



*March 2015*

# Safe Harbor Statement

## Forward Looking Statements

*The forward-looking statements contained herein include, without limitation, statements relating to GAIN Capital's and/or City Index (Holdings) Limited ("City Index") expectations regarding the opportunities and strengths of the combined company created by the proposed business combination, anticipated cost and revenue synergies, the strategic rationale for the proposed business combination, including expectations regarding product offerings, growth opportunities, value creation, and financial strength, and the timing of the closing. All forward looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that GAIN Capital or City Index will realize these expectations or that these beliefs will prove correct. In addition, 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 17, 2014, 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 GAIN Capital's 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, 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 release. GAIN Capital undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law.*

## Non-GAAP Financial Measures

*This presentation contains various non-GAAP financial measures, including Adjusted EBITDA, Adjusted Net Income, Adjusted EPS and Cash EPS. These non-GAAP financial measures have certain limitations, including that they do not have a standardized meaning and, therefore, our definitions may be different from similar non-GAAP financial measures used by other companies and/or analysts. Thus, it may be more difficult to compare our financial performance to that of other companies. We believe our reporting of these non-GAAP financial measures assist investors in evaluating our historical and expected operating performance. However, because these are not measures of financial performance calculated in accordance with GAAP, such measures should be considered in addition to, but not as a substitute for, other measures of our financial performance reported in accordance with GAAP, such as net income.*

# GAIN Capital: Global Markets for Active Traders

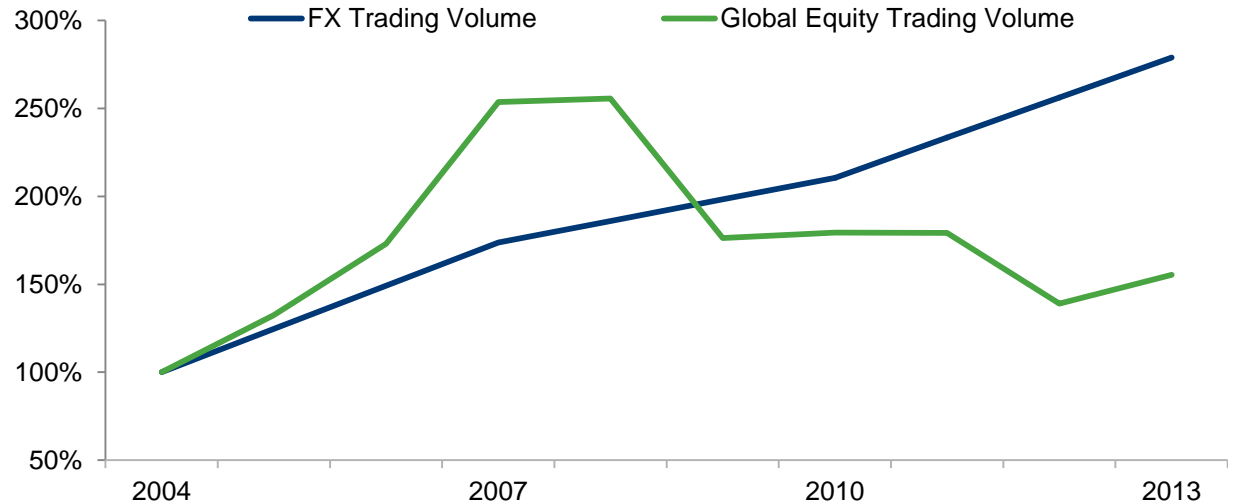
	Description	Clients	Key Operating Metrics <sup>(1)</sup>
Retail OTC	<ul style="list-style-type: none"> <li>Award-winning service supports traders in 180 countries</li> <li>Access to over 12,500 FX and CFD products</li> </ul>	<ul style="list-style-type: none"> <li>Self-directed retail traders</li> <li>White-label partners</li> </ul>	<ul style="list-style-type: none"> <li>2014 revenue: \$236.7 mm</li> <li>% of total revenue: 66%</li> <li>Average Daily Volume: \$9.4bn</li> <li>Funded Accounts: 120,778</li> </ul>
Institutional	<ul style="list-style-type: none"> <li>State-of-the-art ECN technology and trading solutions</li> <li>Sales Trader business</li> </ul>	<ul style="list-style-type: none"> <li>Hedge funds</li> <li>Banks</li> <li>Other financial institutions</li> <li>High net worth</li> </ul>	<ul style="list-style-type: none"> <li>2014 revenue: \$89.2mm</li> <li>% of total revenue: 25%</li> <li>GTX Avg. Daily Volume: \$18.1bn</li> </ul>
Exchange-Based	<ul style="list-style-type: none"> <li>Innovative online futures broker with proprietary trading technology</li> <li>Strong sales distribution</li> </ul>	<ul style="list-style-type: none"> <li>Retail traders</li> <li>Institutional clients</li> <li>Agricultural hedgers (e.g. farmers)</li> </ul>	<ul style="list-style-type: none"> <li>2014 revenue: \$32.7mm</li> <li>% of total revenue: 9%</li> <li>FY Future Contracts: 27.1mm</li> <li>Funded Accounts: 11,700</li> </ul>

(1) Revenue is full year 2014 and operating metrics as of December 31, 2014

# Focus on Truly Global and Growing Asset Class

- FX market has seen consistent growth in the last decade

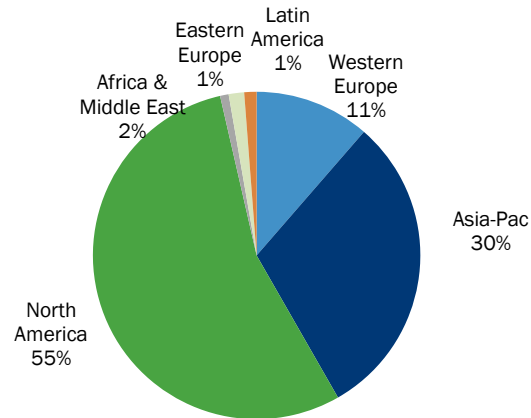
## Annual Trading Volume



- FX market has a truly global distribution, with particularly high share of non-North American participants

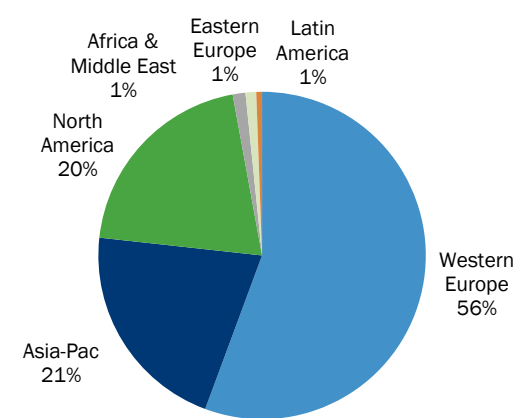
## Value Traded by Region

**Equity Value Traded by Region**



**\$320 billion<sup>(1)</sup>**

**FX Value Traded by Region**



**\$5 trillion<sup>(2)</sup>**

Source: BIS Triennial Central Bank Survey of FX Markets, World Federation of Exchanges.

(1) Average daily volume for the twelve months ended December 31, 2014.

(2) Average daily volume for April 2013.

# Investment Highlights



**Strong Market Position Across Business Lines**

**Robust Operating Metrics**

**City Index Acquisition Offers Increased Scale and Operating Synergies**

**Successfully Executing Growth and Diversification Strategy**

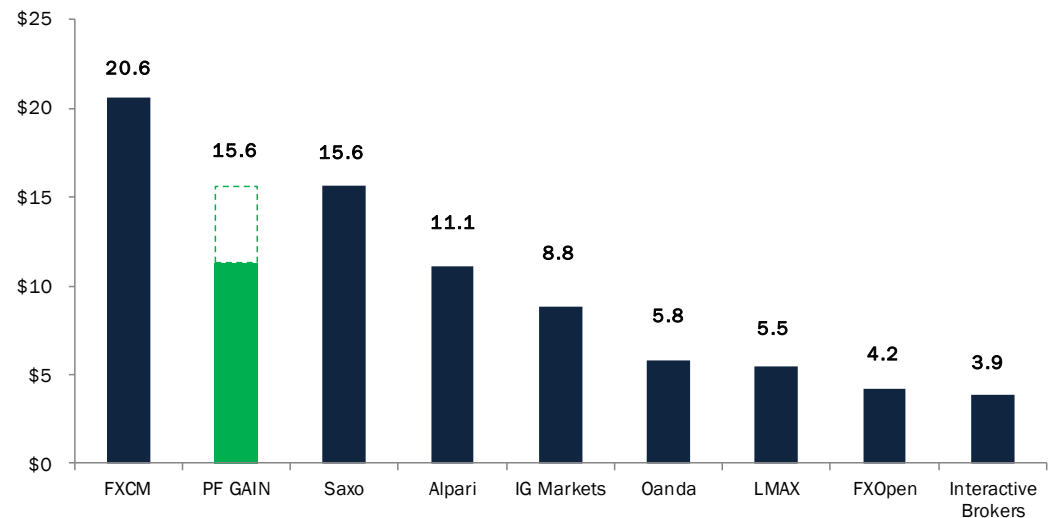
**Strong Financial Profile**

**Partner of Choice in Consolidating Industry**

# Forex.com: Premier Retail OTC Brand

- Retail customers in 180 countries
- 12,500+ products covering FX and CFDs on commodities, indices and interest rates
- Geographically diversified business; multi-language offering targeting high growth markets in Middle East and Asia Pacific
- Acquire customers directly and via partners
- Pending City Index transaction to further enhance scale
- Robust and active risk-management processes

## Top Players Globally by Average Daily Volume <sup>(1)</sup>



Note: Dollars in billions. Dotted line represents impact of City Index trading volume.

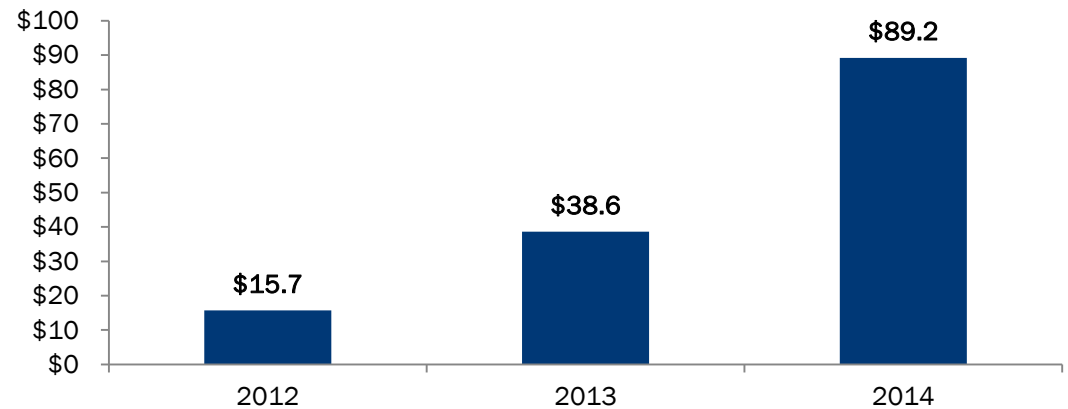
(1) Based on Forex Magnates 4Q 2014 Quarterly Industry Report for the 3 months ended December 31, 2014. GAIN and City Index volume based on actual data per GAIN and City Index management. Excludes Japanese brokers.

# A Growing Force in Institutional FX Trading

- FX ECN for hedge funds and institutions launched in late 2010
  - Peer-to-peer trading capabilities
  - Prime brokerage credit, central clearing model
- Revenues rose more than ~ 400 % - FY 12- FY 14
- Regulatory approved Swap Exchange Facility (SEF)
- Sales Trader serving high-net worth individuals
  - Higher revenue capture relative to GTX

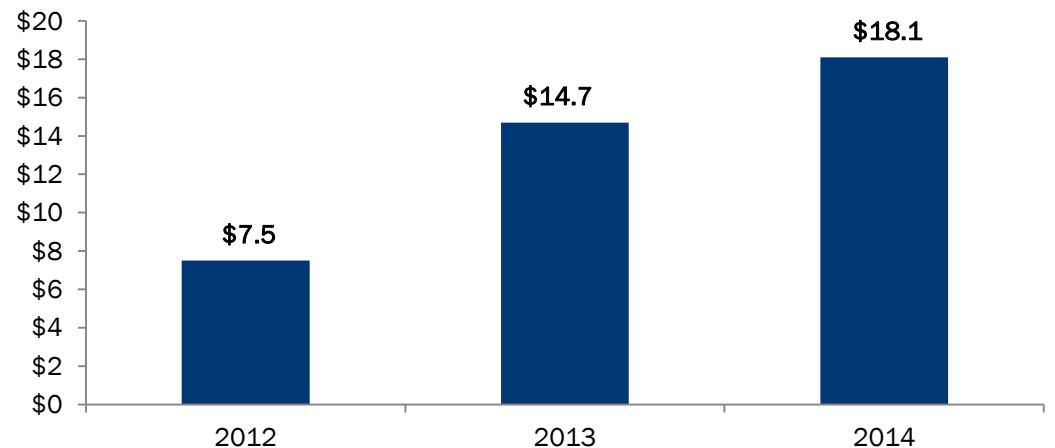
## Institutional Annual Revenue

(\$ in millions)



## GTX Average Daily Volume

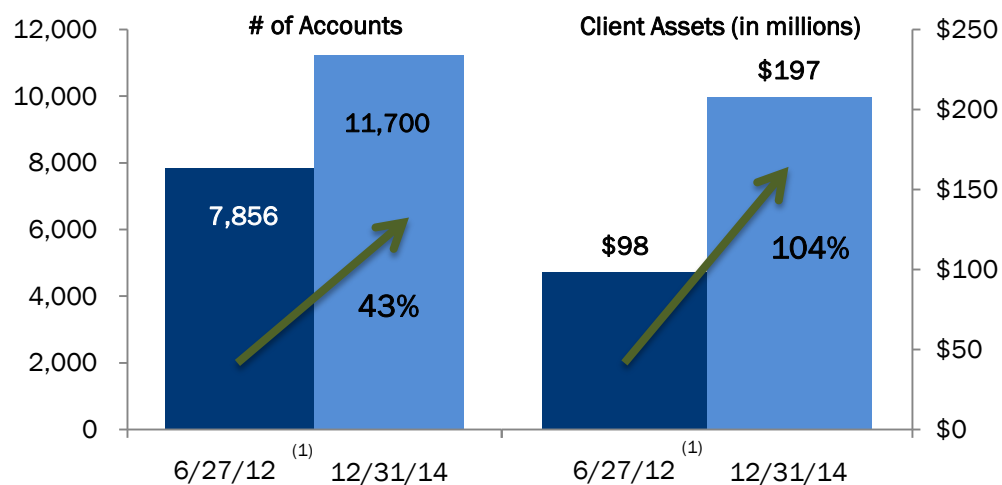
(\$ in billions)



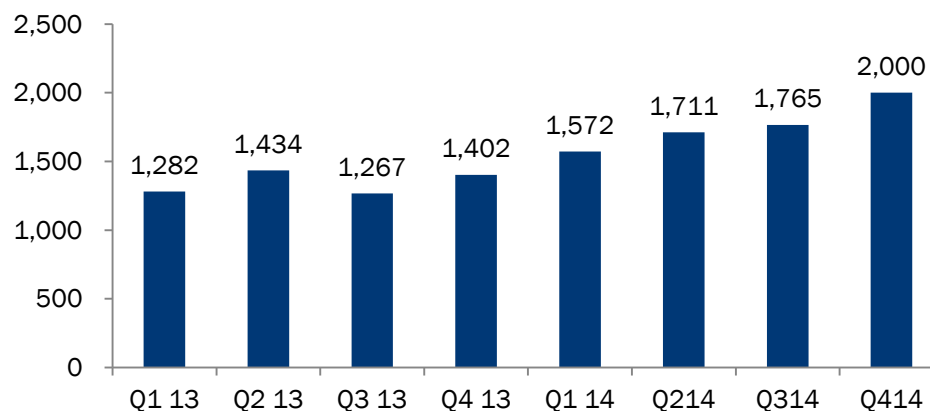
# Exchange-Traded Futures

- Strategic entry into exchange-traded futures via acquisition from Schwab in Q3 2012
  - Complementary product with retail FX
  - Commission-based revenue stream
- Business delivering strong results
  - ~ 12,000 accounts as of Dec 31, 2014
  - 2014 Futures Contracts: 7.0 million
  - Run-rate revenue rising (~\$33 mm based on full year 2014)
- Acquisition of majority stakes in Daniels Trading and Top Third further expand reach
  - Daniels Trading brings direct sales force
  - Top Third taps new direct client base
  - Immediately accretive

## Strong Growth in Customer Accounts and Assets



## Futures Contracts (in thousands)

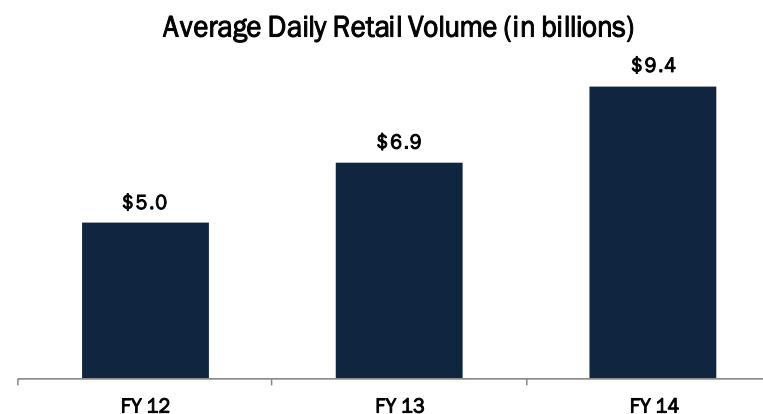
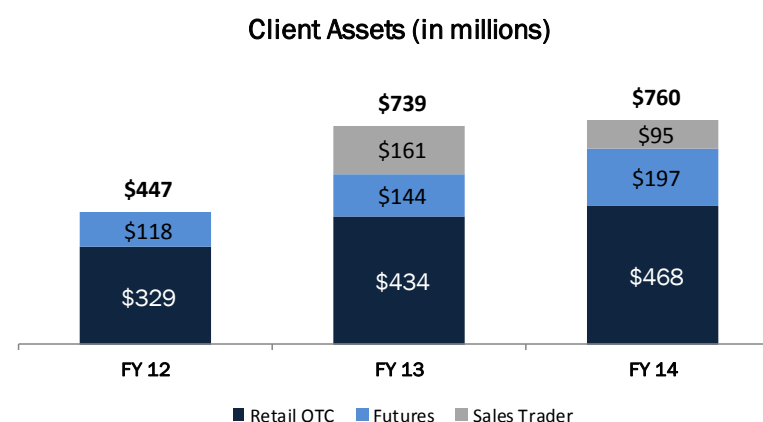
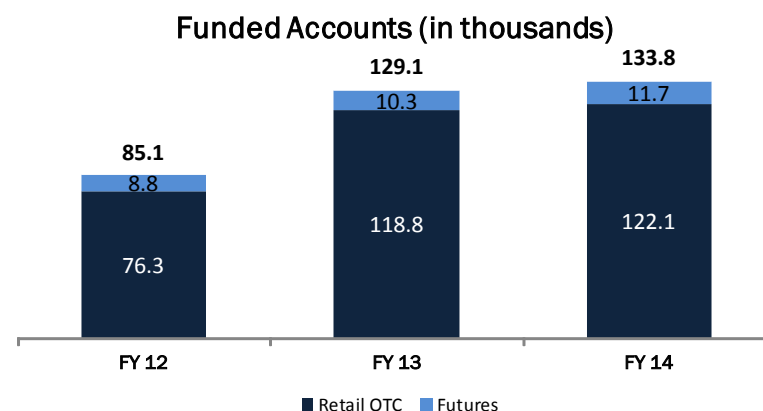


(1) Announcement date of acquisition of OEC business from Charles Schwab.



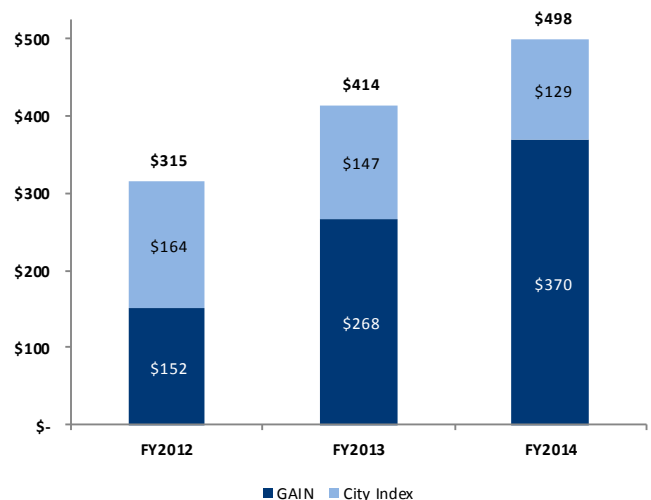
# Strong Core Operating Metrics

- Leading retail brand and a proven ability to engage the customer and add accounts directly and through partners
- Continuing to grow funded account base and client assets
  - Both organically and through M&A
- Increase in both assets and accounts resulting in more trading activity from clients
  - Average daily volume increased 36% year-over-year
- Potential upside from higher global interest rates
  - 100 basis point increase in global rates results in \$0.12–\$0.14 of incremental EPS

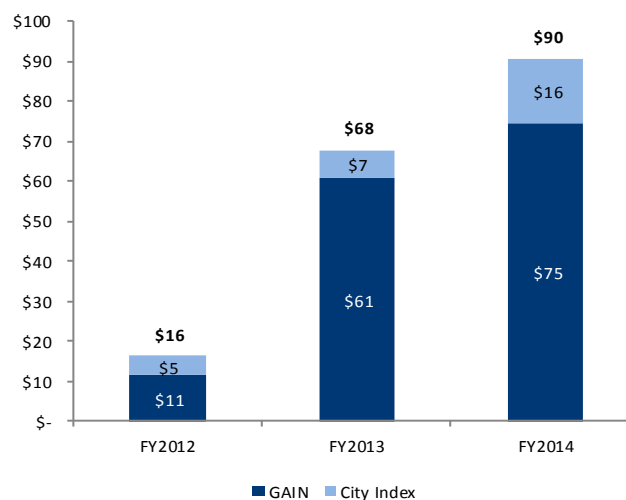


# GAIN and City Index - Transformational Combination

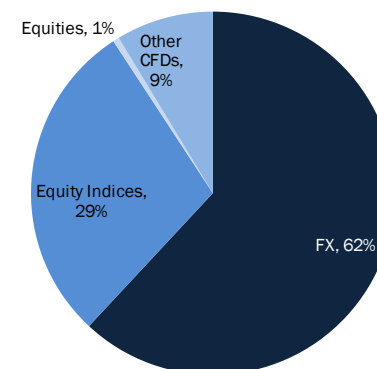
## Historical Pro Forma Revenue



## Historical Pro Forma Adjusted EBITDA<sup>(1)</sup>



## Pro Forma FY Retail Volume by Asset Class



FY Pro Forma Volume: \$3.4 trillion

Acquisition of City Index significant scales GAIN's business and provides further diversification of products and geographies

The combination of GAIN Capital and City Index creates a company with:

- Revenue: >\$498mm
- Adjusted EBITDA (pre-synergies): ~\$90mm (18% margin)
- Adjusted EBITDA (post-synergies)<sup>(2)</sup>: ~\$140mm (28% margin)
- Pro forma retail volume: \$3.4 trillion (ADV: \$13.0 billion)

GAIN expects to close the transaction in early Q2, pending shareholder and regulatory approvals

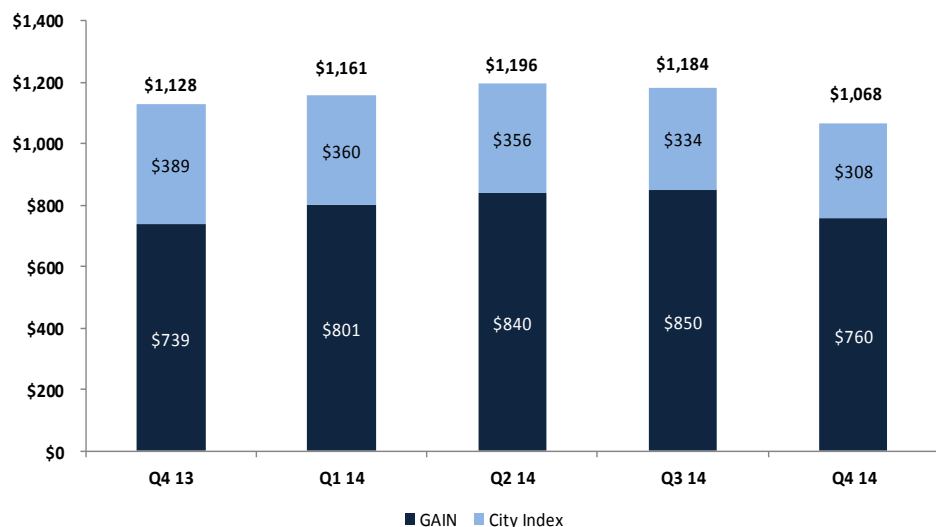
Note: Dollars in millions. All pro forma financials represent the combination of GAIN Capital and City Index via simple addition. Gain Capital financials presented under U.S. GAAP and City Index financials presented under U.K. GAAP. Based on GBP/USD exchange rate of 1.55.

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

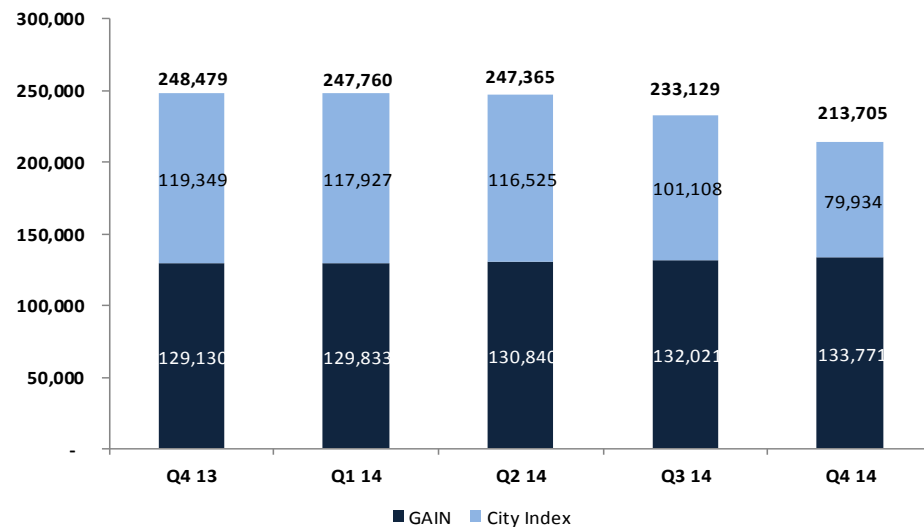
(2) Assumes \$50mm of fixed operating expense synergies based on midpoint of \$45mm-\$55mm estimated synergies over the first 2 years post-closing.

# GAIN and City Index - Transformational Combination

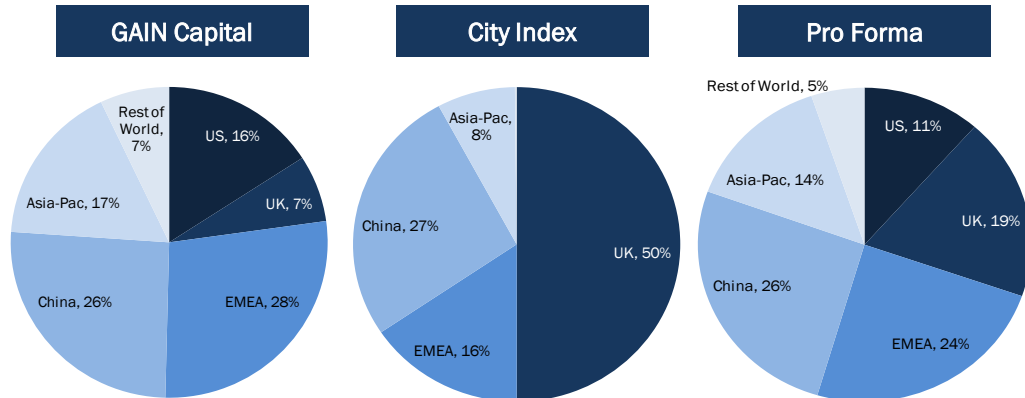
## Client Assets (in millions)



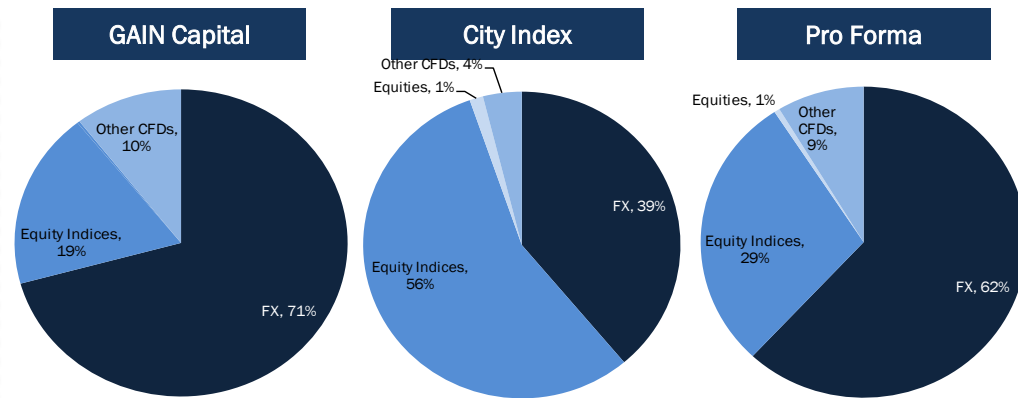
## Funded Accounts<sup>(1)</sup>



## Retail Trading Volume (by Geography)<sup>(2)</sup>



## Retail Trading Volume (by Asset Class)<sup>(2)</sup>



Note: Based on GBP/USD exchange rate of 1.55.

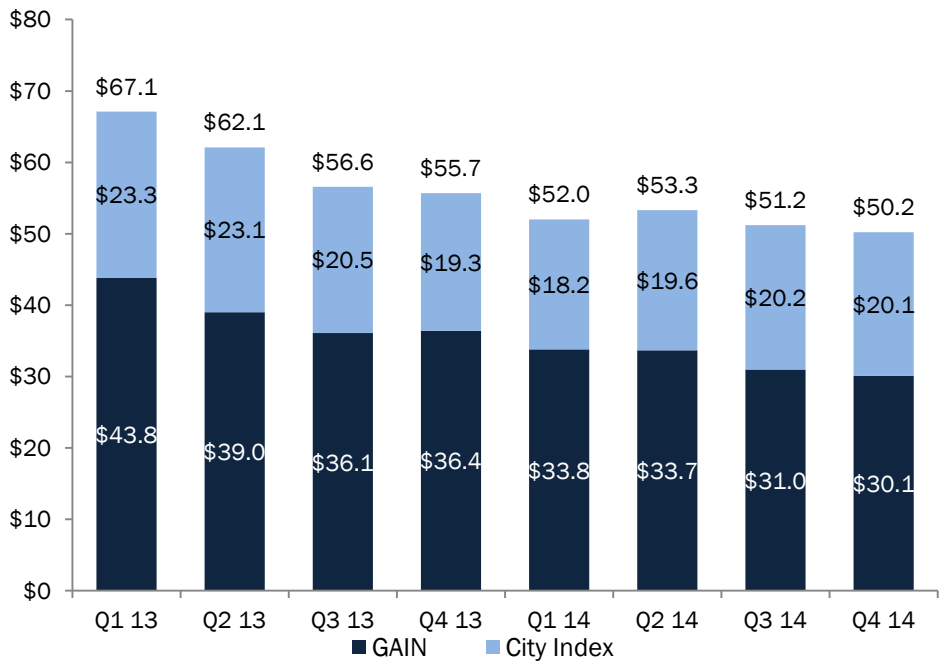
(1) Inactivity fee initiated in July 2014 resulted in the closure of a significant number of dormant accounts.

(2) Based on trailing twelve months ended December 31, 2014. GAIN Capital: \$2.5 trillion; City Index: \$0.9 billion; and Pro Forma: \$3.4 trillion.

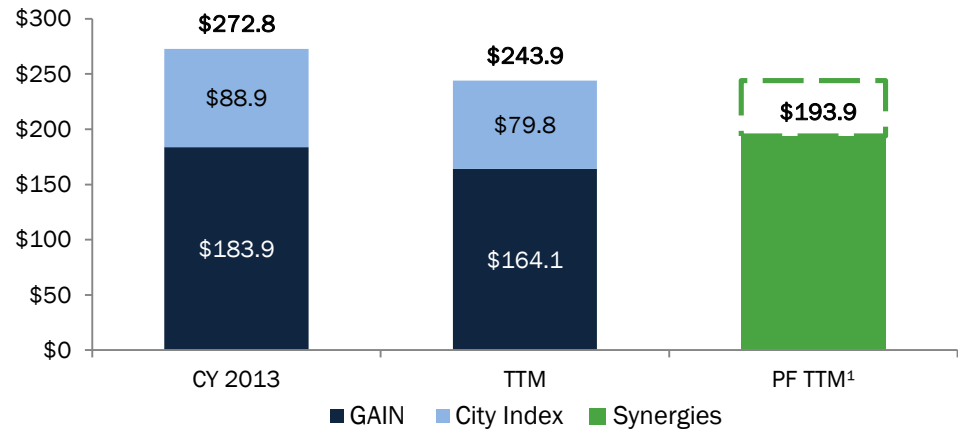
# Synergies – Fixed Operating Expenses

- The companies expect to eliminate between \$45mm – \$55mm in operating costs over the first 2 years after closing
- Detailed integration plans have been developed, focusing achievement of cost savings through:
  - Consolidation of functions and office locations
  - Consolidation of trading platforms and systems
  - Reduced product and software development costs
  - Reduced trading expenses

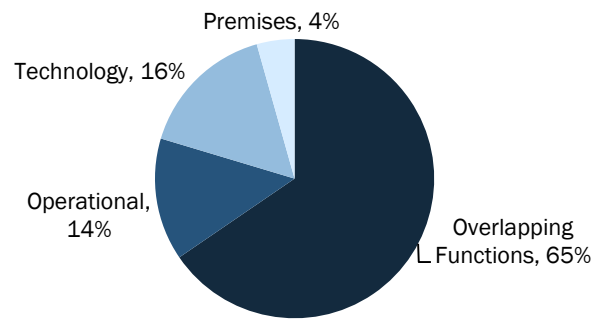
## Quarterly Historical Fixed Operating Expenses



## Impact of Synergies



## Breakdown of Synergies



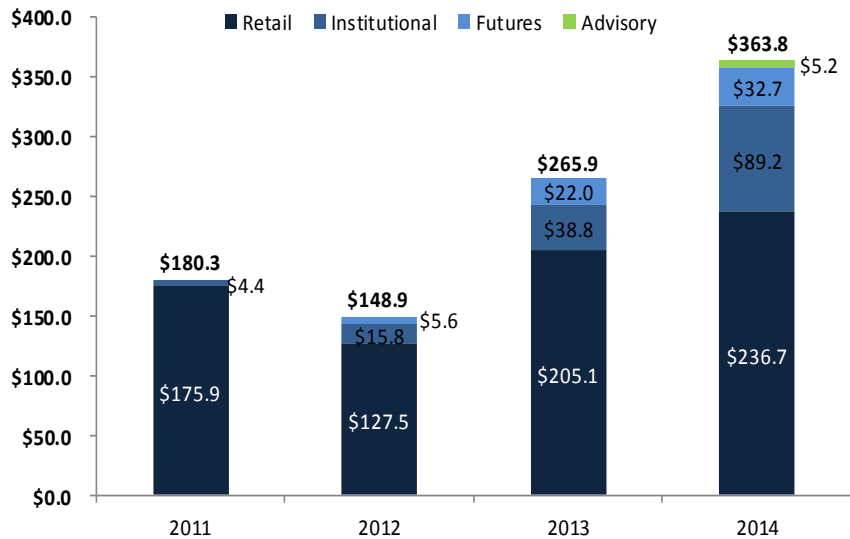
Note: Dollars in millions. Based on GBP/USD exchange rate of 1.55. Calculation of fixed operating expenses for both companies available in the appendix to this presentation.

(1) Assumes \$50mm of fixed operating expense synergies based on midpoint of \$45mm-\$55mm estimated synergies over the first 2 years post-closing.

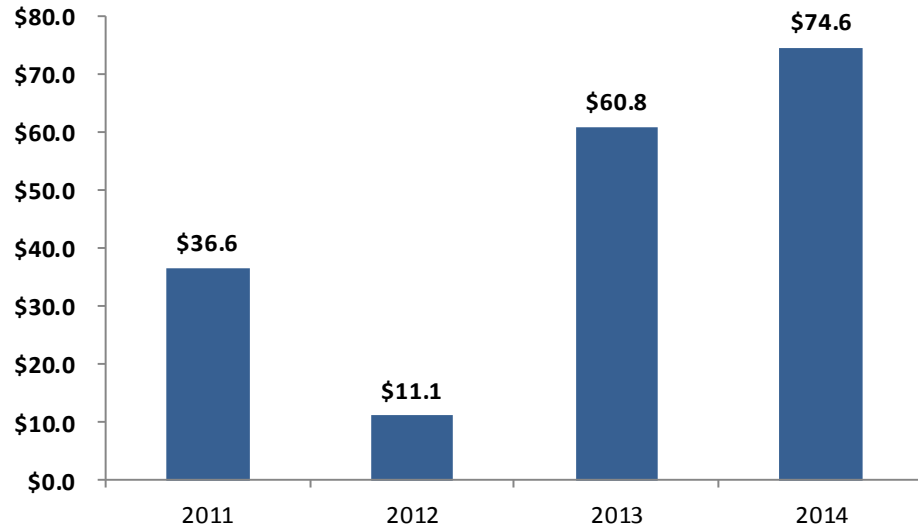
# Successfully Executing Growth and Diversification Strategy

- Over past four years, GAIN has focused on a clear strategy to scale the business and diversify revenue streams across products, customer segments and geographies
- GAIN’s ability to successfully execute on its plan has yielded strong financial performance
  - 3-year revenue CAGR of 27%
  - 3-year EBITDA CAGR of 27%
  - Commission-based businesses generated \$127.1 million of revenue and was 34% of revenue for 2014

**Historical Revenue (1)**



**Historical EBITDA**



Note: Dollars in millions.

(1) Excludes other revenue and net interest revenue.

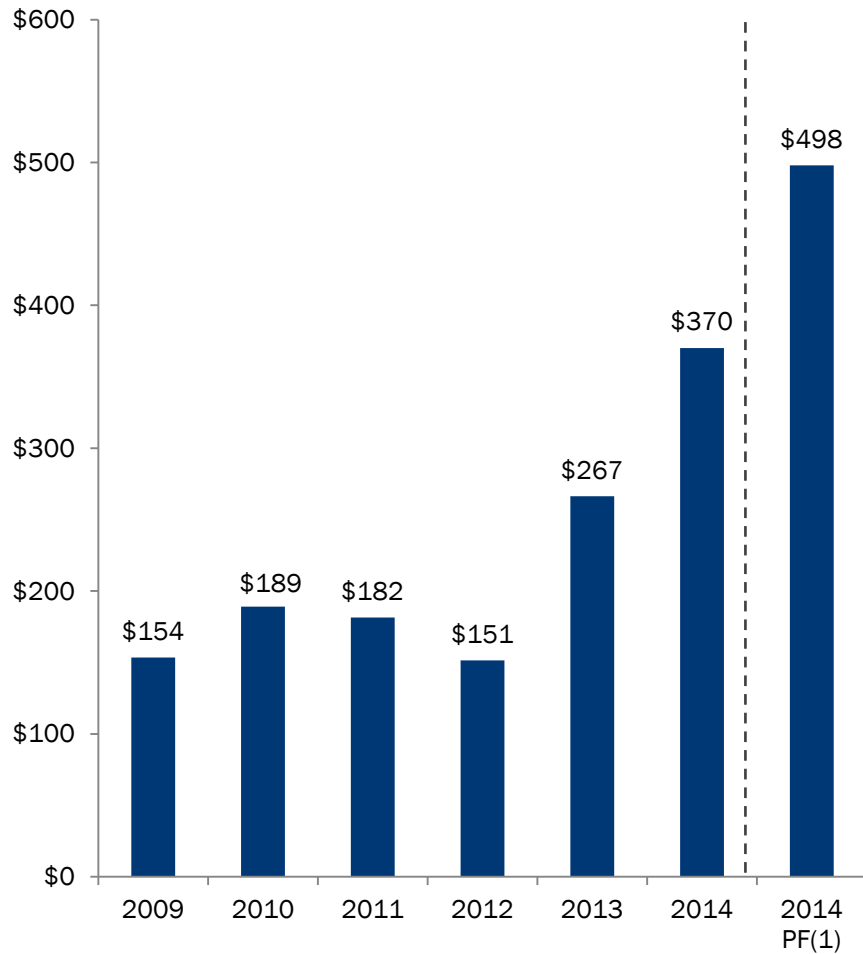
# Strong Financial Profile

- GAIN maintains a robust balance sheet with strong credit metrics
  - Debt / LTM Adjusted EBITDA of 0.9x
  - Debt / tangible equity of 0.3x
- Committed to shareholder value
  - Quarterly dividend of \$0.05/ share
  - Ongoing share buyback program
- Strategic approach to financing
  - Acquisitions funded through mix of cash, debt, equity
  - Tapped convertible bond market to finance GFT and City Index
  - Access to additional liquidity for working capital

# Financial Highlights

(\$ in millions)

## Revenue



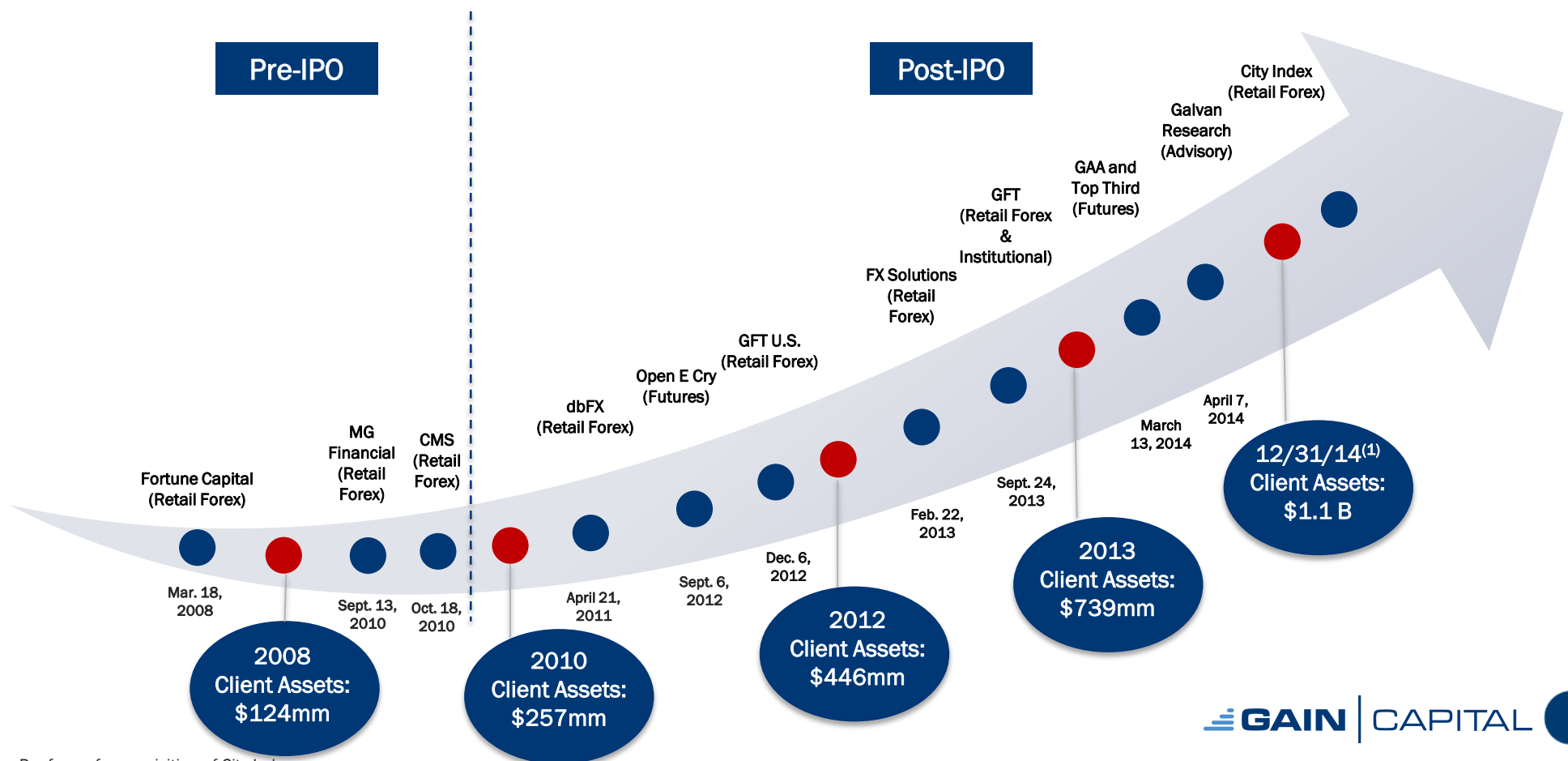
## Adjusted EBITDA



(1) Pro forma for City Index. Adjusted EBITDA includes the midpoint of anticipated year 2 cost synergies (\$45 million - \$55 million).

# Partner of Choice in Consolidating Industry

- City Index transaction is a key part of the successful execution of GAIN's acquisition strategy
- M&A is focused on expanding into new products, customer segments and geographies
- Pro forma for the acquisition, GAIN Capital's asset base has more than tripled in the past 2 years and increased by >4x since IPO



(1) Pro forma for acquisition of City Index.



# Conclusion

- Robust operating metrics show strength, scale of client base
- Diverse mix of products, platforms offers stability and multiple opportunities for growth
- Successful M&A strategy, with closing of City Index on track for 2Q
- Well-positioned to take advantage of opportunities from market dislocation following the Swiss franc event
- Strong balance sheet provides stability and dry powder for opportunistic acquisitions

# Annex

# Adjusted EBITDA & Margin Reconciliation

	3 Months Ended December 31,		12 Months Ended December 31,	
	2014	2013	2014	2013
<b>Net Revenue</b>	\$ 114.7	\$ 83.9	\$ 369.5	\$ 267.6
Net Income	17.6	4.3	31.6	31.3
Net Income Margin %	15%	5%	9%	12%
<b>Net Income</b>	\$ 17.6	\$ 4.3	\$ 31.6	\$ 31.3
Depreciation & amortization	1.4	2.6	7.1	7.8
Purchase intangible amortization	3.3	1.2	8.1	2.9
Interest expense	1.7	0.9	6.1	1.2
Income tax expense	8.4	2.7	13.0	13.8
Acquisition costs	2.0	0.3	3.5	1.8
Restructuring	0.2	1.2	1.2	1.6
Integration costs	0.8	1.9	2.5	1.9
Net income attributable to non-controlling interest	0.4	-	1.4	-
Other non-recurring items	0.1	(1.5)	0.1	(1.5)
<b>Adjusted EBITDA</b>	<b>\$ 35.9</b>	<b>\$ 13.6</b>	<b>\$ 74.6</b>	<b>\$ 60.8</b>
<i>Adjusted EBITDA Margin %<sup>(1)</sup></i>	31%	16%	20%	23%

Note: Dollars in millions.

(1) Adjusted EBITDA margin is calculated as adjusted EBITDA divided by net revenue.

# Current Liquidity

	As of	
	12/31/14	12/31/13
Cash and cash equivalents	\$139.4	\$39.9
Cash and securities held for customers	759.6	739.3
Short term investments <sup>(1)</sup>	0.2	0.8
Receivables from banks and brokers <sup>(2)</sup>	134.9	227.6
<b>Total Operating Cash</b>	<b>\$1,034.1</b>	<b>\$1,007.6</b>
Less: Cash and securities held for customers	(759.6)	(739.3)
<b>Free Operating Cash</b>	<b>\$274.5</b>	<b>\$268.3</b>
Less: Minimum regulatory capital requirements	(76.3)	(85.7)
Less: Convertible Senior Notes <sup>(3)</sup>	(80.0)	(80.0)
<b>Free Cash Available</b>	<b>\$118.2</b>	<b>\$102.6</b>

Note: Dollars in millions.

- (1) Reflects cash that would be received upon the liquidation of short term investments.
- (2) Reflects cash that would be received from brokers following the close-out of all open positions.
- (3) The convertible senior note incorporates the unamortized discount.

# Fixed Operating Expenses

	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2012 <sup>(1)</sup>	12 Months 2013 <sup>(1)</sup>	2014
Total Expenses	\$78.0	\$74.8	\$75.3	\$80.7	\$86.6	\$276.7	\$322.0	\$317.4
Less: Referral Fees & Bad Debt	(19.2)	(21.3)	(21.1)	(26.2)	(26.2)	(52.7)	(77.8)	(94.8)
Less: Depreciation & Amortization	(2.6)	(2.2)	(1.8)	(1.7)	(1.4)	(7.0)	(9.2)	(7.1)
Less: Purchased Intangible Amortization	(1.2)	(1.0)	(1.6)	(2.3)	(3.3)	(7.3)	(5.2)	(8.2)
Less: One-time Expenses <sup>(2)</sup>	(3.9)	(2.3)	(0.7)	(1.3)	(3.1)	(0.7)	(13.6)	(7.4)
Less: Direct expenses from new businesses	(7.0)	(8.0)	(8.5)	(9.1)	(10.1)	(14.2)	(28.4)	(35.7)
Less: Variable Compensation <sup>(3)</sup>	(7.7)	(6.2)	(7.9)	(9.1)	(12.4)	(13.2)	(32.5)	(35.6)
<b>Fixed Operating Expenses</b>	<b>\$36.4</b>	<b>\$33.8</b>	<b>\$33.7</b>	<b>\$31.0</b>	<b>\$30.1</b>	<b>\$181.7</b>	<b>\$155.3</b>	<b>\$128.6</b>

Note: Dollars in millions.

(1) Pro forma for acquisition of GFT.

(2) Includes acquisition costs, restructuring costs, integration costs and a one-time charge taken by GFT prior to the acquisition.

(3) Includes sales commissions paid to employees and the variable portion of bonus expense.

# City Index Historical Financials & Operating Metrics

	3 Months Ended					12 Months Ended		
	31-Dec-13	31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14	31-Dec-12	31-Dec-13	31-Dec-14
Revenue	\$35.4	\$27.9	\$22.6	\$35.1	\$43.3	\$163.6	\$146.7	\$129.0
Less: Referral Fees	(7.0)	(6.8)	(5.6)	(6.1)	(6.6)	(42.6)	(37.5)	(25.1)
Net Revenue	\$28.4	\$21.1	\$17.0	\$29.1	\$36.7	\$121.1	\$109.2	\$103.9
Less: Other Operating Expenses	(21.1)	(20.0)	(21.5)	(22.6)	(24.0)	(116.3)	(102.3)	(88.1)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$7.3</b>	<b>\$1.1</b>	<b>(\$4.5)</b>	<b>\$6.5</b>	<b>\$12.7</b>	<b>\$4.8</b>	<b>\$6.9</b>	<b>\$15.8</b>
Revenue Growth %	3%	(5%)	(5%)	15%	22%	278%	(5%)	(5%)
EBITDA Margin %	21%	4%	NA	18%	29%	3%	5%	12%
<b>Key Operating Metrics &amp; Balance Sheet Data</b>								
Customer Trading Volume (billions)	\$213.0	\$234.7	\$201.7	\$219.5	\$270.9	\$1,191.1	\$1,002.7	\$926.9
Average Daily Volume (billions)	\$3.3	\$3.7	\$3.1	\$3.3	\$4.2	\$4.7	\$3.9	\$3.6
Funded Accounts	119,349	117,927	116,525	101,108 <sup>(2)</sup>	79,934	143,580	119,349	79,934
Client Assets	\$388.8	\$359.9	\$355.9	\$334.1	\$308.2	\$348.9	\$388.8	\$308.2
PnL/mm	\$166	\$119	\$112	\$160	\$160	\$137	\$146	\$139

Note: Dollars in millions, except where noted otherwise. Gain Capital financials presented under U.S. GAAP and City Index financials presented under U.K. GAAP. Based on GBP/USD exchange rate of 1.55.

- (1) Adjusted EBITDA is a non-GAAP financial measure that represents earnings before interest, taxes, depreciation, amortization, and other one-time expenses. A reconciliation of net income to adjusted EBITDA is available in the appendix to this presentation.
- (2) Inactivity fee initiated in July 2014 resulted in the closure of a significant number of dormant accounts.

# Definition of Metrics

- **Funded Accounts**
  - Retail accounts who maintain a cash balance
- **Trading Volume**
  - Represents the U.S. dollar equivalent of notional amounts traded
- **Futures Contracts**
  - Represents the average daily trades transacted by OEC customers
- **Customer Assets**
  - Represents amounts due to clients, including customer deposits and unrealized gains or losses arising from open positions



*March 2015*