

# Barclays Global Financial Services Conference

September 10, 2014



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FXCM undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

**Non-GAAP Financial Measures:** This presentation presents certain non-GAAP financial measures. These measures should not be considered in isolation from, or as a substitute for, measures prepared in accordance with generally accepted accounting principles. See the appendix to this presentation for reconciliations of these non-GAAP financial measures to the most comparable measures calculated and presented in accordance with GAAP.

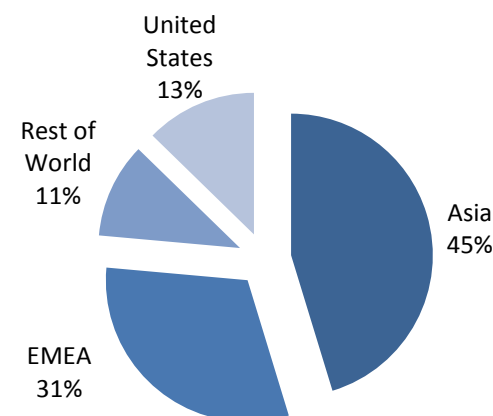
# About FXCM



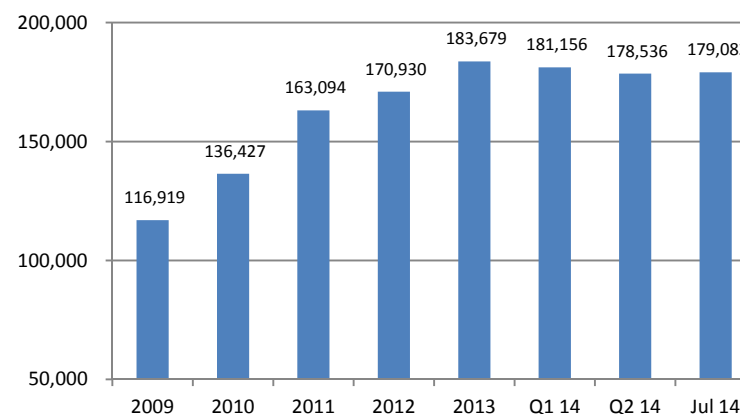
- Founded in 1999 by six Partners
  - Largest retail FX broker in Asia and the U.S.
- Multi-asset class product offering
  - OTC Spot FX, OTC precious metals<sup>(1)</sup>, oil, commodity and equity-index CFD's<sup>(1)(2)</sup>
- Two main revenue streams
  - Retail - agent between retail clients and large FX market makers and earns a spread on trading volume (77% of Q2'14 revenues)
  - Institutional - institutional agency-based business, targeted toward banks, hedge funds, corporations and other institutional money managers (23% of Q2'14 revenue)
- Global reach – content and advertising in 180 countries and 16 languages
- Well-positioned to leverage scale platform to grow client base and expand margins
- FXCM's founders and management own approximately 44% of the business

## Business by Geography (2013)

**Volume by Geography**



## Total Active Accounts <sup>(3)</sup>



## Public Market and Financial Overview

Share Price (06/30/14)	\$14.96	Company Cash (06/30/14) (\$mm)	\$349
FXCM Inc. Shares O/S (06/30/14) (mm)	45.9	Debt (06/30/14) (\$mm)	\$205
FXCM Holdings Units Fully Exchangeable (06/30/14)	35.8	Adj. Pro Forma EBITDA (\$mm) TTM 06/30/14	\$80
Total Fully Exchanged Shares O/S (06/30/14)	81.7	Market Capitalization Less Net Cash / LTM Adj. Pro Forma EBITDA <sup>(4)</sup>	13.5
Market Capitalization (\$mm)	\$1,222		

(1) Only offered to non-US residents.  
 (2) CFD = Contracts-for-Difference.

(3) Account that has traded at least once in the previous twelve months.

# Our Major Business Segments



*FX is a \$5.3 trillion dollar per day market <sup>(1)</sup> that is expected to grow to \$10 trillion by 2020 <sup>(2)</sup>*

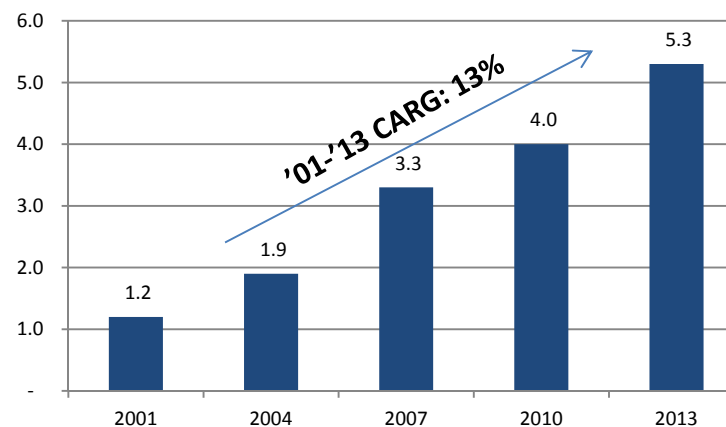
## Retail

- FXCM is one of the largest global retail FX brokers
- Retail FX is the fastest growing segment in FX
  - Large, underpenetrated, fragmented market
  - Represents only ~5-8%<sup>(3)</sup> of total FX volume
- Tighter retail FX regulations reduced competition due to increased barriers to entry
  - 70% reduction in the number of retail FX providers in the U.S. since 2006
- Attractive white label opportunities globally

## Institutional

- FXCM provides an ECN for banks, hedge funds, asset managers and proprietary traders
  - Established institutional platform in 2005
- FXCM has had volume growth of 53% CAGR since 2006 in its institutional business
- June 2012 acquisition of Lucid Markets – leading non-bank market maker in the institutional space
- Internally developed ECN and FastMatch (joint venture with Credit Suisse and Bank of New York) are now doing over half of institutional volume

## FX Trading Volume (\$Bn) <sup>(1)</sup>



(1) BIS Triennial Central Bank Surveys.

(2) Wall Street research estimates.

(3) Company estimate



In addition to a strong and conservative financial profile, FXCM has a compelling business profile which includes:

Superior, Stable, Low Risk Business Model

Cutting Edge Technology Platform

Strong International Presence

Significant Growth Potential

Skilled and Disciplined Acquiror with Leadership Position

Seasoned, Invested Management Team

# Superior, Stable, Low Risk Business Model



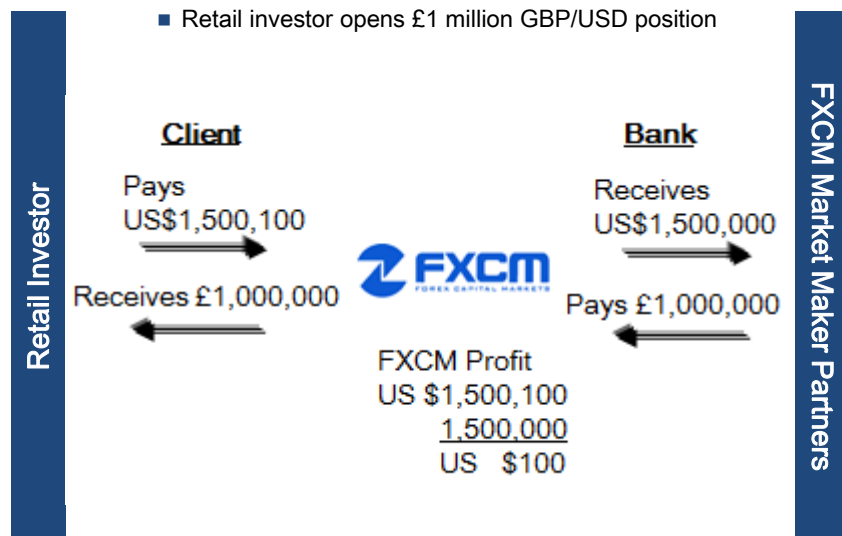
- Dominant business in retail FX is the principal or market making model
  - Subject to principal risk on client trades and greater volatility
  - Capital intensive via greater capital requirements
- FXCM made a strategic decision to adopt agency model in 2007
  - Focus on technology and objective to be venue of choice for best execution
  - FXCM presents best bid / offer from liquidity providers -- representing quotes from 16 of the world largest FX banks / market makers
  - Lower risk business model - FXCM is a riskless intermediary to trades
- FXCM introducing a narrow spread, principal model for smaller clients, while operating within established risk parameters

## Market Maker Relationships



## Trade Flow Process<sup>(1)</sup>

- Retail investor opens £1 million GBP/USD position



## Retail

	FXCM Agency	Principal
1 Pricing	■ Best bid/offer from network of market makers, transparent	■ From Broker
2 Execution	■ Back-to-back with market maker who made price; clients receive positive slippage; no re-quotes	■ Broker, re-quotes on price changes, positive slippage kept by broker
3 Risk	■ All agency trades simultaneously offset with market maker; no market risk	■ Maintain open positions subject to market risk
4 Profits	■ Volume-based fees; not related to client profits/losses	■ Predominantly trading gains against client losses
5 Revenues	■ Stable in low volatility, higher growth in volatile markets	■ Driven up and down by market volatility
6 Client Profile	■ Longer client life, actively pursues and caters to active, profitable traders	■ Shorter client life, higher churn, rejects profitable traders

(1) Based on FXCM quote to client of 1.5001/1 GBP/USD and Bank quote to FXCM of 1.5000/1 and mark-up of \$100 per million USD traded.



# Industry Leading Technology Platform Gives Us a Powerful Competitive Advantage



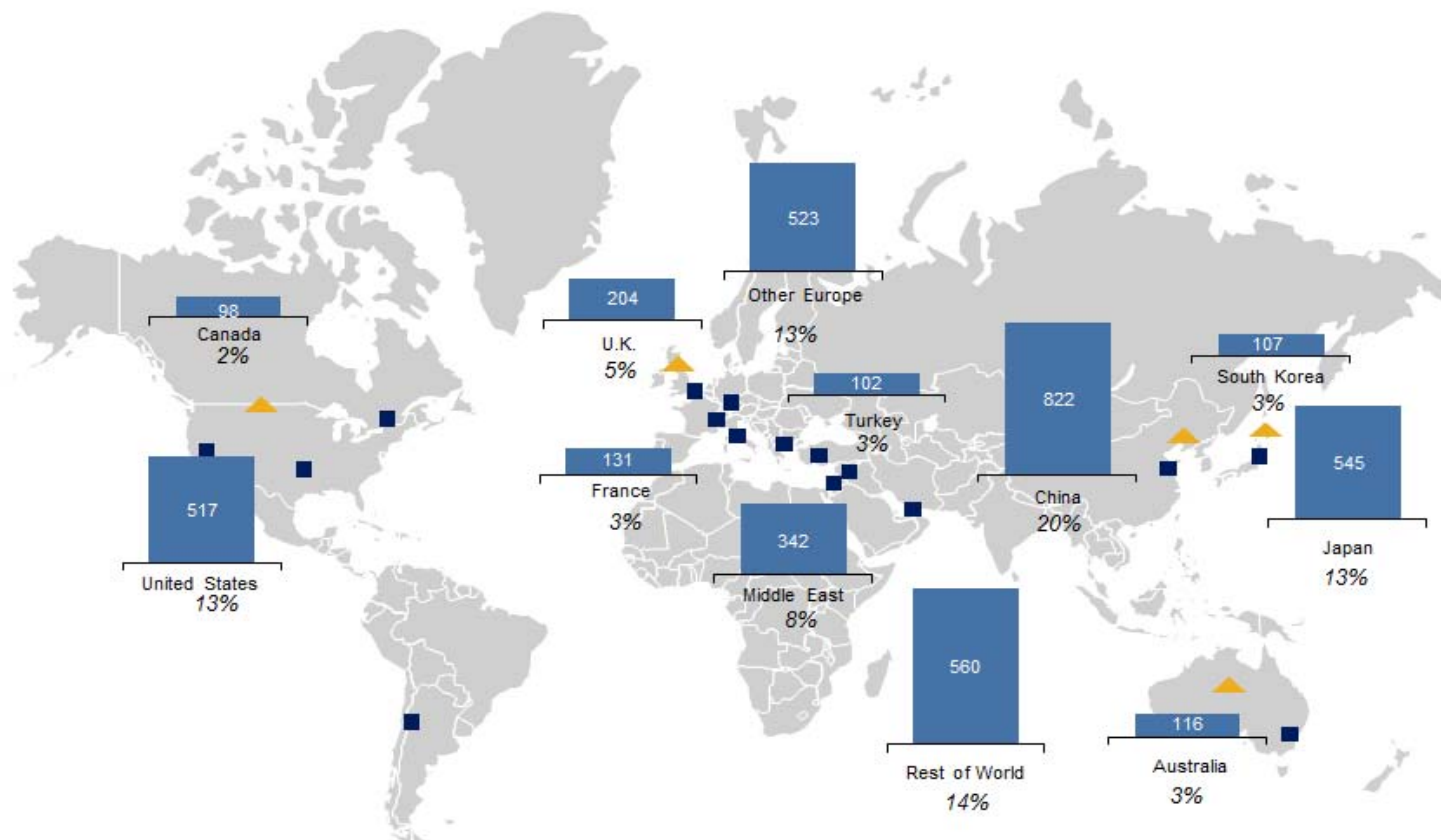
## Competitive Advantage From a Robust Trading Platform

- Our end-to-end trading platform gives us an asymmetrical competitive advantage versus:
  - Our peers in the retail FX world
  - Any new entrants from adjacent spaces
- Single platform used for all markets (unlike other asset classes), leveraging global infrastructure
- Difficult to replicate; significant barriers to entry
- Multiple points where we add unique value
  - Not plug-and-play like equities
  - We do not compete solely on price
- Little additional costs associated with adding White Label partners
  - Even large, sophisticated brokers choose to White Label our platform rather than build their own

## Robust Graphical User Interface



# Retail FX is a Global Market and FXCM has the Global Footprint to Deliver it



- Regulated Entities**
- Forex Capital Markets LLC (US)
  - Forex Capital Markets LTD (UK)
  - FXCM Securities LTD (UK)
  - FXCM Asia LTD (HK)
  - FXCM Japan (Japan)
  - FXCM Australia LTD (Australia)

- Sales Offices**
- North America**
    - New York, New York
    - Plano, Texas
    - San Francisco, California
  - South America**
    - Santiago, Chile
  - Europe & Middle East**
    - London, United Kingdom
    - Berlin, Germany
    - Paris, France
    - Milan, Italy
    - Athens, Greece
    - Tel-Aviv, Israel
    - Beirut, Lebanon
  - Asia Pacific**
    - Hong Kong, China
    - Tokyo, Japan
    - Sydney, Australia

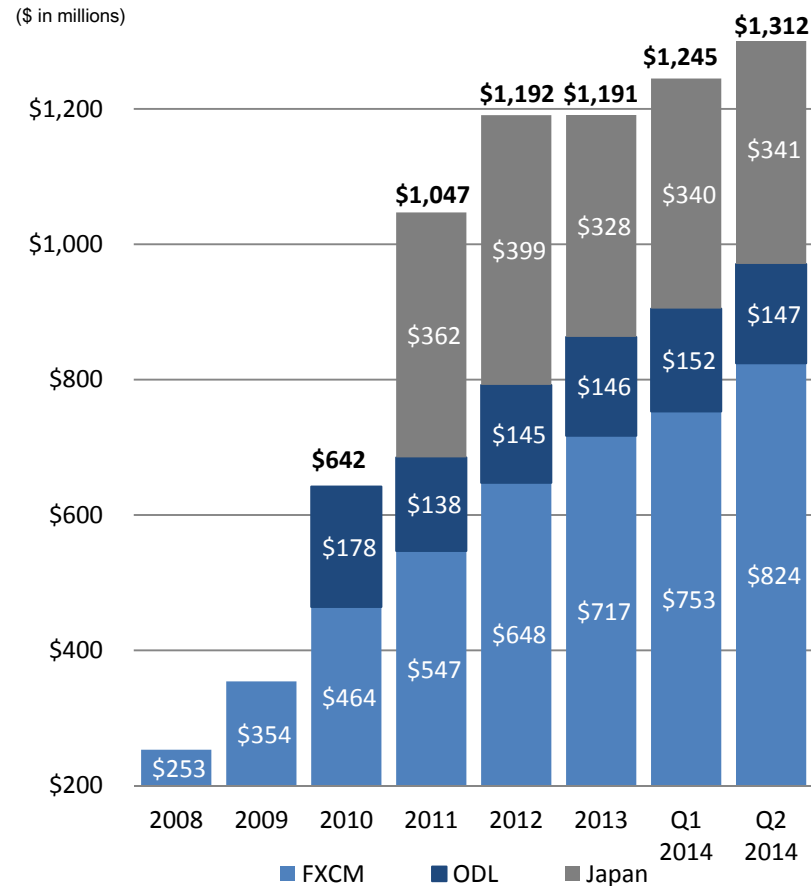
Note: Percentages represent percentage of total global FXCM retail volume for the year ended 12/31/13.



# Strong Growth in Customer Equity

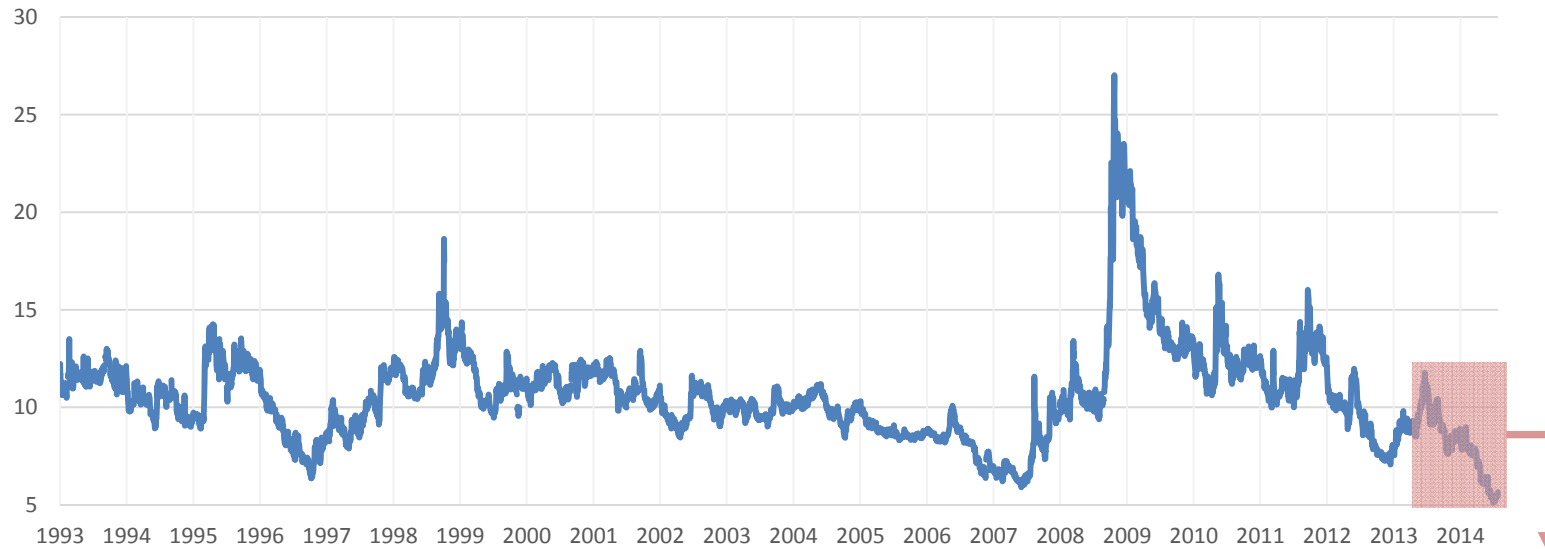


## Customer Cash Balance

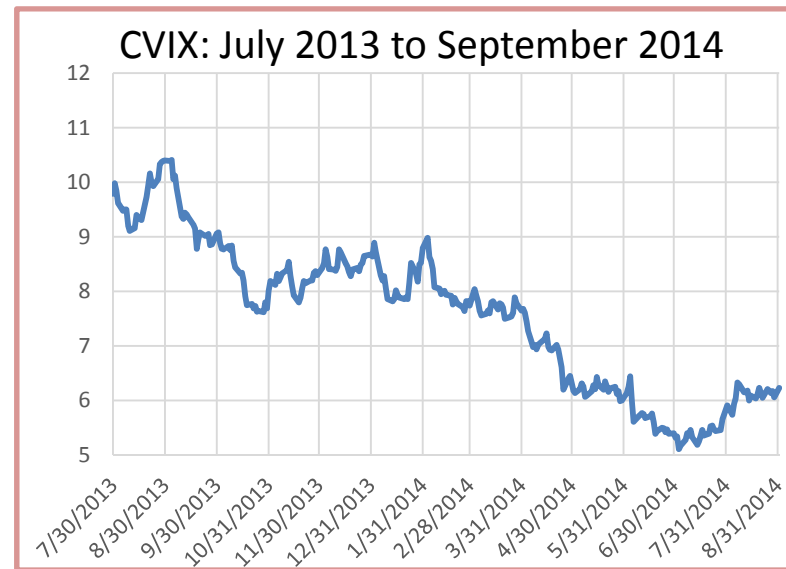


FXCM has 5 times the client equity today than in 2008 when it achieved record results

## CVIX: 1993 to Present



- CVIX has seen significant declines since June 2013
- In July 2014, CVIX reached levels not seen in over 25 years
- Improved conditions in August 2014

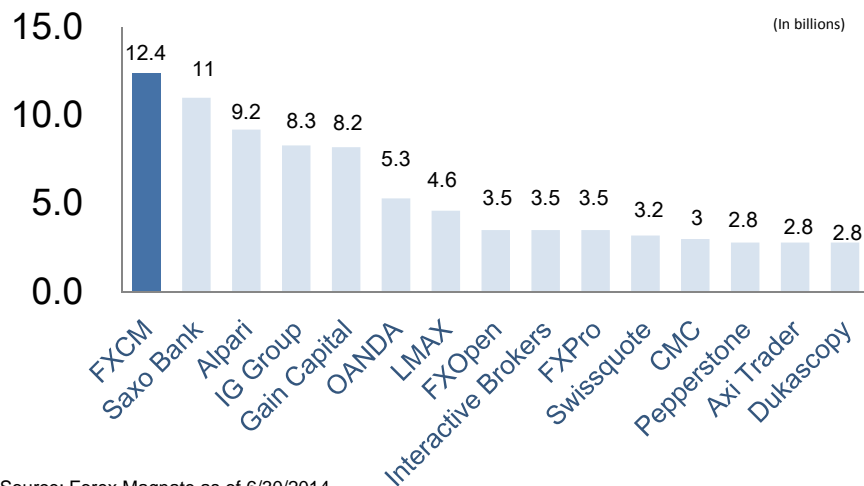


# Skilled and Disciplined Acquiror with Leadership Position



*Proven Acquiror, Well Positioned to Evaluate Opportunities in a Fragmented, but Consolidating Marketplace*

## FX Daily Volumes by Retail Broker (ex. Japan)



Source: Forex Magnate as of 6/30/2014.

- Need for scale and regulatory changes continue to drive consolidation in key geographies
  - Leverage changes in Japan
  - Potential changes in fund segregation rules in US
- Market conditions are creating M&A opportunities as small/mid sized firms struggle to keep up
- ODL Group Limited – October 2010
  - #3 player in the UK
  - Strong CFD business
  - Purchased for appx. \$54MM; <4x EBITDA
- FXCM Japan – March 2011
  - Long-time White Label of FXCM
  - Purchased for \$5MM in cash; <2x EBITDA
- Foreland FX – October 2011
  - Japanese business with loyal customer base
  - Purchased for \$17MM in cash; 2x Projected 2012 EBITDA
- Lucid Markets – June 2012
  - Leading non-bank, electronic market making and trading firm in the institutional foreign exchange market
  - 50.1% purchased for \$178MM (\$91MM in stock & \$87MM in cash); <3.5x 2011 EBITDA
- V3 Markets – February 2014
  - Together with principals of Lucid acquired selected assets of Infinium Capital Holdings LLC and affiliates
  - New venture to be called V3 Markets
  - Purchase price included approx. \$11.9MM owed by Infinium to FXCM and the Lucid principals – February 2014

# Opportunities for 2014-2015

## Expansion of CFD Platform

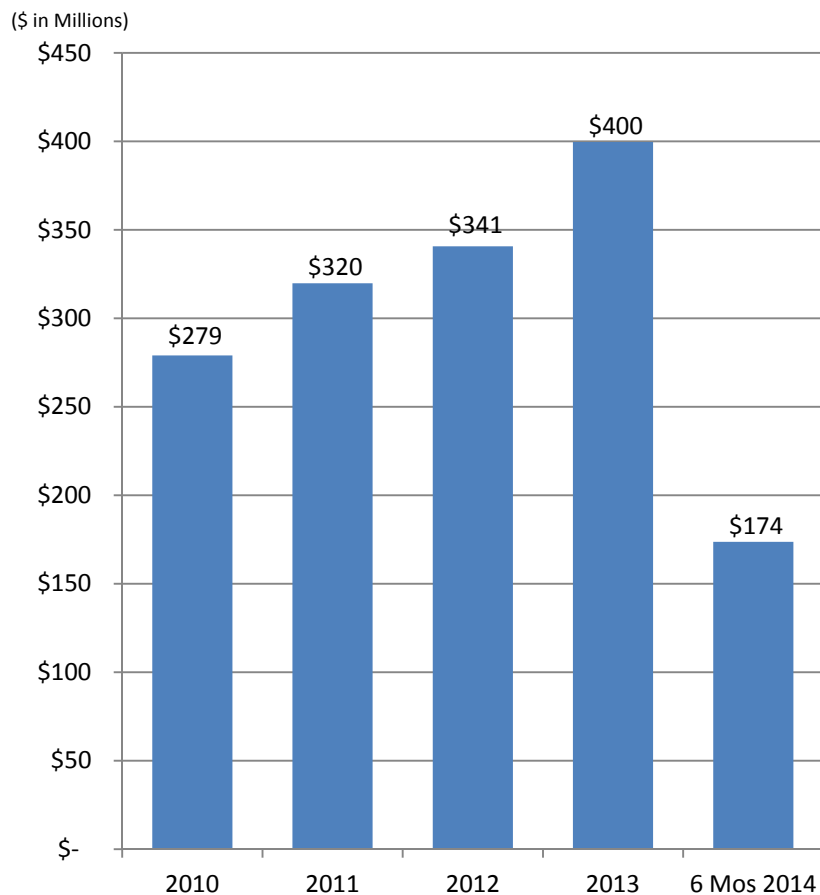


- Q2 Strong quarter for CFDs
  - CFD Volume 26% of total retail volume Q2'14 up from 21% Q1'14
- FXCM has been developing an agency CFD offering
  - Already migrated metals business
- CFD single share offering being soft launched later this year
- With an agency offering together with single share CFDs in product mix, a potentially significant market
- Additionally, could drive account growth as Europeans favor single accounts with both FX and CFDs
- Size of revenue opportunity in Europe is \$1-2 billion

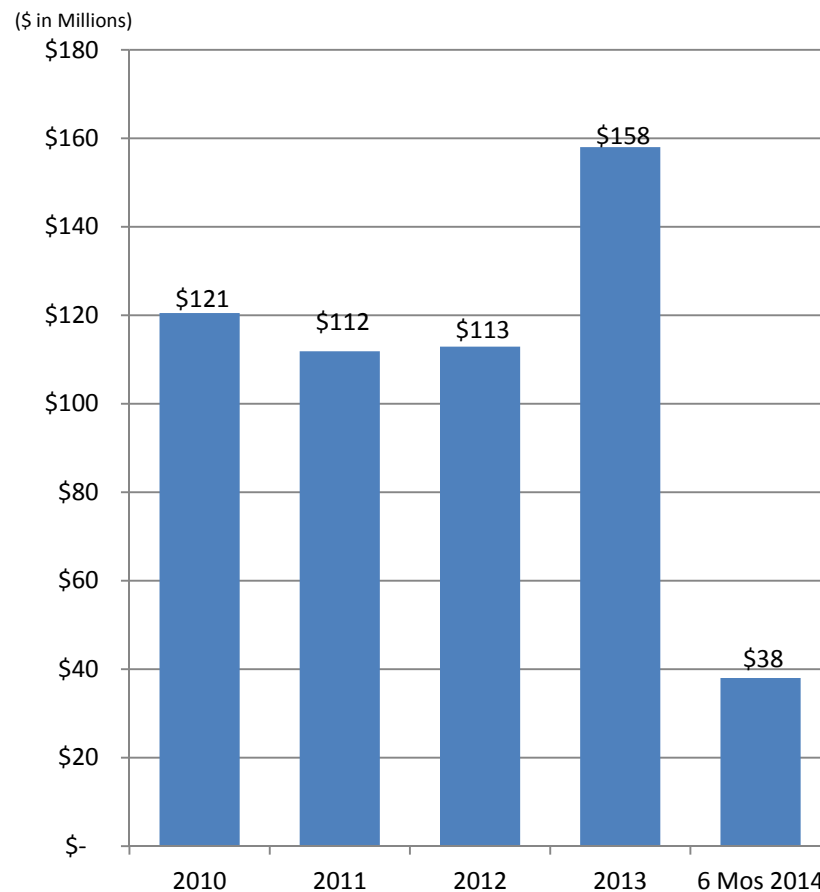
# Revenues and EBITDA



## Revenue Less Referring Broker Fees



## Adjusted Pro-Forma EBITDA



# Balance Sheet

As of June 30, 2014 (Condensed, Unaudited)



## Assets

Current assets	
Cash and cash equivalents	\$ 348,763
Cash and cash equivalents, held for customers	1,312,270
Trading securities	614
Due from brokers	24,357
Other current assets	30,776
Total current assets	<u>1,716,780</u>
Office, communication and computer equipment, net	50,654
Goodwill and intangible assets, net	398,160
Other assets	210,356
<b>Total assets</b>	<b><u>\$ 2,375,950</u></b>

## Liabilities and Equity

Current liabilities	
Customer account liabilities	\$ 1,312,270
Due to brokers	15,699
Credit Agreement	25,000
Notes payable	7,460
Other current liabilities	75,347
Total current liabilities	<u>1,435,776</u>
Senior convertible notes	148,900
Other liabilities	146,553
<b>Total liabilities</b>	<b><u>1,731,229</u></b>

## Commitments and Contingencies

### Stockholders' Equity

Total stockholders' equity FXCM Inc.	264,000
Non-controlling interests	380,721
<b>Total stockholders' equity</b>	<b><u>644,721</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 2,375,950</u></b>

\* Under U.S. GAAP. Certain totals may not foot due to rounding. See accompanying notes to the consolidated financial statements that will be filed with our 10-Q on or before August 8, 2014.



# Cost Discipline



## FXCM Inc. Operating Costs

Adjusted proforma basis; excluding referring broker fees and depreciation & amortization (US\$ millions)

### Consolidated (excl. V3 Markets)

	<u>Q2/14</u>	<u>Q1/14</u>	<u>Q4/13</u>	<u>Q3/13</u>	<u>Q2/13</u>	<u>Q1/13</u>	<u>Q4/12</u>	<u>Q3/12</u>
Compensation Expense	25.2	26.3	24.0	23.2	24.5	21.5	21.6	22.0
Marketing Expense	7.1	6.5	7.3	6.3	6.2	7.4	7.6	7.5
Tech & Comm	9.7	10.2	10.2	10.1	9.8	8.4	10.5	9.6
Trading Costs	7.0	7.4	7.1	6.8	9.0	7.9	6.7	6.9
G&A	13.6	12.1	12.5	13.0	13.4	12.5	14.2	12.9
	<u>62.6</u>	<u>62.4</u>	<u>61.1</u>	<u>59.4</u>	<u>62.8</u>	<u>57.6</u>	<u>60.6</u>	<u>59.0</u>

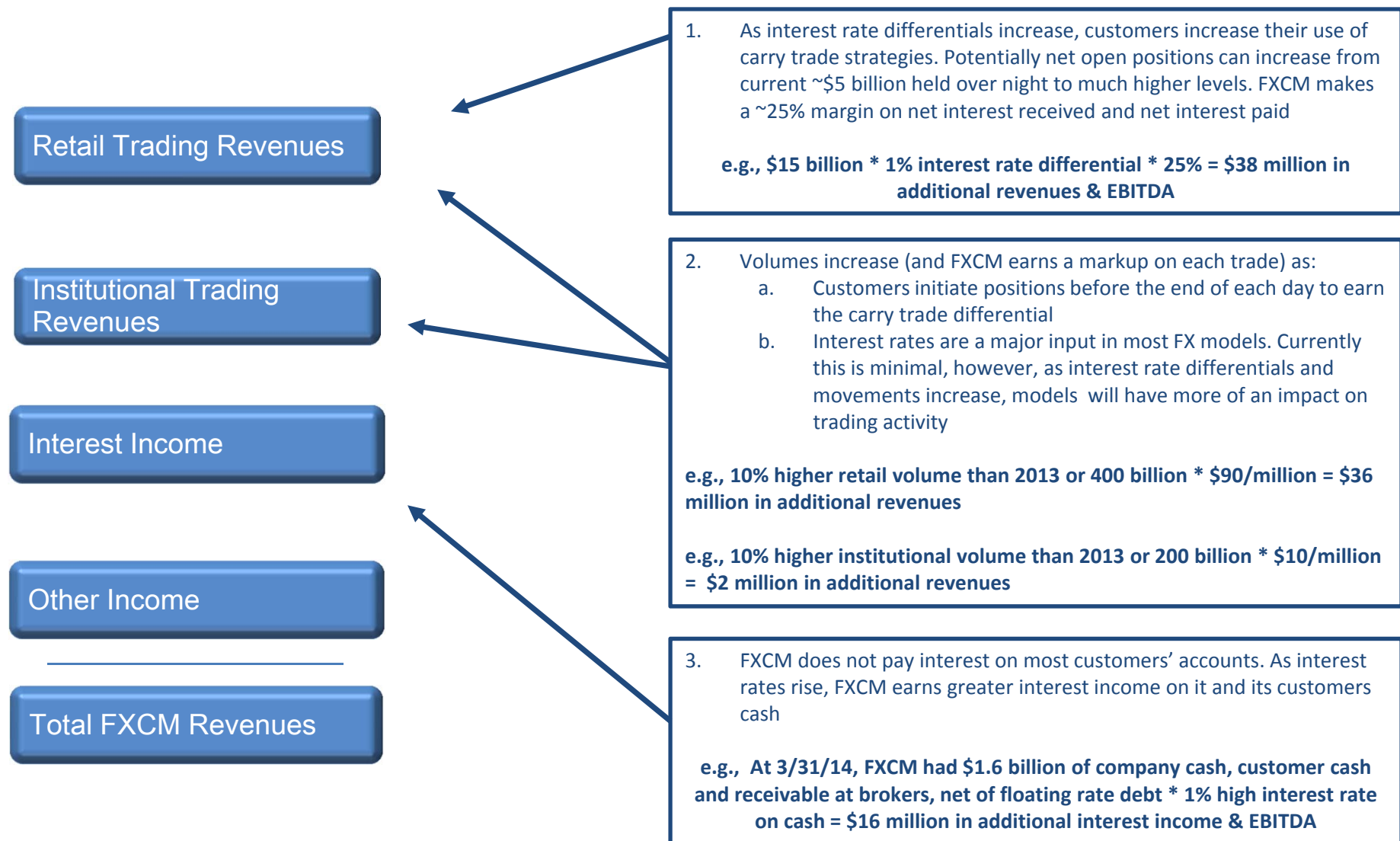
### V3 Markets

	<u>Q2/14</u>	<u>Q1/14</u>
Compensation Expense	1.4	1.4
Marketing Expense	-	-
Tech & Comm	2.3	1.8
Trading Costs	1.0	0.9
G&A	0.5	0.8
	<u>5.2</u>	<u>4.9</u>

### Consolidated

	<u>Q2/14</u>	<u>Q1/14</u>
Compensation Expense	26.6	27.7
Marketing Expense	7.1	6.5
Tech & Comm	12.0	12.0
Trading Costs	8.0	8.2
G&A	14.1	12.9
	<u>67.8</u>	<u>67.3</u>

# Potential Impact of Interest Rates on FXCM



- Historically depressed trading environment
- Continued success in drawing large customers – showing strong customer equity growth despite the low volatility and low interest rates
- Institutional business gaining market share
- We remain optimistic on acquisitions in 2014
- Focus has been on cost containment – however, if environment persists & M&A does not materialize then meaningful cost reductions will be initiated

# Appendix

# Operating Metrics



	Three Months Ended											
	<u>June 30, 2014</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>September 30, 2013</u>	<u>June 30, 2013</u>	<u>March 31, 2013</u>	<u>December 31, 2012</u>	<u>September 30, 2012</u>	<u>June 30, 2012</u>	<u>March 31, 2012</u>	<u>December 31, 2011</u>	<u>September 30, 2011</u>
	(Dollars in thousands, except as noted)											
Net Tradable Account Additions <sup>(1)</sup>	19,102	1,133	(858)	(2,010)	(4,631)	5,412	(12,177)	(2,717)	8,401	2,104	23,287	181
Total Tradable Accounts <sup>(2)</sup>	208,365	189,263	188,130	188,988	190,998	195,629	190,217	202,394	205,111	196,710	194,606	171,319
Total Active Accounts <sup>(3)</sup>	178,536	181,156	183,679	182,146	182,225	173,265	170,930	171,274	174,218	171,296	163,094	156,053
Total Customer Trading Volume (dollars in billions)	769	936	895	980	1,152	1,041	886	861	869	985	973	1,042
Trading Days in Period	65	63	64	66	65	63	64	65	65	65	65	66
Daily Average Trades	348,825	413,912	378,315	417,845	516,960	437,813	366,015	345,790	367,051	379,289	423,413	438,599
Daily Average Trades per Active Account <sup>(4)</sup>	2.0	2.3	2.1	2.3	2.8	2.5	2.1	2.0	2.1	2.2	2.7	2.8
Retail Trading Revenue per Million Traded	\$96	\$88	\$93	\$89	\$90	\$88	\$95	\$99	\$90	\$94	\$98	\$93
Total Customer Equity (dollars in millions)	\$1,312.3	\$1,245.3	\$1,190.9	\$1,264.3	\$1,171.5	\$1,190.4	\$1,190.8	\$1,278.4	\$1,254.7	\$1,135.9	\$1,047.0	\$828.2
Customer Trading Volume by Region (dollars in billions)												
-Asia	305	373	384	462	519	476	401	421	387	490	\$459	\$461
-EMEA	285	336	305	293	360	311	283	260	275	272	271	316
-United States	101	118	97	123	148	138	86	92	101	95	112	124
-Rest of World	78	109	108	101	124	116	116	89	106	128	131	141
Total	\$768	\$936	\$895	\$980	\$1,151	\$1,041	\$886	\$861	\$869	\$985	\$973	\$1,042

<sup>(1)</sup> Net account additions represents new accounts funded less accounts closed by our customers.

<sup>(2)</sup> A tradable account represents an account with sufficient funds to place a trade in accordance with firm policies.

<sup>(3)</sup> An active account represents an account that has traded at least once in the previous 12 months.

<sup>(4)</sup> Daily average trades per active account represents the total daily average trades per average active account in the period.

# Reconciliation of Adjusted Pro Forma Results to U.S. GAAP – 3 Months Ended June 30, 2014 and 2013



(000's except per share amounts, unaudited)

	Three Months Ended June 30,					
	2014			2013		
	As Reported	Adjustments	Adjusted Pro Forma	As Reported	Adjustments	Adjusted Pro Forma
<b>Revenues</b>						
Retail trading revenue	\$ 73,736	\$ -	\$ 73,736	\$104,068	\$ -	\$104,068
Institutional trading revenue	21,787	-	21,787	31,792	-	31,792
Trading revenue	95,523	-	95,523	135,860	-	135,860
Interest income	693	-	693	670	-	670
Brokerage interest expense	(164)	-	(164)	(69)	-	(69)
Net interest income	529	-	529	601	-	601
Other income	1,875	-	1,875	3,672	-	3,672
<b>Total net revenues</b>	<b>97,927</b>	<b>-</b>	<b>97,927</b>	<b>140,133</b>	<b>-</b>	<b>140,133</b>
<b>Operating Expenses</b>						
Compensation and benefits	28,821	(2,232) <sup>(2)</sup>	26,589	26,587	(2,058) <sup>(2)</sup>	24,529
Allocation of net income to Lucid members for services provided	2,315	(2,315) <sup>(4)</sup>	-	15,004	(15,004) <sup>(4)</sup>	-
Total compensation and benefits	31,136	(4,547)	26,589	41,591	(17,062)	24,529
Referring broker fees	16,495	-	16,495	22,422	-	22,422
Advertising and marketing	7,084	-	7,084	6,157	-	6,157
Communication and technology	12,031	-	12,031	9,765	-	9,765
Trading costs, prime brokerage and clearing fees	8,030	-	8,030	8,961	-	8,961
General and administrative	15,611	(1,544) <sup>(6)</sup>	14,067	13,423	-	13,423
Depreciation and amortization	13,122	-	13,122	12,481	-	12,481
Total operating expenses	103,509	(6,091)	97,418	114,800	(17,062)	97,738
<b>Total operating (loss) income</b>	<b>(5,582)</b>	<b>6,091</b>	<b>509</b>	<b>25,333</b>	<b>17,062</b>	<b>42,395</b>
Loss on equity method investments, net	224	-	224	397	-	397
Interest on borrowings	3,096	-	3,096	1,290	-	1,290
<b>(Loss) Income before income taxes</b>	<b>(8,902)</b>	<b>6,091</b>	<b>(2,811)</b>	<b>23,646</b>	<b>17,062</b>	<b>40,708</b>
Income tax (benefit) provision	(747)	23 <sup>(8)</sup>	(724)	6,390	2,975 <sup>(8)</sup>	9,365
<b>Net (loss) income</b>	<b>(8,155)</b>	<b>6,068</b>	<b>(2,087)</b>	<b>17,256</b>	<b>14,087</b>	<b>31,343</b>
Net (loss) income attributable to non-controlling interest in FXCM Holdings, LLC	(2,209)	2,209 <sup>(9)</sup>	-	14,093	(14,093) <sup>(9)</sup>	-
Net (loss) income attributable to other non-controlling interests	(2,868)	2,315 <sup>(10)</sup>	(553)	(6,961)	15,004 <sup>(10)</sup>	8,043
Net (loss) income attributable to FXCM Inc.	\$ (3,078)	\$ 1,544	\$ (1,534)	\$ 10,124	\$ 13,176	\$ 23,300
Diluted weighted average shares outstanding as reported and pro forma fully exchanged, fully diluted weighted average shares outstanding	40,287		76,169 <sup>(11)</sup>	31,829		75,715 <sup>(11)</sup>
Diluted net (loss) income per share as reported and adjusted pro forma net (loss) income per fully exchanged, fully diluted weighted average shares outstanding	\$ (0.08)		\$ (0.02)	\$ 0.32		\$ 0.31

\* See footnotes following



# Reconciliation of Adjusted Pro Forma Results to U.S. GAAP – 6 Months Ended June 30, 2014 and 2013



(000's except per share amounts, unaudited)

	Six Months Ended June 30,					
	2014			2013		
	As Reported	Adjustments	Adjusted Pro Forma	As Reported	Adjustments	Adjusted Pro Forma
<b>Revenues</b>						
Retail trading revenue	\$156,396	\$ -	\$156,396	\$195,322	\$ -	\$195,322
Institutional trading revenue	47,937	-	47,937	59,348	-	59,348
Trading revenue	204,333	-	204,333	254,670	-	254,670
Interest income	1,256	-	1,256	1,349	-	1,349
Brokerage interest expense	(260)	-	(260)	(124)	-	(124)
Net interest income	996	-	996	1,225	-	1,225
Other income	7,606	(3,672) <sup>(1)</sup>	3,934	7,102	-	7,102
<b>Total net revenues</b>	<b>212,935</b>	<b>(3,672)</b>	<b>209,263</b>	<b>262,997</b>	<b>-</b>	<b>262,997</b>
<b>Operating Expenses</b>						
Compensation and benefits	58,711	(4,406) <sup>(3)</sup>	54,305	50,120	(4,121) <sup>(2)</sup>	45,999
Allocation of net income to Lucid members for services provided	5,288	(5,288) <sup>(4)</sup>	-	15,004	(15,004) <sup>(4)</sup>	-
Total compensation and benefits	63,999	(9,694)	54,305	65,124	(19,125)	45,999
Referring broker fees	35,617	-	35,617	43,772	-	43,772
Advertising and marketing	13,581	-	13,581	13,508	-	13,508
Communication and technology	24,250	(206) <sup>(5)</sup>	24,044	18,120	-	18,120
Trading costs, prime brokerage and clearing fees	16,236	-	16,236	16,899	-	16,899
General and administrative	31,679	(4,744) <sup>(7)</sup>	26,935	25,894	-	25,894
Depreciation and amortization	25,752	-	25,752	24,455	-	24,455
Total operating expenses	211,114	(14,644)	196,470	207,772	(19,125)	188,647
<b>Total operating income</b>	<b>1,821</b>	<b>10,972</b>	<b>12,793</b>	<b>55,225</b>	<b>19,125</b>	<b>74,350</b>
Loss on equity method investments, net	534	-	534	545	-	545
Interest on borrowings	6,093	-	6,093	2,107	-	2,107
<b>(Loss) Income before income taxes</b>	<b>(4,806)</b>	<b>10,972</b>	<b>6,166</b>	<b>52,573</b>	<b>19,125</b>	<b>71,698</b>
Income tax provision	504	950 <sup>(8)</sup>	1,454	14,349	4,611 <sup>(8)</sup>	18,960
<b>Net (loss) income</b>	<b>(5,310)</b>	<b>10,022</b>	<b>4,712</b>	<b>38,224</b>	<b>14,514</b>	<b>52,738</b>
Net income attributable to non-controlling interest in FXCM Holdings, LLC	218	(218) <sup>(9)</sup>	-	24,323	(24,323) <sup>(9)</sup>	-
Net (loss) income attributable to other non-controlling interests	(4,527)	5,578 <sup>(10)</sup>	1,051	(3,083)	15,004 <sup>(10)</sup>	11,921
Net (loss) income attributable to FXCM Inc.	<b>\$ (1,001)</b>	<b>\$ 4,662</b>	<b>\$ 3,661</b>	<b>\$ 16,984</b>	<b>\$ 23,833</b>	<b>\$ 40,817</b>
Diluted weighted average shares outstanding as reported and pro forma fully exchanged, fully diluted weighted average shares outstanding	<b>37,793</b>		<b>78,139<sup>(11)</sup></b>	<b>30,759</b>		<b>75,750<sup>(11)</sup></b>
Diluted net (loss) income per share as reported and adjusted pro forma net income per fully exchanged, fully diluted weighted average shares outstanding	<b>\$ (0.03)</b>		<b>\$ 0.05</b>	<b>\$ 0.55</b>		<b>\$ 0.54</b>

\* See footnotes following

# Reconciliation of Adjusted Pro Forma Results to U.S. GAAP – 3 & 6 Months Ended June 30, 2014 and 2013 (footnotes)



(000's except per share amounts, unaudited)

- <sup>(1)</sup> Represents the elimination of a \$3.7 million benefit recorded to reduce the contingent consideration related to the Faros acquisition.
- <sup>(2)</sup> Represents the elimination of IPO stock-based compensation.
- <sup>(3)</sup> Represents the elimination of \$4.1 million of IPO stock-based compensation and \$0.3 million of compensation cost related to the V3 Markets, LLC ("V3") acquisition.
- <sup>(4)</sup> Represents the reclassification of the 49.9% of Lucid's earnings allocated among the non-controlling interests recorded as compensation for U.S. GAAP purposes to Net (loss) income attributable to other non-controlling interests.
- <sup>(5)</sup> Represents the elimination of V3 acquisition costs.
- <sup>(6)</sup> Represents \$0.2 million to eliminate costs associated with regulatory settlements and a \$1.3 million charge related to a put option payment for Online Courses.
- <sup>(7)</sup> Represents the elimination of \$0.7 million of V3 acquisition costs, \$2.7 million to eliminate costs associated with regulatory settlements and a \$1.3 million charge related to a put option payment for Online Courses.
- <sup>(8)</sup> Represents an adjustment to reflect the assumed effective corporate tax rate of approximately 25.8% and 23.0% for the three months ended June 30, 2014 and 2013, respectively, and 23.6% and 26.4% for the six months ended June 30, 2014 and June 30, 2013, respectively, which includes a provision for U.S. federal income taxes and assumes the highest statutory rates apportioned to each state, local and/or foreign jurisdiction. The adjustment assumes full exchange of existing unitholders FXCM Holdings, LLC ("Holdings") units for shares of Class A common stock of the Company and reflects the tax effect of any proforma adjustments.
- <sup>(9)</sup> Represents the elimination of the non-controlling interest associated with the ownership by existing unitholders of Holdings (excluding FXCM, Inc.), as if the unitholders had fully exchanged their Holdings units for shares of Class A common stock of the Company.
- <sup>(10)</sup> Represents the reclassification of the 49.9% of Lucid's earnings allocated among the non-controlling interests recorded as compensation for U.S. GAAP purposes to Net (loss) income attributable to other non-controlling interests and the impact of other proforma adjustments impacting non-controlling interests.
- <sup>(11)</sup> Diluted shares assuming all unitholders had fully exchanged their Holdings units for shares of Class A common stock of the Company.

# Reconciliation of Non-GAAP Measures to Nearest GAAP Results – 3 and 6 Months Ended June 30, 2014 and 2013



(000's except per share amounts, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>GAAP Net (loss) income attributable to FXCM Inc.</b>	<b>\$ (3,078)</b>	<b>\$ 10,124</b>	<b>\$ (1,001)</b>	<b>\$ 16,984</b>
Contingent Consideration - Faros Follow-On Payment	-	-	(3,672) <sup>(1)</sup>	-
IPO Stock Options	2,232 <sup>(2)</sup>	2,058 <sup>(2)</sup>	4,134 <sup>(2)</sup>	4,121 <sup>(2)</sup>
V3 Acquisition related costs	-	-	1,213 <sup>(3)</sup>	-
On-line Courses put option payment	1,297 <sup>(8)</sup>	-	1,297 <sup>(8)</sup>	-
Regulatory fees and fines	247 <sup>(4)</sup>	-	2,712 <sup>(4)</sup>	-
Non-Controlling interest adjustment related to the above adjustments	-	-	(290)	-
FXCM Holdings Conversion	(2,209) <sup>(6)</sup>	14,093 <sup>(6)</sup>	218 <sup>(6)</sup>	24,323 <sup>(6)</sup>
Tax adjustments related to the above	(23) <sup>(5)</sup>	(2,975) <sup>(5)</sup>	(950) <sup>(5)</sup>	(4,611) <sup>(5)</sup>
<b>Non GAAP Adjusted Proforma Net (Loss) Income</b>	<b>\$ (1,534)</b>	<b>\$ 23,300</b>	<b>\$ 3,661</b>	<b>\$ 40,817</b>
All other stock compensation	1,256	1,232	2,566	2,398
Amortization of intangibles	7,387	6,969	14,368	13,996
Amortization of debt discount	1,302	390	2,597	390
Non-Controlling interest adjustment related to the above adjustments	(3,358)	(3,029)	(6,642)	(6,058)
Tax adjustments related to the above	(1,596) <sup>(5)</sup>	(1,189) <sup>(5)</sup>	(2,415) <sup>(5)</sup>	(2,579) <sup>(5)</sup>
<b>Non GAAP Adjusted Proforma Net Income excluding other stock compensation and amortization</b>	<b>\$ 3,457</b>	<b>\$ 27,673</b>	<b>\$ 14,135</b>	<b>\$ 48,964</b>
<b>GAAP Weighted average Class A shares outstanding - Diluted</b>	<b>40,287</b>	<b>31,829</b>	<b>37,793</b>	<b>30,759</b>
FXCM Holdings Conversion	35,882 <sup>(7)</sup>	43,886 <sup>(7)</sup>	40,346 <sup>(7)</sup>	44,991 <sup>(7)</sup>
<b>Non GAAP Weighted average Proforma shares outstanding - Diluted</b>	<b>76,169</b>	<b>75,715</b>	<b>78,139</b>	<b>75,750</b>
<b>GAAP Net (Loss) Income per Class A Share -Diluted</b>	<b>\$ (0.08)</b>	<b>\$ 0.32</b>	<b>\$ (0.03)</b>	<b>\$ 0.55</b>
<b>Non GAAP Adjusted Proforma Net (Loss) Income per Proforma Share - Diluted</b>	<b>\$ (0.02)</b>	<b>\$ 0.31</b>	<b>\$ 0.05</b>	<b>\$ 0.54</b>
<b>Non GAAP Adjusted Proforma Net Income excluding other stock compensation and amortization per Proforma Share - Diluted</b>	<b>\$ 0.05</b>	<b>\$ 0.37</b>	<b>\$ 0.18</b>	<b>\$ 0.65</b>

# Reconciliation of Non-GAAP Measures to Nearest GAAP Results – 3 & 6 Months Ended June 30, 2014 and 2013

(footnotes) (000's except per share amounts, unaudited)



- <sup>(1)</sup> Represents the elimination of a \$3.7 million benefit recorded to reduce the contingent consideration related to the Faros acquisition.
- <sup>(2)</sup> Represents the elimination of stock-based compensation associated with the IPO.
- <sup>(3)</sup> Represents the elimination of V3 acquisition costs.
- <sup>(4)</sup> Represents the net expense relating to pre-August 2010 trade execution practices and other regulatory fees and fines.
- <sup>(5)</sup> Represents an adjustment to reflect the assumed effective corporate tax rate of approximately 25.8% and 23.0% for the three months ended June 30, 2014 and 2013, respectively, and 23.6% and 26.4% for the six months ended June 30, 2014 and June 30, 2013, respectively, which includes a provision for U.S. federal income taxes and assumes the highest statutory rates apportioned to each state, local and/or foreign jurisdiction. The adjustment assumes full exchange of existing unitholders FXCM Holdings, LLC ("Holdings") units for shares of Class A common stock of the Company and reflects the tax effect of any proforma adjustments.
- <sup>(6)</sup> Represents the elimination of the non-controlling interest associated with the ownership by existing unitholders of Holdings (excluding FXCM, Inc.), as if the unitholders had fully exchanged their Holdings units for shares of Class A common stock of the Company.
- <sup>(7)</sup> Diluted shares assuming all unitholders had fully exchanged their Holdings units for shares of Class A common stock of the Company.
- <sup>(8)</sup> Represents \$1.3 million charge related to a put option payment for Online Courses.

## As of 6/30/14:

- FXCM effectively has 81.7 million shares outstanding (45.9 million shares outstanding at FXCM Inc. and 35.8 million FXCM Holdings LLC units exchangeable 1-1 into FXCM Inc. Class A shares)
  - FXCM Inc. owns 56.2% of FXCM Holdings LLC
  - At \$14.96 closing price on 6/30/14 would imply a market capitalization of \$1.2 billion