to maintain effective compliance and risk management methods; the strain of growth initiatives on management and other resources; our future capital needs and our ability to obtain capital when needed; limitations on our operating flexibility contained in our credit agreement; and other factors. The Company's actual results and financial condition may differ, perhaps materially, from the anticipated results and financial condition in any such forward-looking statements. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. More information about these and other factors affecting MarketAxess' business and prospects is contained in MarketAxess' periodic filings with the Securities and Exchange Commission and can be accessed at www.marketaxess.com.

3Q13 Summary¹



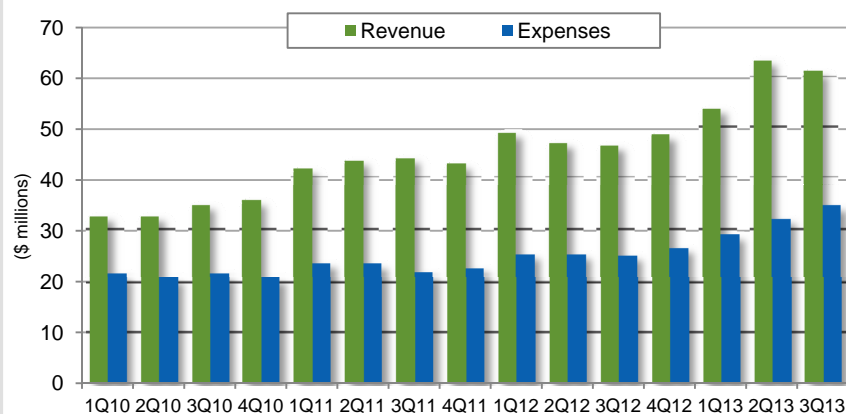
Earnings

- Revenues of \$61.1 million, up 31.7%
- Expenses of \$34.7 million, up 39.5%
- Pre-tax income of \$26.4 million, up 22.7%
- Diluted EPS from continuing operations of \$0.48, up from \$0.37

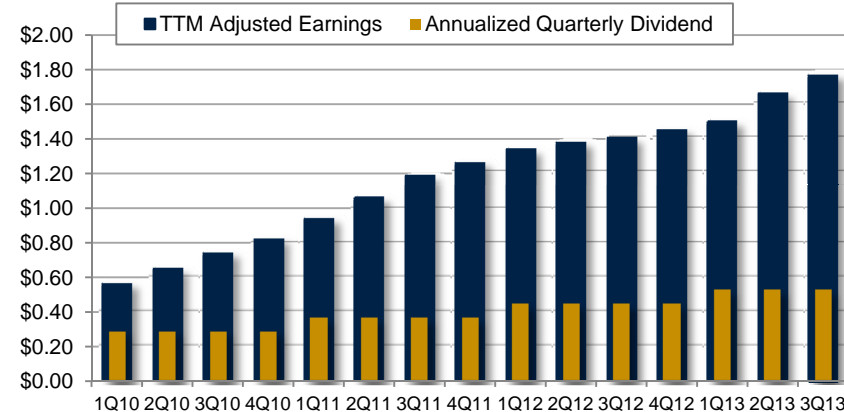
Business Highlights

- Record estimated High Grade and High Yield market share
- Continued Open Trading progress
- CFTC SEF temporary registration received in September
- Greenline disposition completed on October 8th, 2013

Quarterly Revenue and Expense Trend



Adjusted EPS² and Dividend Trend



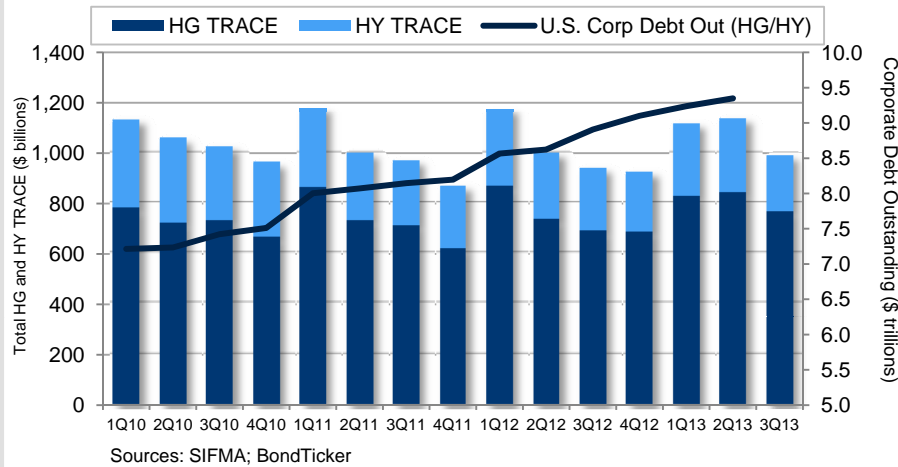
¹ All period comparisons versus 3Q12 unless otherwise stated; Operating results of Greenline Financial Technologies are not included in the period to period comparisons of continuing operations.

² See third quarter 2013 earnings release and the Investor Relations section of the Company's website for reconciliation of net income to EBITDA and diluted EPS to adjusted diluted EPS

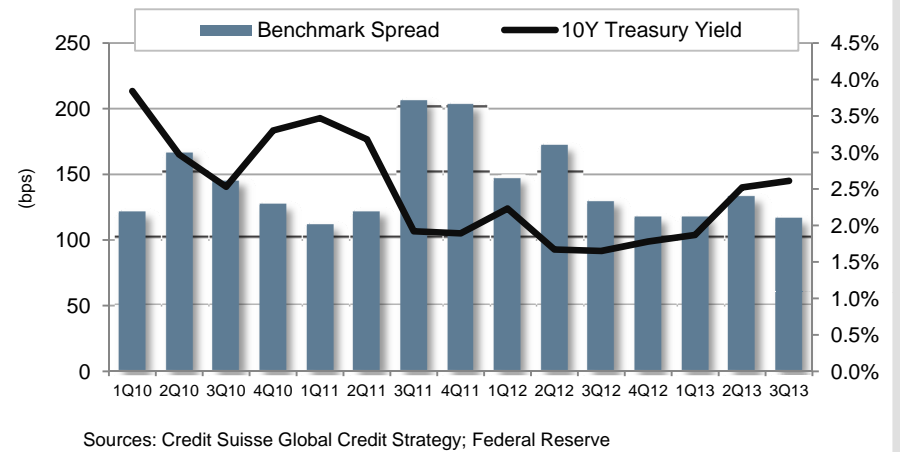
Market Conditions



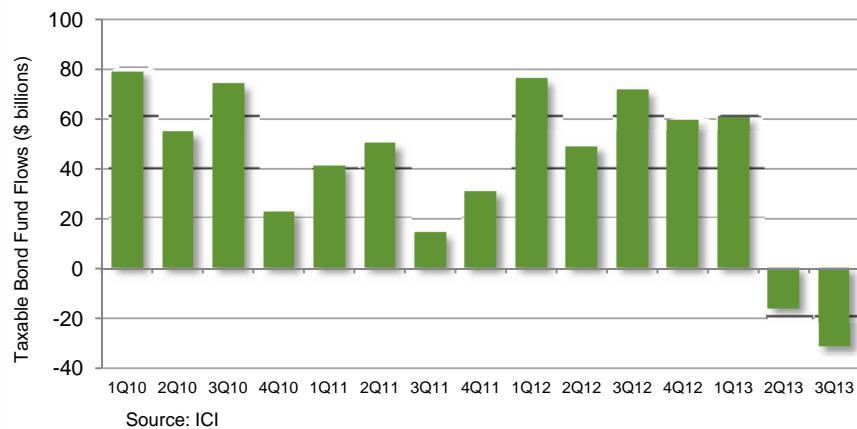
U.S. HG and HY TRACE and U.S Corporate Debt Outstanding



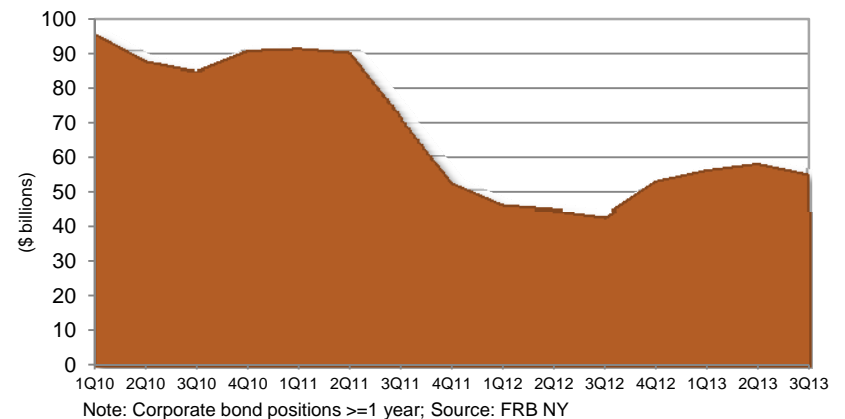
Liquid U.S. Corporate Index (LUCI) vs. 10 Year Treasury Yield



Taxable Bond Fund Flows



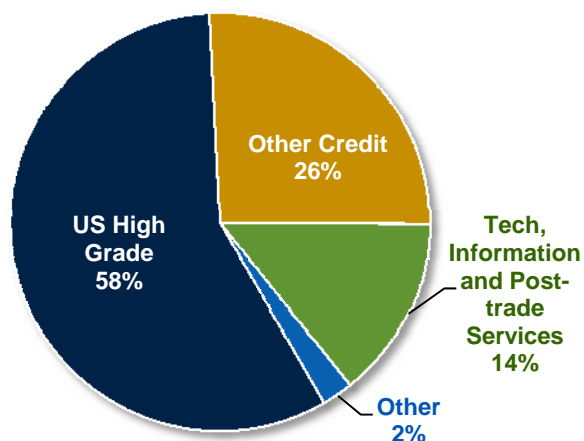
Primary Dealer Holdings



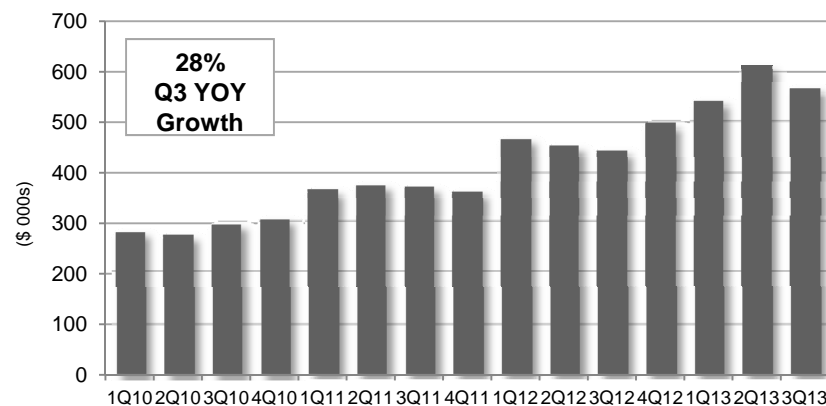
Continuing Strong Growth Rates¹



3Q13 Revenue Breakdown



Average Daily Variable Transaction Revenue



Historical CAGR vs. Current Period Growth

	5 YR CAGR	9M13
Variable Transaction Revenue	25.3%	26.8%
Total Revenue²	15.3%	16.3%
EPS^{2,3}	37.0%	33.3%
Total Volume	10.4%	18.6%

Comments

- Strong year-to-date growth in trading volume, transaction revenue and EPS
- Continued growth in high grade, high yield and emerging markets client cross selling
- Expansion of addressable market through Open Trading initiatives
- European strategy on track to drive increased trading and data revenue

¹ Operating results of Greenline Financial Technologies are not included in the period to period comparisons of continuing operations.

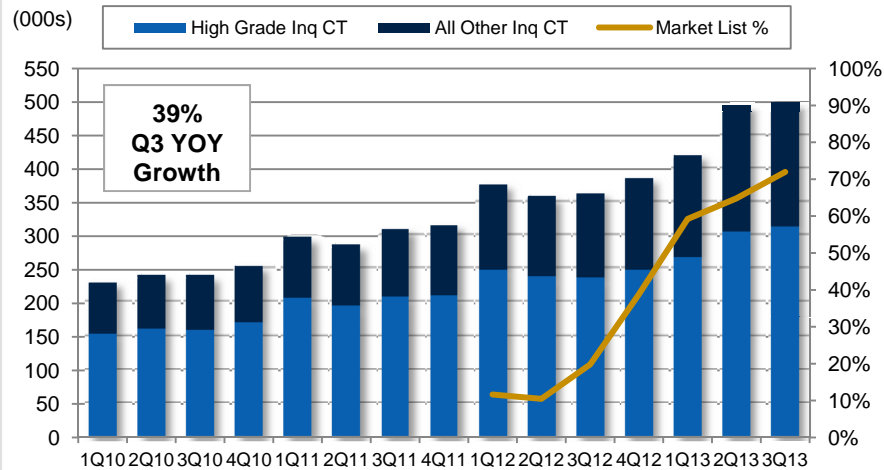
² Xtrakter results excluded from growth rates

³ 5 YR CAGR EPS adjusted for one time tax benefit recognized in the 4th quarter of 2012

Core Product Market Share Trends



C2D Inquiry Count and U.S. HG Market List %



Market Share

- Significant increase in inquiry count versus 3Q12:
 - High Grade up 33%
 - Other Credit up 51%
- Market share gains across products in a period of:
 - Increase in yields
 - Bond fund outflows
 - Strong new issuance

U.S High Grade Market Share Growth Contribution

	Third Quarter
2013	14.9%
2012	12.5%
Contribution To Market Share Gains	
Investor Inquiry Volume	2.0%
Hit Rate	0.4%

Open Trading Progress

- 72% of U.S. high grade inquiry submitted to Market Lists in 3Q13
- 79% sequential increase in completed Open Trading transactions vs. 2Q13
- BlackRock Aladdin integration continues

Regulatory Timeline

September 13	MarketAxess SEF granted temporary registration
October 2	SEF rules became effective
November 1	Rules regarding clearing certainty and documentation requirements become effective
End February (Est.)	Made available to trade determination, i.e. mandatory trading on SEFs, becomes effective

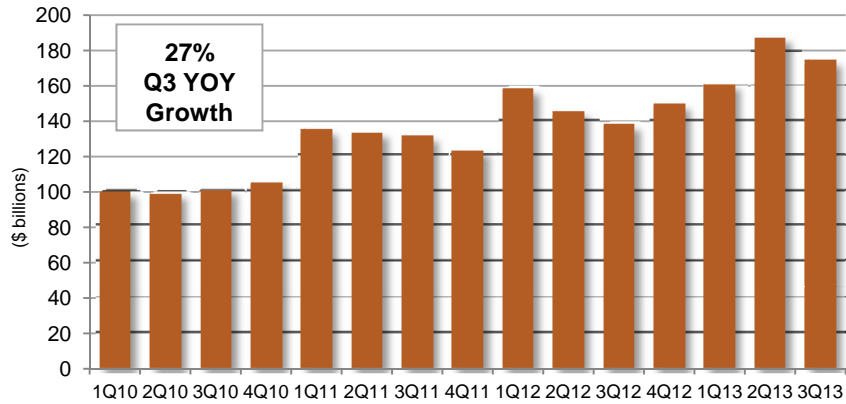
MarketAxess Competitive Advantages

- **Comprehensive CDS product offering** - Single Name, CDS Indices and Index Options
- **Breadth of participation** - Large client and dealer network
- **Multiple trading protocols** - Order Book, RFQ, RFM, CTT
- **Connectivity** - Connectivity to derivatives clearing organizations (DCOs), swap data repositories (SDRs), and credit hubs.
- **Meets CFTC rule set**, including pre-trade credit limit checking.
- **Independent** - Public company with independent board

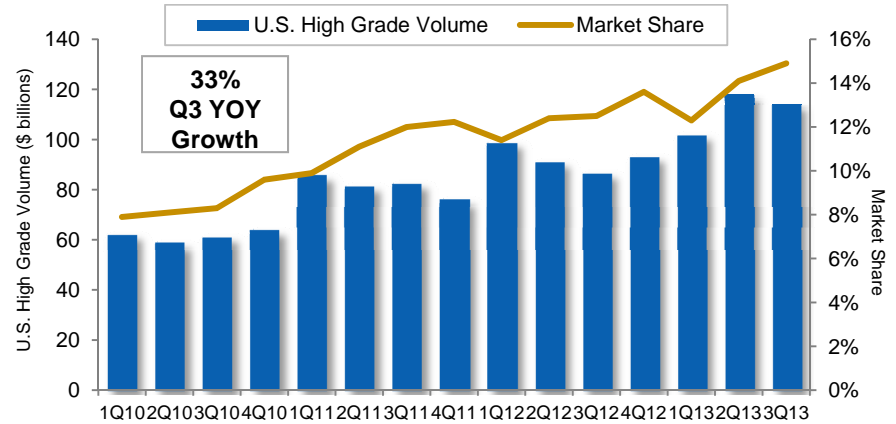
Quarterly Volume



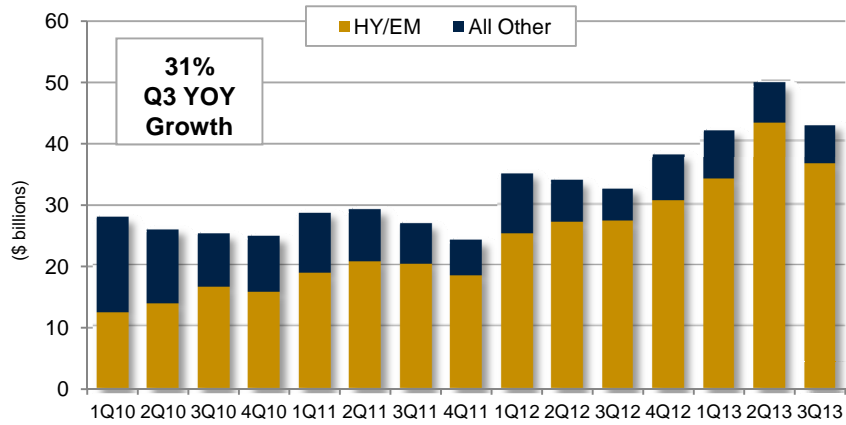
Global



U.S. High Grade

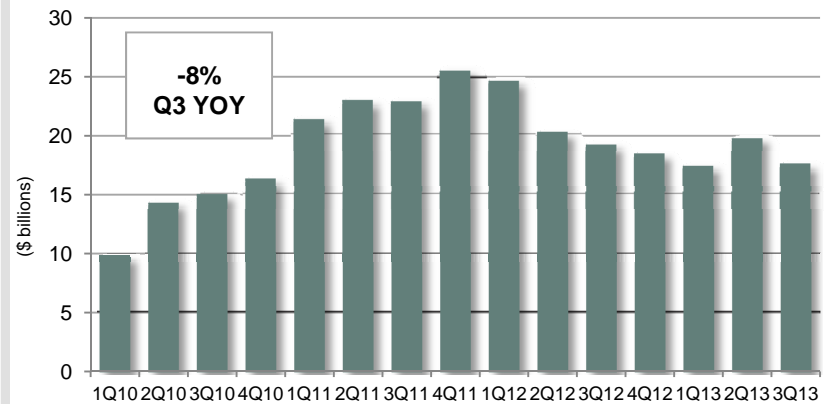


Other Credit



Note: includes high yield, emerging markets, eurobonds and structured products

Liquid Products



Note: includes U.S. agencies and European government bonds

Earnings Performance¹



(In thousands, except per share data)

	<u>3Q13</u>	<u>2Q13</u>	<u>3Q12</u>	<u>Δ</u> <u>3Q13 vs.</u> <u>3Q12</u>
Revenues				
Commissions	\$51,818	\$54,198	\$42,379	22.3%
Information and Post-trade Services	7,125	7,192	1,896	275.8%
Technology Products & Services	1,561	1,485	1,125	38.8%
Investment and Other Income	629	632	1,003	(37.3%)
Total Revenues	<u>61,133</u>	<u>63,507</u>	<u>46,403</u>	31.7%
Expenses	<u>34,745</u>	<u>32,085</u>	<u>24,902</u>	39.5%
Income Before Taxes	26,388	31,422	21,501	22.7%
Provision for Income Taxes	8,129	12,133	7,792	4.3%
Net Income from Continuing Operations	<u>\$18,259</u>	<u>\$19,289</u>	<u>\$13,709</u>	33.2%
Operating Margin	43.2%	49.5%	46.3%	-3.2 pts
EBITDA²	\$29,851	\$35,831	\$23,271	28.3%
Diluted EPS	\$ 0.48	\$ 0.51	\$ 0.37	\$ 0.12
Diluted Shares³	37,965	37,819	37,541	1.1%

¹ All periods represent earnings from continuing operations.

² See third quarter 2013 earnings release and the Investor Relations section of the Company's website for reconciliation of net income to EBITDA

³ Represents the weighted average number of share of common stock including the dilutive effect of outstanding securities

Commission Revenue Detail



<i>(In thousands)</i>	3Q13	2Q13	3Q12	% Δ 3Q13 vs. 3Q12
Commissions				
Transaction Fees				
U.S. High-Grade	\$ 21,861	\$ 23,077	\$ 17,476	25.1%
Other Credit ¹	13,536	15,372	9,588	41.2%
Liquid Products ²	785	907	785	0.0%
Total Transaction Fees	36,182	39,356	27,849	29.9%
Distribution Fees				
U.S. High-Grade	13,313	12,555	12,261	8.6%
Other Credit ¹	2,266	2,259	2,269	(0.1%)
Liquid Products ²	57	28	-	NM
Total Distribution Fees	15,636	14,842	14,530	7.6%
Total Commissions	\$ 51,818	\$ 54,198	\$ 42,379	22.3%
(In millions)				
Trading Volume				
U.S. High-Grade	\$ 114,081	\$ 118,263	\$ 85,988	32.7%
Other Credit ¹	42,741	49,674	32,607	31.1%
Liquid Products ²	17,537	19,753	19,157	(8.5%)
Total Trading Volume	\$ 174,359	\$ 187,690	\$ 137,752	26.6%
Transaction Fees per Million				
U.S. High-Grade	\$ 192	\$ 195	\$ 203	(5.7%)
Other Credit ¹	317	309	294	7.7%
Liquid Products ²	45	46	41	9.2%
Total	\$ 208	\$ 210	\$ 202	2.6%

¹ Other Credit includes high-yield, emerging markets, Eurobonds and structured products bonds.

² Liquid Products includes U.S. agencies and European government bonds.

Expense Detail¹



(In thousands)

<u>Expenses</u>	<u>3Q13</u>	<u>2Q13 As Adjusted³</u>	<u>2Q13 As Reported</u>	<u>3Q12</u>
Employee Comp. and Benefits	\$ 17,910	\$ 17,635	\$ 14,712	\$ 13,380
Depreciation and Amortization	3,460	3,078	4,405	1,715
Technology and Communications	4,509	4,045	4,045	3,206
Professional and Consulting	4,540	4,435	4,435	3,006
All Other Expenses ²	<u>4,326</u>	<u>4,488</u>	<u>4,488</u>	<u>3,595</u>
Total Expenses	<u>\$ 34,745</u>	<u>\$ 33,681</u>	<u>\$ 32,085</u>	<u>\$ 24,902</u>

¹ All periods represent expenses from continuing operations.

² All other expenses include occupancy, marketing and advertising and general and administrative expenses.

³ 2Q13 As Adjusted figures eliminate an out-of-period adjustment related to the capitalization of certain employee costs previously expensed as incurred.

Balance Sheet Data



(In thousands)

	<u>9/30/2013</u>	<u>12/31/2012</u>	<u>% Δ vs. 12/31/2012</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 119,009	\$ 128,908	(7.7%)
Securities Available-For-Sale	58,437	51,208	14.1%
Accounts Receivable, net	36,876	31,044	18.8%
All Other Assets	<u>118,366</u>	<u>68,681</u>	72.3%
Total Assets	<u>\$ 332,688</u>	<u>\$ 279,841</u>	18.9%
<u>Liabilities and Stockholders' Equity</u>			
Total Liabilities	\$ 46,068	\$ 37,124	24.1%
Total Stockholders' Equity	<u>286,620</u>	<u>242,717</u>	18.1%
Total Liabilities and Stockholders' Equity	<u>\$ 332,688</u>	<u>\$ 279,841</u>	18.9%

- **Cash, Cash Equivalents & Securities Available-For-Sale represented \$4.67 per share on a diluted basis as of 9/30/13**
- **Total Shareholders' Equity was \$7.55 per share on a diluted basis as of 9/30/13**

- **Record quarter for estimated US High Grade and High Yield market share**
- **Continuing strong revenue and earnings growth driven by market share gains**
- **Open Trading momentum and increased integration with BlackRock Aladdin**
- **Launch of SEF trading**

