

# Fourth Quarter and Full Year 2013 Financial and Operating Results

## February 2014 Operating Metrics

March 6, 2014



This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which reflect FXCM's current views with respect to, among other things, its operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. FXCM believes these factors include but are not limited to evolving legal and regulatory requirements of the FX industry, the limited operating history of the FX industry, risks related to the protection of its proprietary technology, risks related to its dependence on FX market makers, market conditions and those other risks described under "Risk Factors" as such factors may be updated from time to time in FXCM Inc.'s most recent annual report on Form 10-K, FXCM Inc.'s quarterly reports on Form 10-Q and other SEC filings, which are accessible on the SEC's website at [sec.gov](http://sec.gov).

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

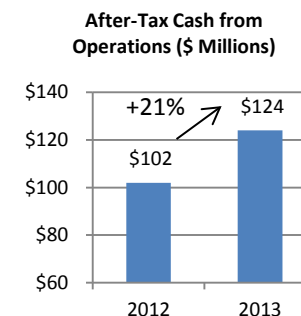
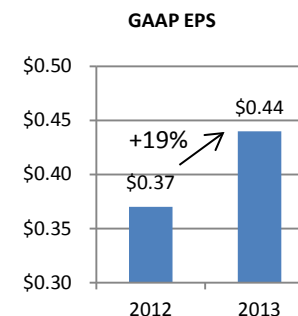
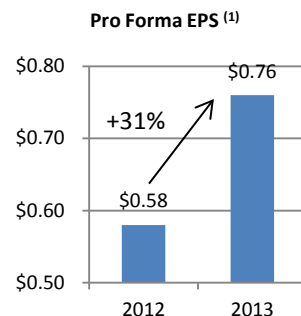
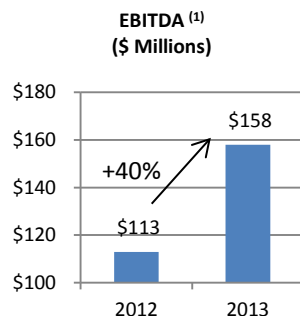
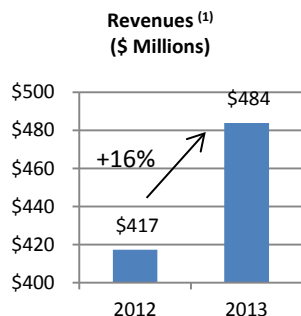
**Non-GAAP Financial Measures:** This presentation presents certain non-GAAP financial measures. These measures should not be considered in isolation from, or as a substitute for, measures prepared in accordance with generally accepted accounting principles. See the appendix to this presentation for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

# FXCM: Executing its Strategy in 2013

## Full Year Highlights



- 2013 Adjusted Pro Forma Revenues<sup>(1)</sup> of \$483.8 million → +16% from 2012
- 2013 Adjusted Pro Forma EBITDA<sup>(1)</sup> of \$158.0 million → +40% from 2012 and 40% EBITDA margin on net revenues
- 2013 Adjusted Pro Forma EPS of \$0.76/share → + 31% from 2012
- 2013 GAAP EPS of \$0.44/share → + 19% from 2012
- 2013 After-tax cash flow from operations of \$123.6 million → + 21% from 2012



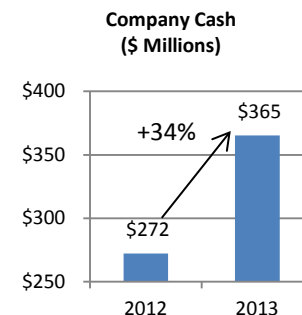
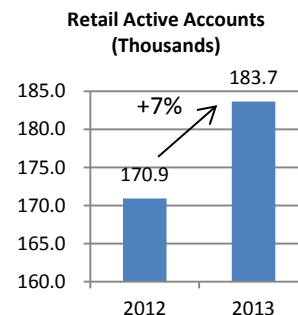
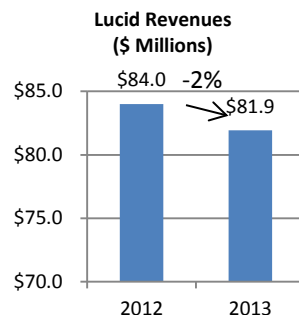
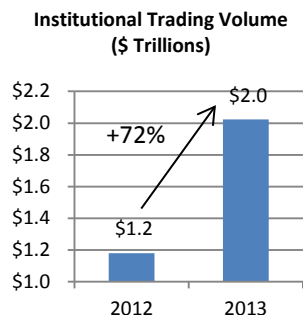
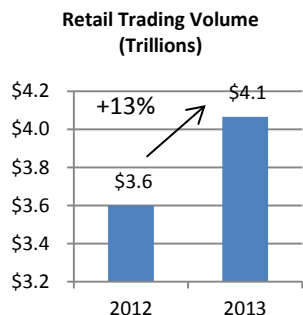
(1) On an Adjusted Pro Forma basis. Adjusted Pro Forma Revenues, Adjusted Pro Forma EBITDA, and Adjusted Pro Forma EPS are non-GAAP financial measures that exclude certain extraordinary items; reconciliations of these measures to the most directly comparable GAAP measures are available in the appendix to this presentation.

# FXCM: Executing its Strategy in 2013

## Full Year Highlights



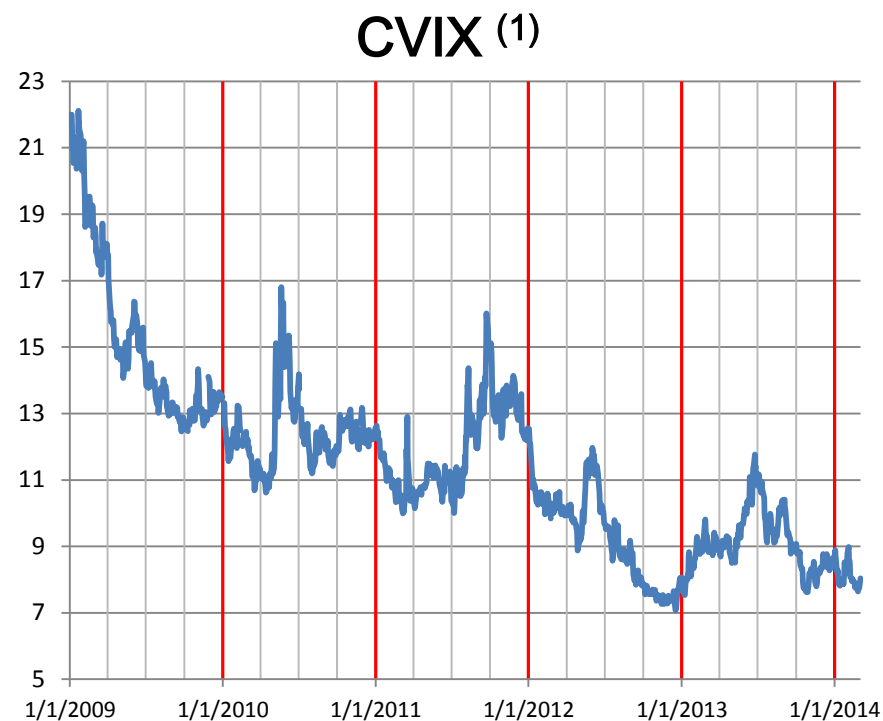
- 2013 retail trading volume of \$4.1 trillion → +13% from 2012
  - Average CVIX was 9.1 in 2013 -2% from 2012
- 2013 institutional trading volume of \$2.0 trillion → +72% from 2012
- YE 2013 retail active accounts of 183,679 → +7% from YE 2012
- Lucid generated \$81.9M in revenues (-2% from 2012) in 2013 / \$57.6M in EBITDA (-1% from 2012) and a 70% EBITDA margin
- Issued \$172.5 million convertible at 2.25% interest rate due 2018 / increased credit facility to \$205 million and re-extended term for three years; finished 2013 with \$365.2 million in cash



- FXCM has been developing an agency CFD offering
  - Already migrated metals business
- Expect to launch single share CFDs 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

- FXCM has now closed on the purchase of selected assets of Infinium
- Lucid principals to take 49.9% stake in a new JV called V3 Markets
- New operation will combine the algorithmic strategies of Lucid to a broader array of instruments
- Lucid should benefit from having a high speed network
- After cost cutting and reducing number of trading desks moved to V3, expect to be cash flow positive with a modest contribution in first half 2014 and more meaningful in the second half 2014
- Many OTC derivatives in FX such as options, NDFs and forwards are migrating to exchanges due to Dodd Frank / Basel 3
  - Until now controlled by banks, represents a significant opportunity for a leading non-bank market maker such as Lucid

- Continued regulatory burden and muted trading conditions proving difficult for smaller players as scale becomes even more critical
- M&A pipeline remains robust with price expectations starting to align with realities of market place
- Remain optimistic meaningful M&A will occur in 2014 and if not, expect to reassess capital deployment strategy

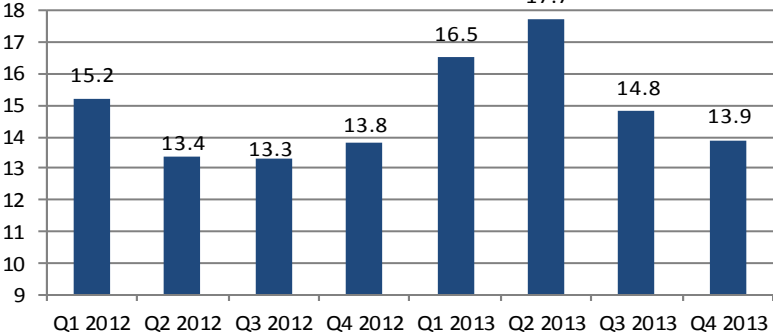


## ***Fourth Quarter 2013 Highlights:***

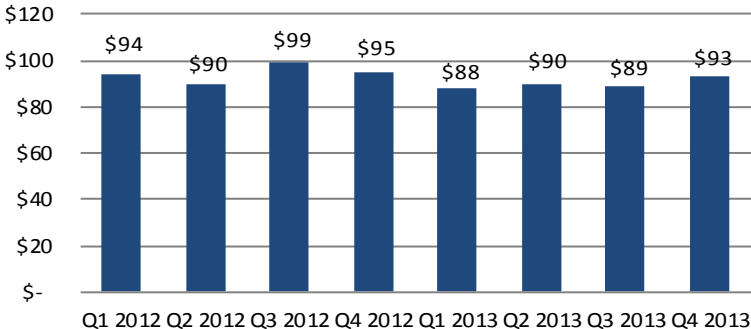
- 2013 fourth quarter U.S. GAAP revenues of \$113.3 million, up 5% versus the same period in 2012
- U.S. GAAP net income of \$3.0 million or \$0.08 per fully diluted share, down 1% and 27% respectively from the same period in 2012
- 2013 fourth quarter Adjusted Pro Forma revenues<sup>(1)</sup> of \$107.6 million, down 0.5% versus the same period in 2012
- Adjusted Pro Forma EBITDA<sup>(1)</sup> of \$26.8 million, down 10% versus the same period in 2012
- Adjusted Pro Forma net income<sup>(1)</sup> of \$7.3 million or \$0.10 per fully exchanged, fully diluted share, down 24% and 23% respectively from the same period in 2012
- Retail revenue per million of \$93/million
- Active accounts of 183,679, up 7% from the same period in 2012
- Declared a quarterly dividend of \$0.06 per share of Class A common stock



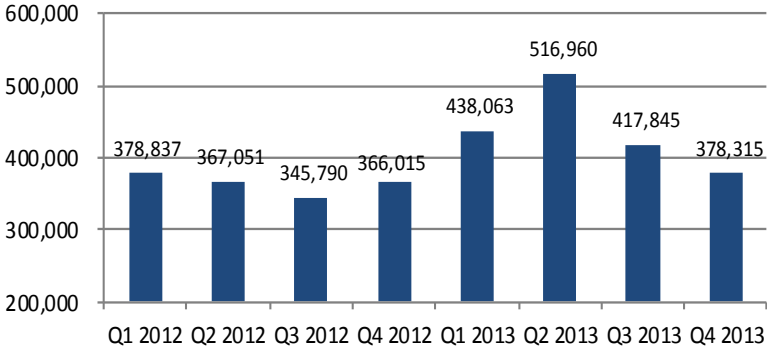
**Retail ADV**



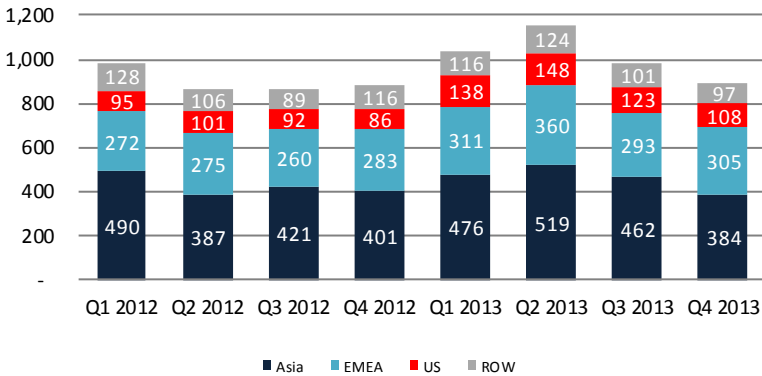
**Retail \$ / Million**



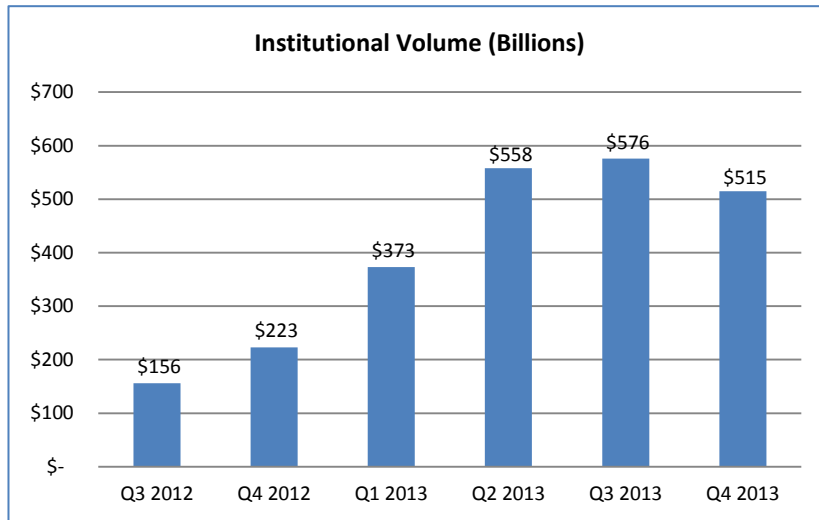
**DARTs**



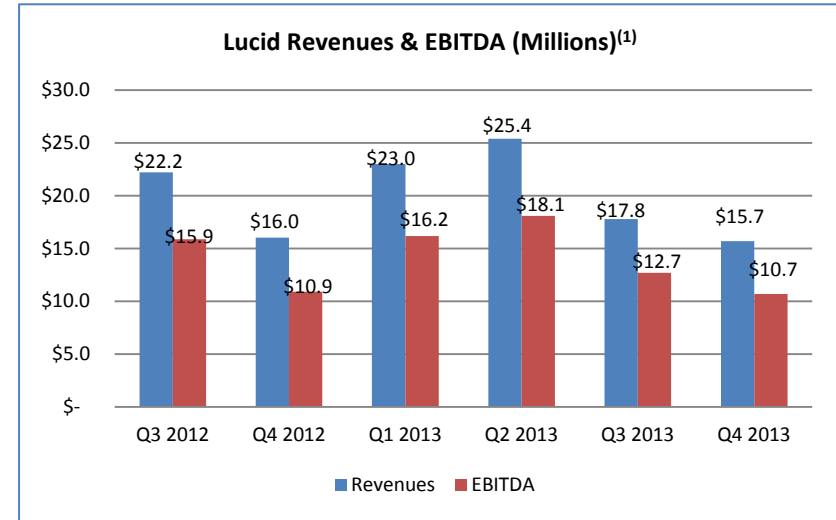
**Volume by Region (\$ Billion)**



\* Definitions of certain operating metrics are available in the appendix to this presentation.



- Strong year of growth in institutional business as FXCM migrated most of its FXCM Pro customers in-house
- In addition FastMatch platform also gaining significant traction



- Lucid finished the year with \$81.9M in revenues / \$57.6M in EBITDA and 70% EBITDA margins versus \$84.0M in revenues / \$58.5M in EBITDA and 70% EBITDA margins in 2012
- Average CVIX declined 2% in 2013 vs. 2012 and a number of important platforms where Lucid trades such as EBS and Reuters were down 7% and 8% from 2012 respectively
- Important leg to Lucid growth strategy now in place with launch of V3 Markets

<sup>(1)</sup> Adjusted pro forma EBITDA for Lucid further excludes the \$781K /quarter in amortization of the value of liquidity restrictions put on the FXCM Class A common shares issuable to the Lucid sellers recorded under US GAAP as compensation expense.

## FXCM Inc. Operating Costs

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

	<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	24.0	23.2	24.5	21.5	21.6	22.0
Marketing Expense	7.3	6.3	6.2	7.4	7.6	7.5
Tech & Comm	10.2	10.1	9.8	8.4	10.5	9.6
Lucid Expense/Trading Costs	7.1	6.8	9.0	7.9	6.7	6.9
G&A	12.5	13.0	13.4	12.5	14.2	12.9
	<u>61.1</u>	<u>59.4</u>	<u>62.8</u>	<u>57.6</u>	<u>60.6</u>	<u>59.0</u>

# Adjusted Pro Forma Income

3 Months and Full Year Ended December 31, 2013 and 2012 (unaudited)



(\$ In Thousands)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2013	2012	% Change	2013	2012	% Change
<b>Revenues</b>						
Retail trading revenues	\$ 82,989	\$ 83,852	-1%	\$ 365,285	\$ 339,685	8%
Institutional trading revenues	21,790	19,125	14%	103,994	62,033	68%
Trading revenue	104,779	102,977	2%	469,279	401,718	17%
Interest Income	728	661	10%	2,614	3,571	-27%
Brokerage interest expense	(71)	(42)	69%	(258)	(277)	-7%
Net interest income	657	619	6%	2,356	3,294	-28%
Other Income	2,157	4,498	-52%	12,203	12,303	-1%
<b>Total net revenues</b>	<b>107,593</b>	<b>108,094</b>	<b>-0.5%</b>	<b>483,838</b>	<b>417,315</b>	<b>16%</b>
Referring broker fees	19,750	17,720	11%	84,231	76,585	10%
<b>Net revenues</b>	<b>87,843</b>	<b>90,374</b>	<b>-3%</b>	<b>399,607</b>	<b>340,730</b>	<b>17%</b>
<b>Expenses</b>						
Compensation and benefits	23,988	21,591	11%	93,181	84,304	11%
Allocation of income to Lucid members for services provided	-	-	-	-	-	-
Total compensation and benefits	23,988	21,591	11%	93,181	84,304	11%
Advertising and marketing	7,278	7,594	-4%	27,091	30,860	-12%
Communication and technology	10,210	10,522	-3%	38,441	37,113	4%
Trading costs, prime brokerage and clearing fees	7,113	6,748	5%	30,821	16,935	82%
General and administrative	12,479	14,152	-12%	51,322	58,617	-12%
Loss on equity method investments, net	24	-	0%	752	-	0%
	61,092	60,607	1%	241,608	227,829	6%
<b>EBITDA</b>	<b>26,751</b>	<b>29,767</b>	<b>-10%</b>	<b>157,999</b>	<b>112,901</b>	<b>40%</b>
Depreciation and amortization	12,971	12,012	8%	50,275	36,773	37%
Interest on borrowings	2,697	1,065	153%	7,673	2,763	178%
Income before income taxes	11,083	16,690	-34%	100,051	73,365	36%
Income tax provision	1,711	5,900	-71%	25,807	24,389	6%
Net income	9,372	10,790	-13%	74,244	48,976	52%
Net income attributable to non-controlling interest in FXCM Holdings, LLC	-	-	-	-	-	-
Net income attributable to other non-controlling interests	2,057	1,136	81%	16,444	6,389	157%
<b>Net income attributable to FXCM Inc.</b>	<b>\$ 7,315</b>	<b>\$ 9,654</b>	<b>-24%</b>	<b>\$ 57,800</b>	<b>\$ 42,587</b>	<b>36%</b>
Pro Forma fully exchanged, fully diluted weighted average shares outstanding	76,887	74,935	3%	76,361	73,896	3%
<b>Adjusted Pro Forma net income per fully exchanged, fully diluted weighted average shares</b>	<b>\$ 0.10</b>	<b>\$ 0.13</b>	<b>-23%</b>	<b>\$ 0.76</b>	<b>\$ 0.58</b>	<b>31%</b>

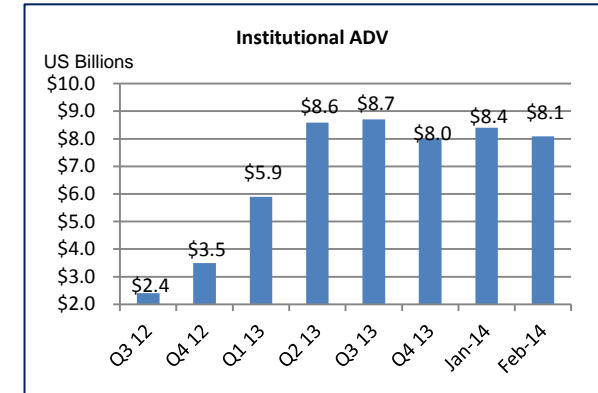
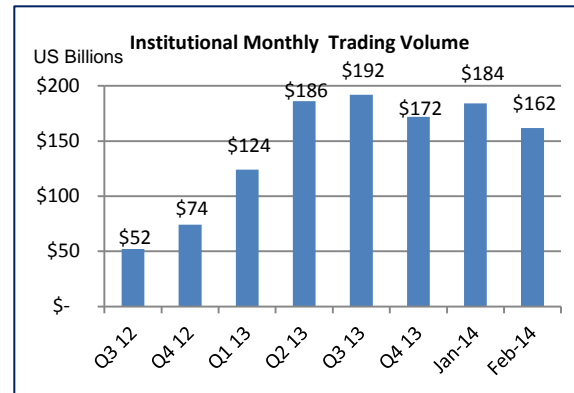
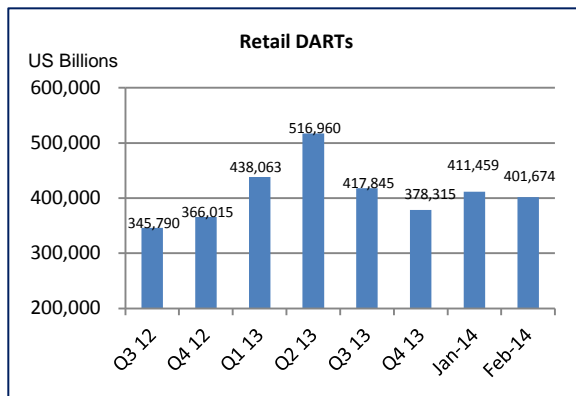
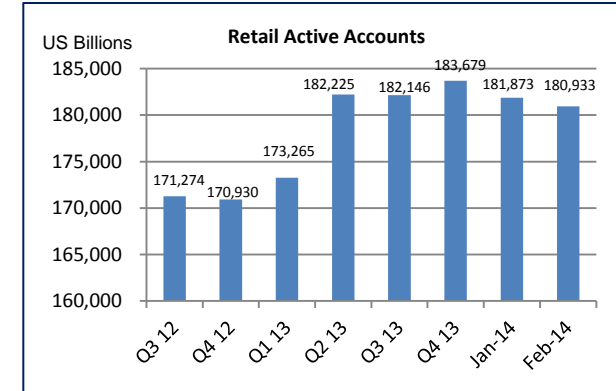
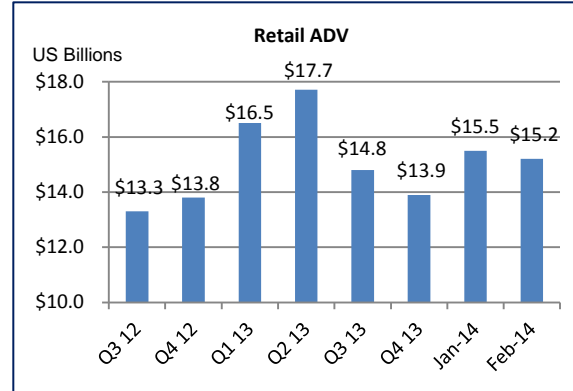
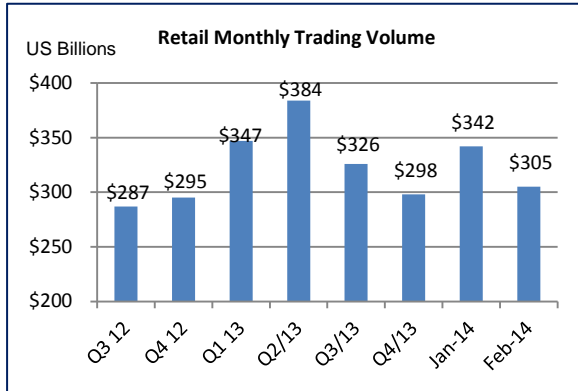
# Balance Sheet

As of December 31, 2013 and 2012 (Condensed)



	(Unaudited) December 31, 2013	December 31, 2012	\$ Change
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 365,245	\$ 272,332	\$ 92,913
Cash and cash equivalents, held for customers	1,190,880	1,190,762	118
Other current assets	37,166	30,977	6,189
<b>Total current assets</b>	<b>1,593,291</b>	<b>1,494,071</b>	<b>99,220</b>
Office, communication and computer equipment, net	49,165	50,316	(1,151)
Intangible assets and goodwill, net	384,649	383,446	1,203
Other assets	196,842	137,337	59,505
<b>Total assets</b>	<b>\$ 2,223,947</b>	<b>\$ 2,065,170</b>	<b>\$ 158,777</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Customer account liabilities	\$ 1,190,880	\$ 1,190,762	\$ 118
Credit Agreement	-	85,000	(85,000)
Notes payable	9,800	22,867	(13,067)
Other current liabilities	96,937	87,798	9,139
<b>Total current liabilities</b>	<b>1,297,617</b>	<b>1,386,427</b>	<b>(88,810)</b>
Senior convertible notes	146,303	-	146,303
Other liabilities	144,646	103,828	40,818
<b>Total liabilities</b>	<b>1,588,566</b>	<b>1,490,255</b>	<b>98,311</b>
<b>Commitments and Contingencies</b>			
<b>Stockholders' equity</b>			
Total stockholders' equity FXCM Inc.	256,882	181,559	75,323
Non-controlling interests	378,499	393,356	(14,857)
<b>Total stockholders' equity</b>	<b>635,381</b>	<b>574,915</b>	<b>60,466</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,223,947</b>	<b>\$ 2,065,170</b>	<b>\$ 158,777</b>

# February 2014 Operating Metrics



\* Definitions of certain operating metrics are available in the appendix to this presentation.

- Continued organic growth across retail and institutional segments despite muted macro environment
- First half 2013 offered a glimpse of the earnings power of FXCM's current platform and its high incremental margins in a more favorable trading environments
- Despite muted conditions in the second half 2013, cash flow generation strong / considerable liquidity available
- A number of initiatives set for 2014 should accelerate organic growth
- We remain optimistic on opportunities to expand platform via accretive acquisitions in 2014

# Appendix



	Three Months Ended									
	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
	(Dollars in thousands, except as noted)									
Net Tradable Account Additions <sup>(1)</sup>	(858)	(2,010)	4,631	5,412	(12,177)	(2,717)	4,401	2,104	23,287	181
Total Tradable Accounts <sup>(2)</sup>	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>	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)	895	980	1,151	1,041	886	861	869	985	973	1,042
Trading Days in Period	64	66	65	63	64	65	65	65	65	66
Daily Average Trades	378,315	417,845	516,960	438,065	366,015	345,790	367,051	379,289	423,413	438,599
Daily Average Trades per Active Account <sup>(4)</sup>	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	\$93	\$89	\$90	\$88	\$ 95	\$ 99	\$ 90	\$ 94	\$ 98	\$93
Total Customer Equity (dollars in millions)	\$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	384	462	519	476	401	421	387	490	\$ 459	\$ 461
-EMEA	305	293	360	311	283	260	275	272	271	316
-United States	97	123	148	138	86	92	101	95	112	124
-Rest of World	<u>108</u>	<u>101</u>	<u>124</u>	<u>116</u>	<u>116</u>	<u>89</u>	<u>106</u>	<u>128</u>	<u>131</u>	<u>141</u>
Total	<b>\$895</b>	<b>\$980</b>	<b>\$1,151</b>	<b>\$1,041</b>	<b>\$ 886</b>	<b>\$ 861</b>	<b>\$ 869</b>	<b>\$ 985</b>	<b>\$ 973</b>	<b>\$ 1,042</b>

<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 – Year Ended December 31, 2013



(000's except per share amounts, unaudited)

**FXCM Inc.**  
**Adjusted Pro Forma Consolidated Statement of Operations**  
(In thousands, except per share amounts)  
(Unaudited)

	Year Ended December 31,					
	2013			2012		
	As Reported	Adjustments	Adjusted Pro Forma	As Reported	Adjustments	Adjusted Pro Forma
<b>Revenues</b>						
Retail trading revenue	\$ 365,285	-	\$ 365,285	\$339,685	-	\$339,685
Institutional trading revenue	103,994	-	103,994	62,033	-	62,033
Trading revenue	469,279	-	469,279	401,718	-	401,718
Interest income	2,614	-	2,614	3,571	-	3,571
Brokerage interest expense	(258)	-	(258)	(277)	-	(277)
Net interest income	2,356	-	2,356	3,294	-	3,294
Other operating income	17,953	(5,750) <sup>(6)</sup>	12,203	12,303	-	12,303
<b>Total net revenues</b>	<b>489,588</b>	<b>(5,750)</b>	<b>483,838</b>	<b>417,315</b>	<b>-</b>	<b>417,315</b>
<b>Operating Expenses</b>						
Compensation and benefits	105,470	(12,289) <sup>(1)</sup>	93,181	105,779	(21,475) <sup>(5)</sup>	84,304
Allocation of income to Lucid members for services provided	21,290	(21,290) <sup>(2)</sup>	-	-	-	-
Total compensation and benefits	126,760	(33,579)	93,181	105,779	(21,475)	84,304
Referring broker fees	84,231	-	84,231	76,585	-	76,585
Advertising and marketing	27,091	-	27,091	30,860	-	30,860
Communication and technology	38,441	-	38,441	37,113	-	37,113
Trading costs, prime brokerage and clearing fees	30,821	-	30,821	16,935	-	16,935
General and administrative	68,230	(16,908) <sup>(6)</sup>	51,322	63,043	(4,426) <sup>(9)</sup>	58,617
Depreciation and amortization	53,729	(3,454) <sup>(10)</sup>	50,275	36,773	-	36,773
Total operating expenses	429,303	(53,941)	375,362	367,088	(25,901)	341,187
<b>Total operating income</b>	<b>60,285</b>	<b>48,191</b>	<b>108,476</b>	<b>50,227</b>	<b>25,901</b>	<b>76,128</b>
Loss on equity method investments, net	752	-	752	-	-	-
Interest on borrowings	7,673	-	7,673	2,763	-	2,763
<b>Income before income taxes</b>	<b>51,860</b>	<b>48,191</b>	<b>100,051</b>	<b>47,464</b>	<b>25,901</b>	<b>73,365</b>
Income tax provision	17,024	8,783 <sup>(3)</sup>	25,807	8,986	15,403 <sup>(3)</sup>	24,389
<b>Net income</b>	<b>34,836</b>	<b>39,408</b>	<b>74,244</b>	<b>38,478</b>	<b>10,498</b>	<b>48,976</b>
Net income attributable to non-controlling interest in FXCM Holdings, LLC	24,850	(24,850) <sup>(4)</sup>	-	23,131	(23,131) <sup>(4)</sup>	-
Net income (loss) attributable to other non-controlling interests	(4,846)	21,290 <sup>(2)</sup>	16,444	6,389	-	6,389
Net income attributable to FXCM Inc.	\$ 14,832	\$ 42,968	\$ 57,800	\$ 8,958	\$ 33,629	\$ 42,587
Diluted weighted average shares outstanding as reported and pro forma fully exchanged, fully diluted weighted average shares outstanding	33,957		76,361 <sup>(7)</sup>	24,086		73,896 <sup>(7)</sup>
Diluted net income per share as reported and adjusted pro forma net income per fully exchanged, fully diluted weighted average shares outstanding	\$ 0.44		\$ 0.76	\$ 0.37		\$ 0.58

\* See footnotes following

# Reconciliation of Adjusted Pro Forma Results to U.S. GAAP - Year Ended December 31, 2013 (Footnotes)



<sup>(1)</sup> Represents the elimination of equity-based compensation associated with the IPO and a charge incurred in connection with the termination of an employment contract in the Company's retail business.

<sup>(2)</sup> Represents the reclassification of the portion of the 49.9% of Lucid's earnings attributed to non-controlling interest recorded as compensation for U.S. GAAP purposes to Net income attributable to other non-controlling interests.

<sup>(3)</sup> Represents an adjustment to reflect an effective corporate tax rate of approximately 25.8% and 33.2% for the years ended December 31, 2013 and 2012, respectively assuming a full exchange of existing Unitholders Holdings units for shares of Class A common stock of the Company and the tax effect of any pro forma adjustments.

<sup>(4)</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>(5)</sup> Represents the elimination of equity-based compensation associated with the IPO, severance and stock-based compensation in connection with the renegotiation and the termination of certain employment contracts in the Company's institutional and retail businesses.

<sup>(6)</sup> Represents an adjustment to eliminate a reserve established relating to a settlement with UK FCA regarding pre August 2010 trade execution practices.

<sup>(7)</sup> Fully 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 the elimination of a \$6.9 million benefit recorded to reduce the initial contingent consideration recorded for the Faros acquisition and the elimination of \$1.2 million of expense attributable to the remeasurement of Due to related parties pursuant to tax receivable agreement relating to the change in our U.S. federal tax rate.

<sup>(9)</sup> Represents the elimination of certain acquisition-related costs and the elimination of costs (including client reimbursements) associated with settling historical trade execution issues with the Financial Services Agency of Japan.

<sup>(10)</sup> Represents the elimination of an amount related to an impairment adjustment to the carrying value of an electronic foreign exchange options trading platform in the Company's institutional business.

# Reconciliation of Adjusted Pro Forma Results to U.S. GAAP – 3 Months Ended December 31, 2013



(000's except per share amounts, unaudited)

**FXCM Inc.**  
**Adjusted Pro Forma Consolidated Statement of Operations**  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended December 31,					
	2013			2012		
	As Reported	Adjustments	Adjusted Pro Forma	As Reported	Adjustments	Adjusted Pro Forma
<b>Revenues</b>						
Retail trading revenue	\$ 82,989	-	\$ 82,989	\$ 83,852	-	\$ 83,852
Institutional trading revenue	21,790	-	21,790	19,125	-	19,125
Trading revenue	104,779	-	104,779	102,977	-	102,977
Interest income	728	-	728	661	-	661
Brokerage interest expense	(71)	-	(71)	(42)	-	(42)
Net interest income	657	-	657	619	-	619
Other operating income	7,907	(5,750) <sup>(6)</sup>	2,157	4,498	-	4,498
<b>Total net revenues</b>	<b>113,343</b>	<b>(5,750)</b>	<b>107,593</b>	<b>108,094</b>	<b>-</b>	<b>108,094</b>
<b>Operating Expenses</b>						
Compensation and benefits	26,541	(2,553) <sup>(1)</sup>	23,988	24,604	(3,013) <sup>(2)</sup>	21,591
Allocation of net income to Lucid members for services provided	3,290	(3,290) <sup>(6)</sup>	-	-	-	-
Total compensation and benefits	29,831	(5,843)	23,988	24,604	(3,013)	21,591
Referring broker fees	19,750	-	19,750	17,720	-	17,720
Advertising and marketing	7,278	-	7,278	7,594	-	7,594
Communication and technology	10,210	-	10,210	10,522	-	10,522
Trading costs, prime brokerage and clearing fees	7,113	-	7,113	6,748	-	6,748
General and administrative	14,387	(1,908) <sup>(7)</sup>	12,479	14,152	-	14,152
Depreciation and amortization	16,425	(3,454) <sup>(8)</sup>	12,971	12,012	-	12,012
Total operating expenses	104,994	(11,205)	93,789	93,352	(3,013)	90,339
<b>Total operating income</b>	<b>8,349</b>	<b>5,455</b>	<b>13,804</b>	<b>14,742</b>	<b>3,013</b>	<b>17,755</b>
Loss on equity method investments, net	24	-	24	-	-	-
Interest on borrowings	2,697	-	2,697	1,065	-	1,065
<b>Income before income taxes</b>	<b>5,628</b>	<b>5,455</b>	<b>11,083</b>	<b>13,677</b>	<b>3,013</b>	<b>16,690</b>
Income tax provision	231	1,480 <sup>(3)</sup>	1,711	4,130	1,770 <sup>(3)</sup>	5,900
<b>Net income</b>	<b>5,397</b>	<b>3,975</b>	<b>9,372</b>	<b>9,547</b>	<b>1,243</b>	<b>10,790</b>
Net income attributable to non-controlling interest in FXCM Holdings, LLC	3,660	(3,660) <sup>(4)</sup>	-	5,413	(5,413) <sup>(4)</sup>	-
Net income attributable to other non-controlling interests	(1,233)	3,290 <sup>(6)</sup>	2,057	1,136	-	1,136
Net income attributable to FXCM Inc.	<b>\$ 2,970</b>	<b>\$ 4,345</b>	<b>\$ 7,315</b>	<b>\$ 2,998</b>	<b>\$ 6,656</b>	<b>\$ 9,654</b>
Diluted weighted average shares outstanding as reported and pro forma fully exchanged, fully diluted weighted average shares outstanding	39,055	-	76,887 <sup>(9)</sup>	27,750	-	74,935 <sup>(9)</sup>
Diluted net income per share as reported and adjusted pro forma net income per fully exchanged, fully diluted weighted average shares outstanding	<b>\$ 0.08</b>	-	<b>\$ 0.10</b>	<b>\$ 0.11</b>	-	<b>\$ 0.13</b>

\* See footnotes following

# Reconciliation of Adjusted Pro Forma Results to U.S. GAAP - Quarter Ended December 31, 2013 (Footnotes)



(1) Represents the elimination of stock-based compensation for stock options granted subsequent to the IPO.

(2) Represents the elimination of stock-based compensation associated with the IPO, severance and stock-based compensation in connection with the renegotiation of certain employment contracts in the Company's institutional and retail businesses.

(3) Represents an adjustment to reflect the assumed effective corporate tax rate of approximately 15.4% and 35.4% for the three months ended December 31, 2013 and 2012, 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 of FXCM Holdings, LLC ("Holdings") Units for shares of Class A common stock of the Company and reflects the tax effect of any pro forma adjustments.

(4) Represents the elimination of the non-controlling interest associated with the ownership by existing unitholders of Holdings Units (excluding FXCM, Inc.), as if the unitholders had fully exchanged their Holdings Units for shares of Class A common stock of the Company.

(5) Represents the elimination of a \$6.9 million benefit recorded to reduce the initial contingent consideration recorded for the Faros acquisition and the elimination of \$1.2 million of expense attributable to the remeasurement of Due to related parties pursuant to tax receivable agreement relating to the change in our U.S. federal tax rate.

(6) Represents the reclassification of the 49.9% of Lucid's earnings allocated among the non-controlling members of Lucid based on services provided for U.S. GAAP purposes to Net income attributable to other non-controlling interests.

(7) Represents an adjustment to eliminate a reserve established relating to a settlement with United Kingdom Financial Conduct Authority ("UK FCA") regarding pre August 2010 trade execution practices.

(8) Represents the elimination of an amount related to an impairment adjustment to the carrying value of an electronic foreign exchange options trading platform in the Company's institutional business.

(9) Fully diluted weighted average shares assuming all unitholders had fully exchanged their Holdings units for shares of Class A common stock of the Company.

## As of 12/31/13:

- FXCM effectively has 81.5 million shares outstanding (44.7 million shares outstanding at FXCM Inc. and 36.8 million FXCM Holdings LLC units exchangeable 1-1 into FXCM Inc. Class A shares)
  - FXCM Inc. owns 54.8% of FXCM Holdings LLC
  - At \$17.84 closing price on 12/31/13 would imply a market capitalization of \$1.45 billion