



3rd Quarter 2012
Financial and Operating Results

November 1, 2012

Special Note Regarding Forward-Looking Information

In addition to historical information, this presentation 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 GAIN Capital's annual report on Form 10-K, as filed with the Securities and Exchange Commission on March 15, 2012, and include, but are not limited to, the actions of both current and potential new competitors, fluctuations in market trading volumes, financial market volatility, evolving industry regulations, including changes in regulation of the futures companies, errors or malfunctions in our systems or technology, rapid changes in technology, effects of inflation, customer trading patterns, the success of our products and service offerings, our ability to continue to innovate and meet the demands of our customers for new or enhanced products, our ability to successfully integrate assets and companies we have acquired, including the successful integration of Open E Cry, our ability to effectively compete in the futures industry, changes in tax policy or accounting rules, fluctuations in foreign exchange rates and commodity prices, adverse changes or volatility in interest rates, as well as general economic, business, credit and financial market conditions, internationally or nationally, and our ability to continue paying a quarterly dividend in light of future financial performance and financing needs. The forward-looking statements included herein represent GAIN Capital's views as of the date of this presentation. GAIN Capital undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law.

Overview

Glenn Stevens, CEO

3rd Quarter Summary

- Solid profitability and margins despite challenging trading conditions
- Managed expenses in core retail FX business while launching new products and services to diversify revenue
- Introduced TRADE, a new retail platform featuring an expanded portfolio of FX and CFD products
- Expanded GTX specialty execution desk through addition of new team
- Entered online futures market with closing of OEC acquisition

3rd Quarter 2012 Results Overview

Financial Results

- Net Revenue: \$40.0 million
- Net Income: \$3.2 million
- Adjusted Net Income⁽²⁾: \$3.6 million
- Adjusted EBITDA⁽¹⁾: \$6.2 million
- EPS (Diluted): \$0.08
- Adjusted EPS (Diluted)⁽³⁾: \$0.09

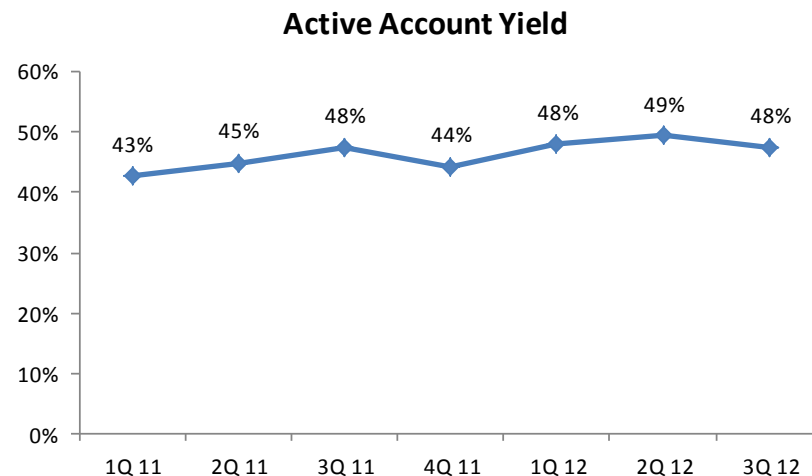
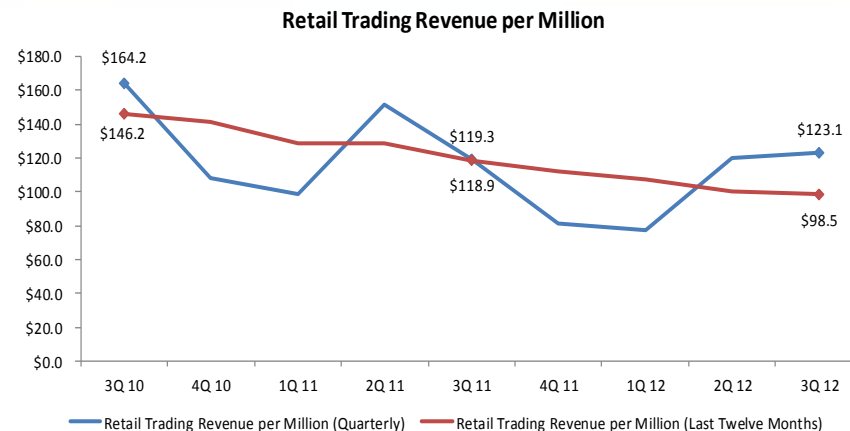
Strong Balance Sheet

- \$93.6mm of free cash available as of September 30, 2012⁽⁴⁾
 - \$143.6mm of liquidity including revolver

Operating Metrics⁽⁵⁾

- Retail volume: \$278.7 billion vs. \$447.9 billion
- Institutional volume: \$503.7 billion vs. \$260.0 billion
- Client assets up 49% to \$426.6 million as of September 30, 2012
 - Retail FX: \$316.9 million vs. \$286.4 million
 - OEC: \$109.7 million

All comparisons based on 3Q 2011



(1) Adjusted EBITDA is a non-GAAP financial measure that represents our earnings before interest, taxes, depreciation, amortization and non-recurring expenses. A reconciliation of net income to adjusted EBITDA is available in the appendix to this presentation.

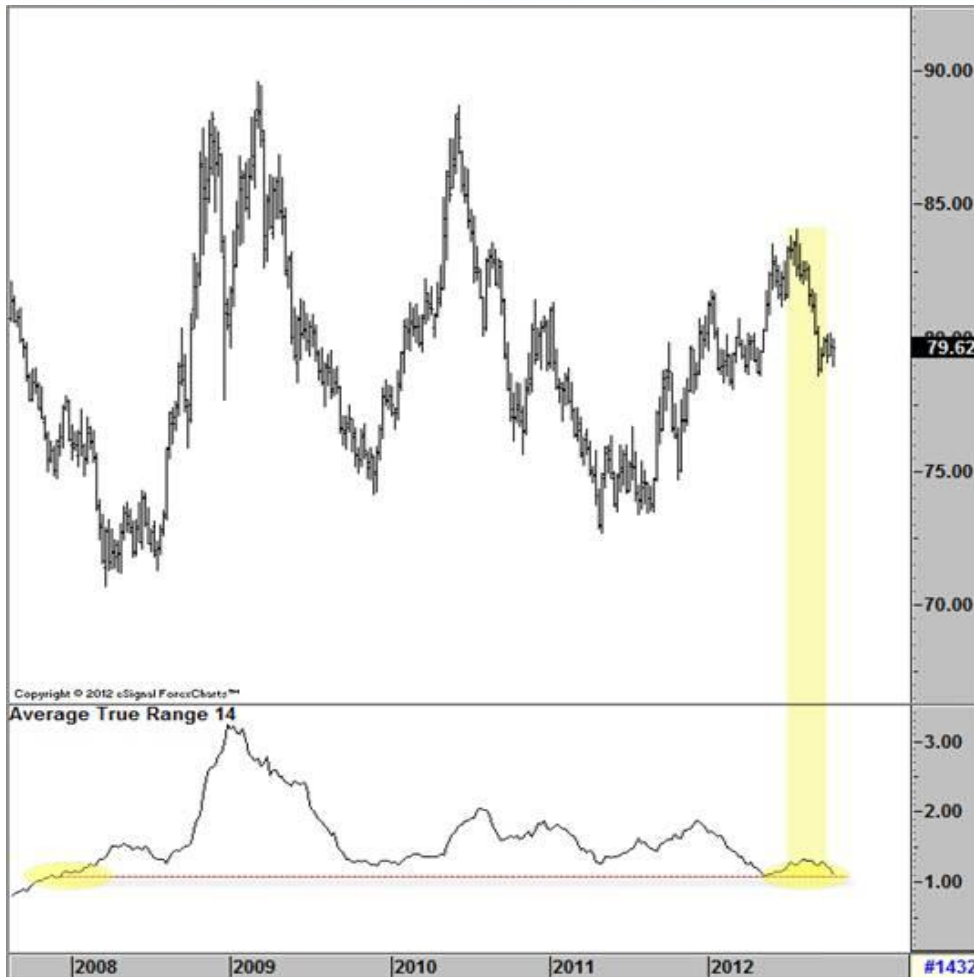
(2) Adjusted net income is a non-GAAP financial measure that represents our net income excluding purchase intangible amortization. A reconciliation of net income to adjusted net income is available in the appendix to this presentation.

(3) Reconciliation of EPS to adjusted EPS is available in the appendix to this presentation.

(4) Calculation of balance sheet liquidity is available in the appendix to this presentation.

(5) Definitions for all our operating metrics are available in the appendix to this presentation.

3rd Quarter Trading Conditions



- Third quarter volatility declined back to 4-year lows after modest uptick in prior quarter
- Average True Range remains significantly lower than prior years
- Trading conditions translated into lower retail volume

US Dollar Index Chart

Retail Business

- Enhanced CFD offering
 - TRADE platform launched
 - Expands retail product offering to over 250 tradable markets
 - Indices, commodities & FX
 - Platform features innovative tools for market monitoring, technical trading and strategy building
 - Future enhancements will add new asset classes, analytics, community features and social trading tools
- Opportunistic marketing spend
 - New marketing campaigns to promote TRADE
 - Positions GAIN to benefit from improved market conditions
- Actively pursuing M&A opportunities

Open E Cry (OEC)

- OEC acquisition closed on August 31
 - Purchase price: \$12mm
- Key Financial & Operating Metrics
 - Run-rate revenue: ~\$15mm
 - Customers⁽¹⁾: 8,100
 - Customer Assets⁽¹⁾: \$109.7mm
- Quickly achieving operational synergies
- Commission-based model will provide a stable quarterly revenue stream

Institutional Business (GTX)

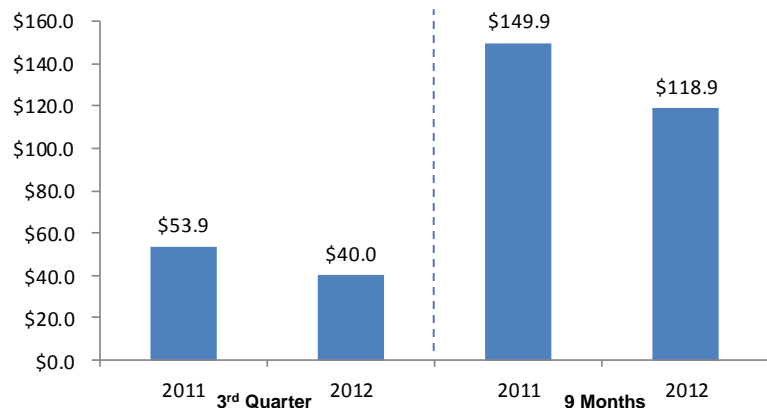
- GTX demonstrated strong growth in revenue and volume:
 - 3Q 2012 revenue: \$4.2mm; average daily volume: \$7.6bn
 - 3Q 2011 revenue: \$1.4mm; average daily volume: \$2.6bn
- Volumes continued to grow at a time many competitors are reporting decreasing trading volumes
- 14-person specialty execution desk became operational in September
- Addition of new products and team expected to continue to drive growth in volume and revenue

Financial Review

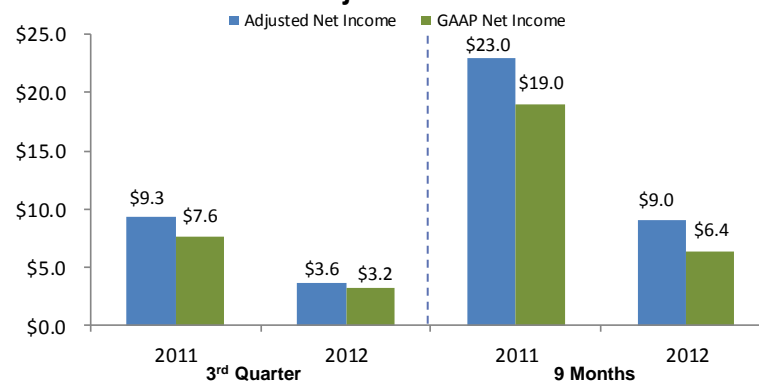
Daryl Carlough, Interim CFO

3rd Quarter & 9 Months 2012 Financial Results

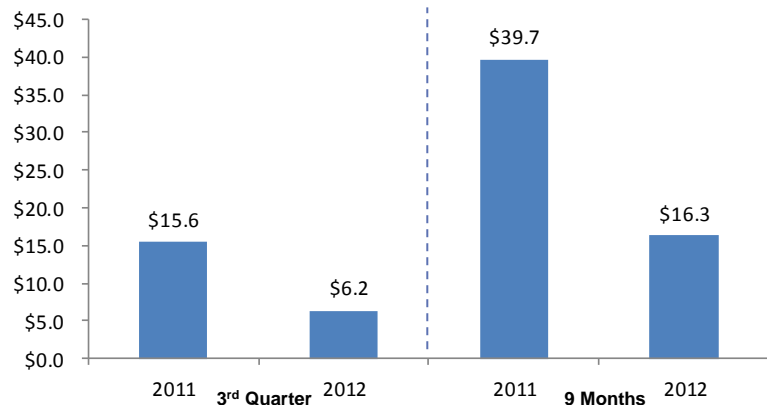
Net Revenue



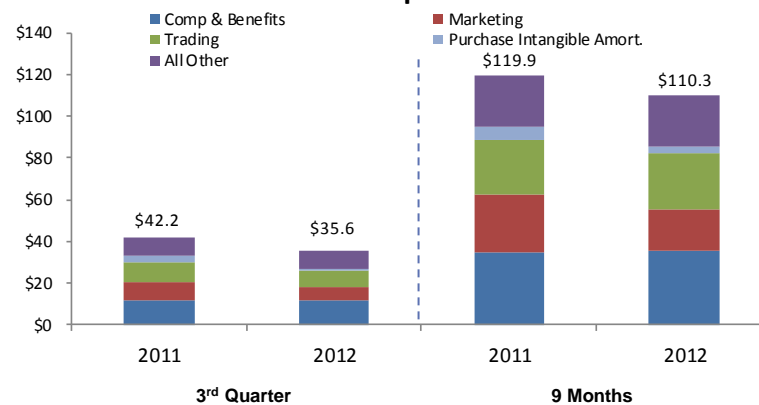
GAAP & Adjusted Net Income⁽¹⁾



Adjusted EBITDA⁽²⁾



Total Expenses



Note: Dollars in millions.

(1) Reconciliation of net income to adjusted net income available in appendix to this presentation.

(2) Adjusted EBITDA is a non-GAAP financial measure that represents our earnings before interest, taxes, depreciation, amortization and non-recurring expenses. A reconciliation of net income to Adjusted EBITDA is available in the appendix to this presentation.

Quarterly Dividend & Share Buyback

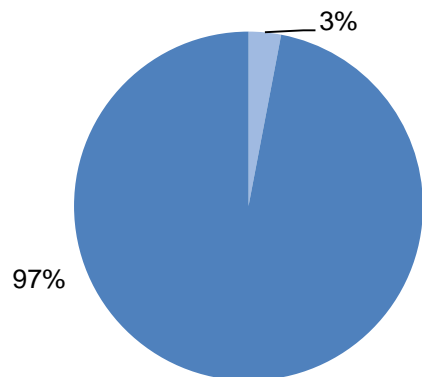
- \$0.05 per share quarterly dividend approved
 - Record Date: December 12, 2012
 - Payment Date: December 21, 2012
- Continue to repurchase shares pursuant to our share buyback program
 - 1.3mm shares repurchased through September 30
 - 140k repurchased in 3Q 2012 at an average price of \$4.64
 - \$3mm remains available for additional repurchases

Expense Management...

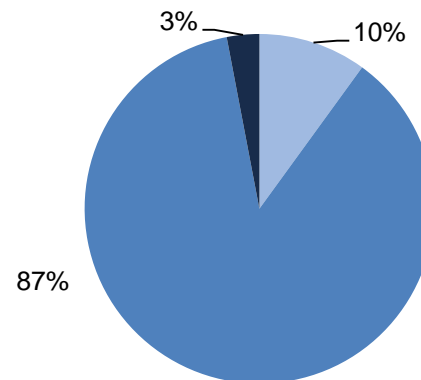
- 3Q 2012 operating expenses of \$33.8mm down 12.2% compared to 3Q 2011
 - Down 10.0% compared to 2Q 2011
- Core retail expenses of \$28.9mm declined 23.0% compared to 3Q 2011
 - Core retail compensation & benefit expenses down 21.9% from 2Q 2012 and 5.2% from 3Q 2011
- Savings of \$4.5mm invested in institutional (GTX) and futures (OEC) businesses

...Drives Revenue Diversification

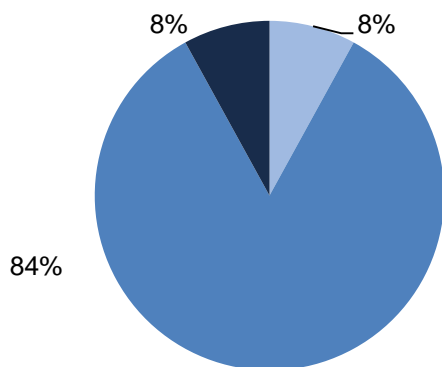
3Q 2011



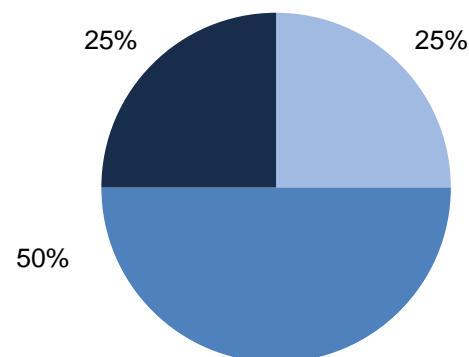
3Q 2012



PF 2012⁽¹⁾



Target



■ : Retail OTC

■ : Institutional

■ : Exchange

(1) Pro forma data assumes OEC was acquired on January 1, 2012.

Closing Remarks

- Solid profitability and margins despite challenging trading conditions
- Managing costs to facilitate investment in new areas
- Successfully implementing strategy of investment in retail and institutional businesses to grow and diversify revenue sources
- Well positioned to pursue organic and inorganic growth opportunities

Appendix

Condensed Consolidated Statements of Operations

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2012	2011	2012	2011
Revenue				
Retail trading revenue	\$ 34.3	\$ 52.2	\$ 104.6	\$ 146.1
Institutional trading revenue	4.2	1.4	12.2	3.3
Other revenue	1.4	0.6	2.1	1.3
Total non-interest revenue	39.9	54.2	118.9	150.7
Interest revenue	0.1	0.1	0.4	0.3
Interest expense	-	(0.4)	(0.4)	(1.1)
Total net interest revenue/(expense)	0.1	(0.3)	-	(0.8)
Net revenue	40.0	53.9	118.9	149.9
Expenses				
Employee compensation and benefits	11.9	11.6	35.5	34.9
Selling and marketing	5.7	8.8	20.1	28.0
Trading expenses and commissions	8.9	9.9	26.9	25.5
Bank fees	0.8	1.3	2.5	3.4
Depreciation and amortization	1.2	1.0	3.2	2.9
Purchased intangible amortization	0.6	2.7	3.5	6.4
Communication and data processing	0.8	0.7	2.3	2.1
Occupancy and equipment	1.2	1.2	3.5	3.5
Bad debt provision	-	0.2	0.2	0.8
Professional fees	1.6	1.9	3.6	3.8
Product development, software and maintenance	1.1	1.0	3.3	3.0
Restructuring ⁽¹⁾	-	-	0.6	-
Other	1.8	1.9	5.1	5.6
Total	35.6	42.2	110.3	119.9
Income before income tax expense and equity in earnings of equity method investment	4.4	11.7	8.6	30.0
Income tax expense	1.2	4.1	2.2	11.0
Net income	\$ 3.2	\$ 7.6	\$ 6.4	\$ 19.0
Earnings per common share:				
Basic	\$ 0.09	\$ 0.22	\$ 0.18	\$ 0.55
Diluted	\$ 0.08	\$ 0.20	\$ 0.16	\$ 0.49
Weighted averages common shares outstanding used in computing earnings per common share:				
Basic	35,250,404	34,625,525	34,893,622	34,313,987
Diluted	38,560,657	38,916,038	38,927,673	39,025,699

Note: Unaudited. Dollars in millions, except per share data.

(1) Non-recurring expenses relating to cost savings effected in 2Q 2012.

Consolidated Balance Sheet

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
ASSETS:		
Cash and cash equivalents	\$ 7.6	\$ 60.3
Cash and cash equivalents, held for customers	426.6	310.4
Short term investments	45.0	0.1
Receivables from banks and brokers	83.9	85.4
Property and equipment - net of accumulated depreciation	9.9	7.5
Prepaid assets	8.4	9.9
Goodwill	10.2	3.1
Intangible assets, net	10.7	10.8
Other assets	17.3	18.1
Total assets	<u>\$ 619.6</u>	<u>\$ 505.6</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Payables to brokers, dealers, FCM'S and other regulated entities	\$ 12.6	\$ 17.3
Payable to customers	414.0	293.1
Accrued compensation & benefits payable	4.9	4.9
Accrued expenses and other liabilities	15.5	14.9
Income tax payable	2.6	2.6
Notes payable	-	7.9
Total liabilities	<u>\$ 449.6</u>	<u>\$ 340.7</u>
Shareholders' Equity	<u>\$ 170.0</u>	<u>\$ 164.9</u>
Total liabilities and shareholders' equity	<u>\$ 619.6</u>	<u>\$ 505.6</u>

Current Liquidity

	<u>9/30/2012</u>	<u>6/30/2012</u>	<u>12/31/2011</u>
Cash & cash equivalents	\$7.6	\$22.4	\$60.3
Cash & cash equivalents held for customers	426.6	320.2	310.4
Short term investments	45.0	0.1	0.1
Receivable from banks and brokers ⁽¹⁾	83.9	115.7	85.4
Total Operating Cash	<u>\$563.1</u>	<u>\$458.4</u>	<u>\$456.2</u>
Less: Cash & cash equivalents held for customers	<u>(426.6)</u>	<u>(320.2)</u>	<u>(310.4)</u>
Free Operating Cash	\$136.5	\$138.2	\$145.8
Less: Minimum regulatory capital requirements	(42.9)	(42.6)	(35.8)
Less: Note payable	-	-	(7.9)
Free Cash Available⁽²⁾	<u>\$93.6</u>	<u>\$95.6</u>	<u>\$102.1</u>
Add: Available credit facility	50.0	50.0	50.0
Available Cash & Liquidity	<u><u>\$143.6</u></u>	<u><u>\$145.6</u></u>	<u><u>\$152.1</u></u>

Note: Dollars in millions.

(1) Reflects cash that would be received from brokers following the close-out of all open positions.

(2) Excludes current liabilities of \$21.3mm and capital charges associated with open positions as of 9/30/2012.

3rd Quarter & 9 Months 2012 Financial Summary

	3 Months Ended September 30,		9 Months Ended September 30,		'12 v '11 % Change	
	2012	2011	2012	2011	3rd Quarter	9 Months
Net Revenue	\$40.0	\$53.9	\$118.9	\$149.9	(26%)	(21%)
Interest Expense	-	0.2	0.4	0.4	(100%)	0%
Net Revenue (ex. Interest expense)	\$40.0	\$54.1	\$119.3	\$150.3	(26%)	(21%)
Operating Expenses	33.8	38.5	103.0	110.6	(12%)	(7%)
Adjusted EBITDA ⁽¹⁾	\$6.2	\$15.6	\$16.3	\$39.7	(60%)	(59%)
GAAP Net Income	\$3.2	\$7.6	\$6.4	\$19.0	(58%)	(66%)
Adjusted Net Income ⁽²⁾	3.6	9.3	9.0	23.0	(61%)	(61%)
GAAP EPS (Diluted)	\$0.08	\$0.20	\$0.16	\$0.49	(60%)	(67%)
Adjusted EPS (Diluted) ⁽³⁾	0.09	0.24	0.23	0.59	(61%)	(61%)
Adjusted EBITDA Margin % ⁽¹⁾⁽⁴⁾	15.5%	28.8%	13.7%	26.4%	(13 pts)	(13 pts)
Net Income Margin %	8.0%	14.1%	5.4%	12.7%	(6 pts)	(7 pts)
Adjusted Net Income Margin % ⁽²⁾	9.0%	17.3%	7.6%	15.3%	(8 pts)	(8 pts)

Note: Dollars in millions, except per share data.

(1) See page 22 for a reconciliation of GAAP net income to adjusted EBITDA.

(2) See page 21 for a reconciliation of GAAP net income to adjusted net income.

(3) See page 23 for a reconciliation of GAAP EPS to adjusted EPS.

(4) Adjusted EBITDA Margin calculated as Adjusted EBITDA/Net Revenue (ex. Interest expense).

Adjusted Net Income & Margin Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Revenue	\$ 40.0	\$ 53.9	\$ 118.9	\$ 149.9
Net income	3.2	7.6	6.4	19.0
Plus: Purchase intangible amortization (net of tax)	0.4	1.7	2.6	4.0
Adjusted Net Income	<u>\$ 3.6</u>	<u>\$ 9.3</u>	<u>\$ 9.0</u>	<u>\$ 23.0</u>
Adjusted Earnings per Share				
Basic	<u>\$ 0.10</u>	<u>\$ 0.27</u>	<u>\$ 0.26</u>	<u>\$ 0.67</u>
Diluted	<u>\$ 0.09</u>	<u>\$ 0.24</u>	<u>\$ 0.23</u>	<u>\$ 0.59</u>
Net Income Margin %	8.0%	14.1%	5.4%	12.7%
Adjusted Net Income Margin %	9.0%	17.3%	7.6%	15.3%

Adjusted EBITDA & Margin Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Revenue	\$ 40.0	\$ 53.9	\$ 118.9	\$ 149.9
Interest expense	-	0.2	0.4	0.4
Net Revenue (ex. Interest expense)	<u>\$ 40.0</u>	<u>\$ 54.1</u>	<u>\$ 119.3</u>	<u>\$ 150.3</u>
Net income	\$ 3.2	\$ 7.6	\$ 6.4	\$ 19.0
Plus: Depreciation & amortization	1.2	1.0	3.2	2.9
Plus: Purchase intangible amortization	0.6	2.7	3.5	6.4
Plus: Interest expense	-	0.2	0.4	0.4
Plus: Restructuring ⁽¹⁾	-	-	0.6	-
Plus: Income tax expense	1.2	4.1	2.2	11.0
Adjusted EBITDA	<u>\$ 6.2</u>	<u>\$ 15.6</u>	<u>\$ 16.3</u>	<u>\$ 39.7</u>
Adjusted EBITDA Margin % ⁽²⁾	15.5%	28.8%	13.7%	26.4%

Note: Dollars in millions.

(1) Non-recurring expenses relating to cost savings effected in 2Q 2012.

(2) Adjusted EBITDA Margin calculated as Adjusted EBITDA/Net Revenue (ex. Interest expense).

Adjusted EPS (Diluted) Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
GAAP Earnings per Share (Diluted)	\$ 0.08	\$ 0.20	\$ 0.16	\$ 0.49
Plus: Purchase intangible amortization ⁽¹⁾	0.01	0.04	0.07	0.10
Adjusted Earnings per Share (Diluted)	<u>\$ 0.09</u>	<u>\$ 0.24</u>	<u>\$ 0.23</u>	<u>\$ 0.59</u>

(1) Net of tax.

3rd Quarter & 9 Months 2012 Operating Metrics⁽¹⁾

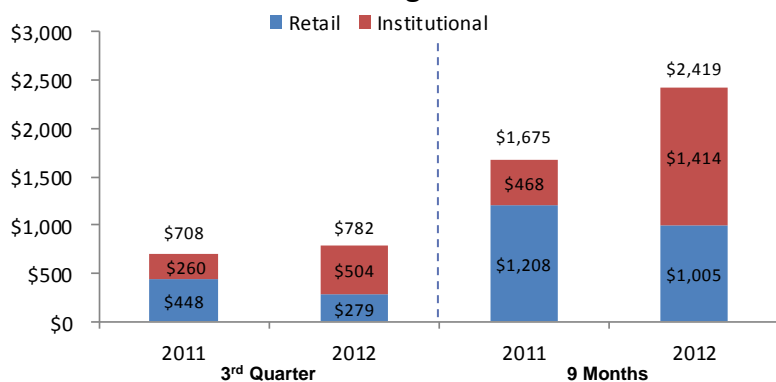
	3rd Quarter		9 Months		'12 v '11 % Change	
	2012	2011	2012	2011	3rd Quarter	9 Months
<u>For Period Ending September 30,</u>						
Total Trading Volume (billions)	\$782.4	\$707.9	\$2,418.8	\$1,675.0	11%	44%
Retail	278.7	447.9	1,004.6	1,207.5	(38%)	(17%)
Institutional	503.7	260.0	1,414.2	467.5	94%	202%
Traded Retail Accounts (Period)	35,377	36,927	52,385	56,247	(4%)	(7%)
Traded Retail Accounts (Last 12 Months)	59,166	65,401	59,166	65,401	(10%)	(10%)
New Retail Accounts ⁽²⁾	6,121	7,852	19,855	24,764	(22%)	(20%)
Trades	8,059,238	10,949,800	26,326,970	29,339,268	(26%)	(10%)
Retail Trading Revenue per Million	\$123.1	\$116.4	\$104.9	\$121.0	6%	(13%)
Average Excess Net Capital ⁽³⁾	\$56.3	\$60.7	\$60.7	\$55.5	(7%)	9%
<u>As of September 30,</u>						
Funded Retail Accounts ⁽⁴⁾	82,394	77,013	82,394	77,013	7%	7%
Client Assets	\$426.6	\$286.4	\$426.6	\$286.4	49%	49%

Note: Dollars in millions, except retail trading revenue per million.

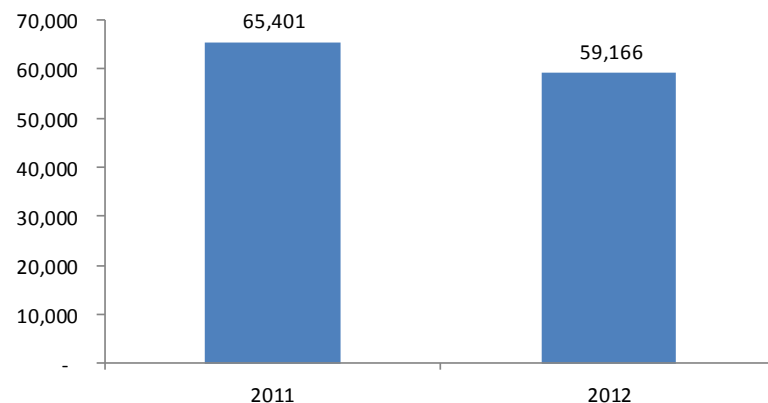
- (1) Definitions for all our operating metrics are available in the appendix to this presentation.
(2) Includes 145 new OEC accounts.
(3) Average calculated using excess net capital balance at each month-end during the relevant period.
(4) Includes 8,100 OEC accounts.

3rd Quarter & 9 Months 2012 Operating Metrics⁽¹⁾ (cont.)

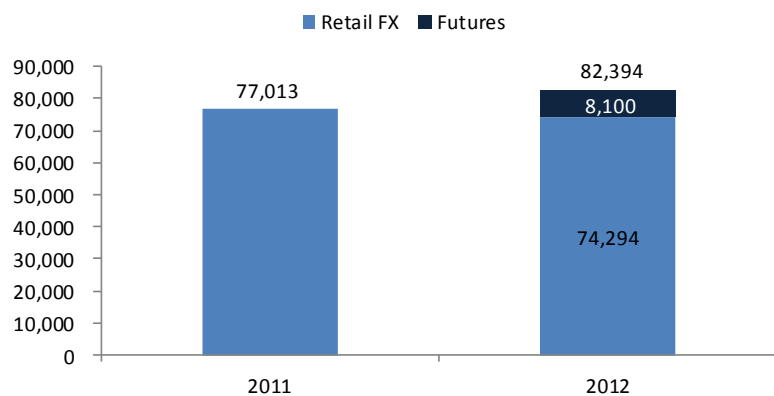
Total Trading Volume⁽²⁾



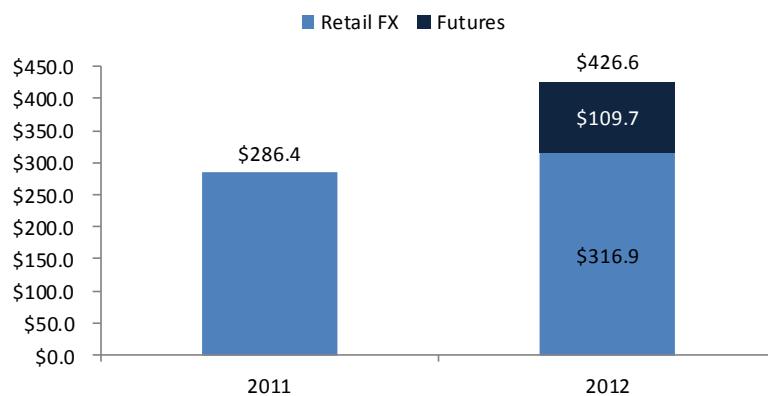
Traded Retail Accounts (Last 12 Months)⁽²⁾



Funded Retail Accounts⁽³⁾



Client Assets⁽³⁾



Note: Trading volume in billions. Client assets in millions.

(1) Definitions for all our operating metrics are available in the appendix to this presentation.

(2) For periods ending September 30.

(3) As of September 30.

Monthly Operating Metrics⁽¹⁾

Month	Funded Retail Accts.⁽²⁾	New Retail Accounts⁽³⁾	Client Assets⁽²⁾
Oct 2011	76,496	2,372	\$311.8
Nov 2011	76,647	2,330	319.3
Dec 2011	76,485	2,195	310.4
Jan 2012	76,847	2,145	313.6
Feb 2012	75,904	2,371	320.2
Mar 2012	73,844	2,356	325.9
Apr 2012	73,996	2,260	332.4
May 2012	74,452	2,463	300.5
June 2012	74,621	2,139	320.2
July 2012	74,962	2,127	320.7
Aug 2012	83,174	1,979	433.7
Sep 2012	82,394	2,015	426.6

Note: Dollars in millions.

- (1) Definitions for all our operating metrics are available in the appendix to this presentation.
- (2) As of period ended. August 2012 and September 2012 include 7,955 and 8,100 OEC accounts, respectively.
- (3) For period ended. September 2012 includes 145 new OEC accounts.

Quarterly Operating Metrics⁽¹⁾

<u>Quarter</u>	<u>Volume</u>		<u>Traded Retail Accts. (Period)</u>	<u>Trades</u>
	<u>Retail</u>	<u>Institutional</u>		
4Q 11	\$366.4	\$386.4	34,019	9,852,951
1Q 12	385.1	468.0	36,041	9,291,722
2Q 12	340.8	442.5	36,660	8,976,010
3Q 12	278.7	503.7	35,377	8,059,238

Note: For period ended. Volume in billions.

(1) Definitions for all our operating metrics are available in the appendix to this presentation.

Definition of Metrics

- **Total Trading Volume**
 - Represents the U.S. dollar equivalent of notional amounts traded
- **Traded Retail Accounts**
 - Retail accounts who executed a transaction during a given period
- **Funded Retail Accounts**
 - Retail accounts who maintain a cash balance
- **Active Account Yield**
 - Represents the percentage of average funded retail accounts who executed a transaction during a given period
- **Client Assets**
 - Represents amounts due to clients, including customer deposits and unrealized gains or losses arising from open positions
- **New Retail Accounts**
 - The number of customer accounts that have initially opened and funded their accounts
- **Net Deposits from Retail Customers**
 - Represents customers' deposits less withdrawals for a given period
- **Trades**
 - The number of transactions retail customers have completed for a given period
- **Retail Trading Revenue per Million**
 - The revenue we realize from our forex, CFDs and metals trading activities per one million of U.S. dollar-equivalent trading volume
- **Excess Net Capital**
 - Represents the excess funds held over the regulatory minimum capital requirements, as defined by the regulatory bodies that regulate our operating subsidiaries



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November 1, 2012