



1st Quarter 2012
Financial and Operating Results

May 9, 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, 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, changes in tax policy or accounting rules, fluctuations in foreign exchange rates, 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.

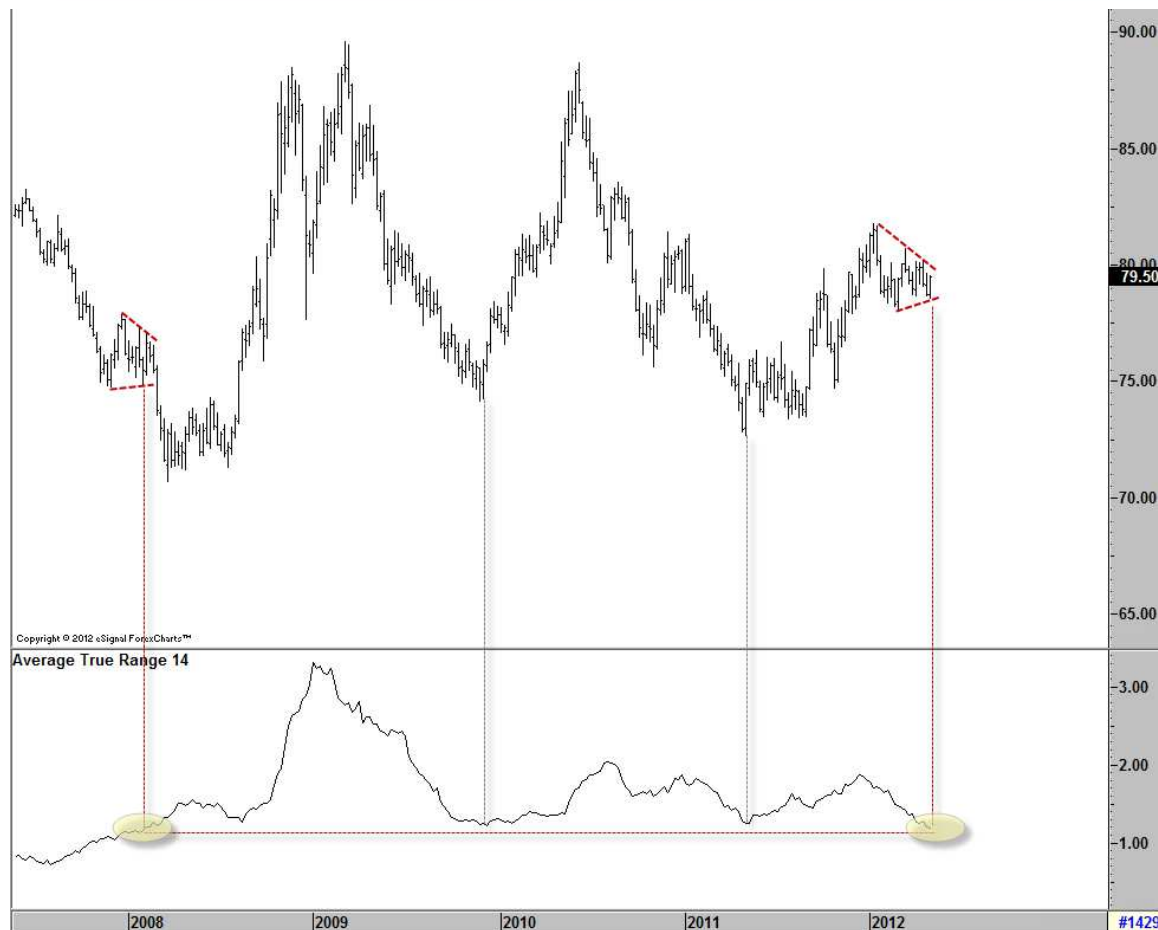
Overview

Glenn Stevens, CEO

Q1 Summary

- Challenging market conditions
- Underlying client metrics solid
- Successfully managing expenses
- Continue to invest in growth areas - organically & through acquisitions
 - Product Diversity
 - Revenue Diversity
 - Asset Gathering

Challenging FX Trading Conditions



- FX markets under heavy consolidation, with a narrowing range
- Volatility at lowest level since January 2008

US Dollar Index Chart

1st Quarter 2012 Results Overview

• Financial Results

- Net Revenue: \$33.2 million
- EBITDA⁽¹⁾: \$1.3 million
- Net Income: (\$1.3) million
- Adjusted Net Income⁽²⁾: \$0.1 million
- EPS (Diluted): (\$0.04)
- Adjusted EPS (Diluted)⁽³⁾: \$0.00

• Strong Balance Sheet

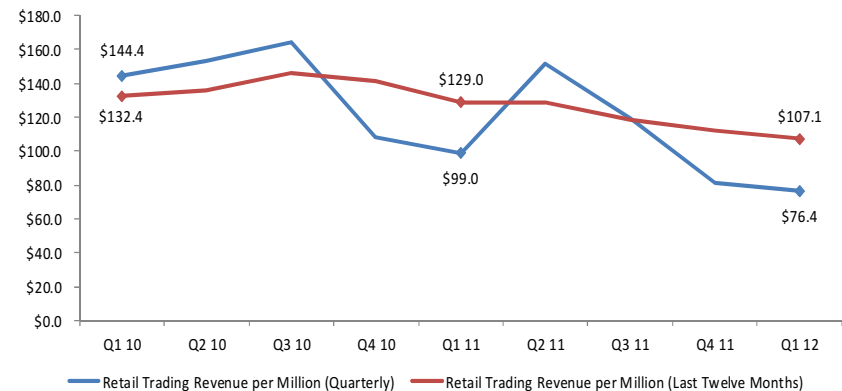
- \$64 million of excess net capital as of March 31, 2012

• Operating Metrics⁽⁴⁾

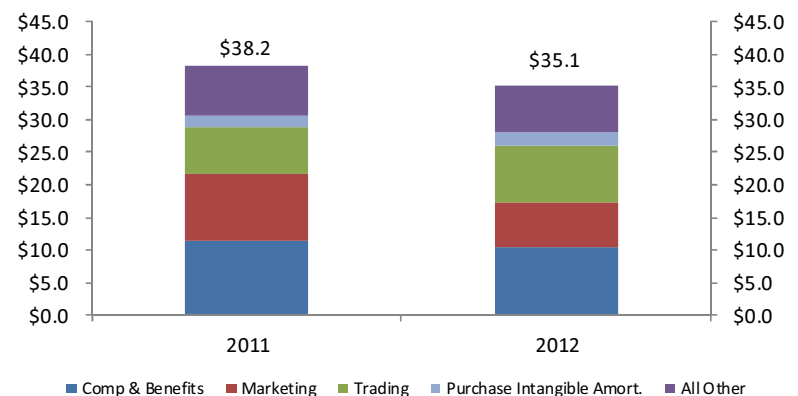
- Total trading volume up 66% to \$853.1 billion
 - Retail volume declined 4% to \$385.1 billion
 - Institutional volume increased to \$468.0 billion from \$110.1 billion
- Client assets up 15% to \$325.9 million as of March 31, 2012

All comparisons based on Q1 2011

Retail Trading Revenue per Million

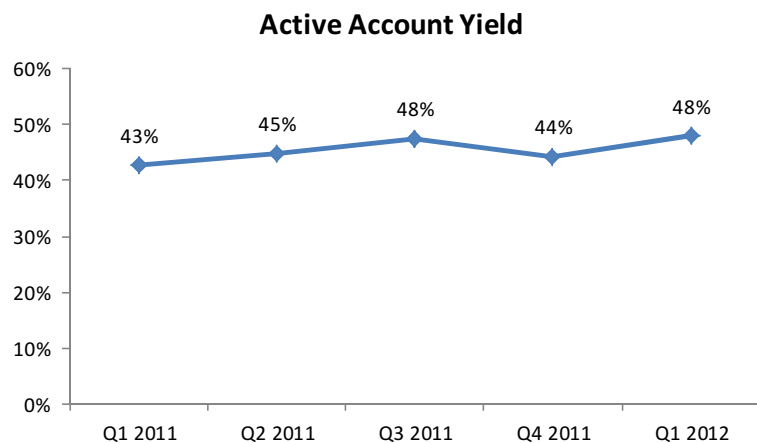
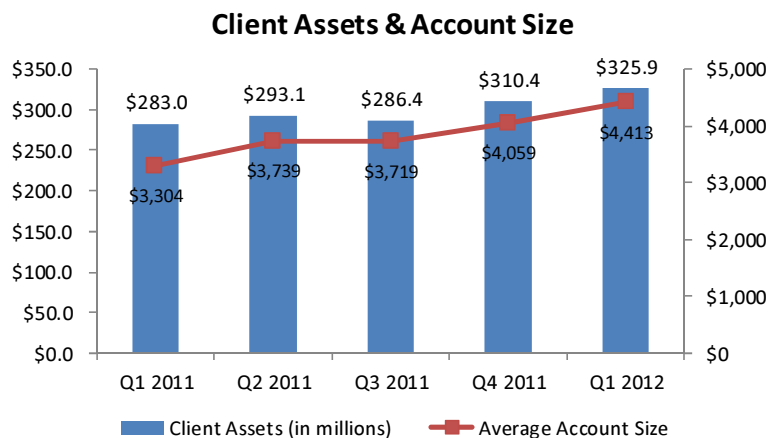


Total Expenses



(1) EBITDA is a non-GAAP financial measure that represents our earnings before interest, taxes, depreciation and amortization. A reconciliation of net income to EBITDA and EBITDA margin is available in the appendix to this presentation.
 (2) Adjusted net income is a non-GAAP financial measure that represents our net income/(loss) excluding purchase intangible amortization. A reconciliation of net income to adjusted net income and adjusted net income margin is available in the appendix to this presentation.
 (3) Reconciliation of EPS to adjusted EPS is available in the appendix to this presentation.
 (4) Definitions for all our operating metrics are available in the appendix to this presentation.

Momentum in Retail Client Metrics⁽¹⁾



- Client engagement remains strong despite lackluster market conditions, due to our focus on execution quality, providing better tools, and customer service.

- Client assets up **15%** to \$326 million
- **34%** increase in average account balance to \$4,413
- Activity rate of funded accounts up to **48%**
- Average trade size remained stable at approximately **\$43,000**

All comparisons based on Q1 2011

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

Other Recent Developments

Retail

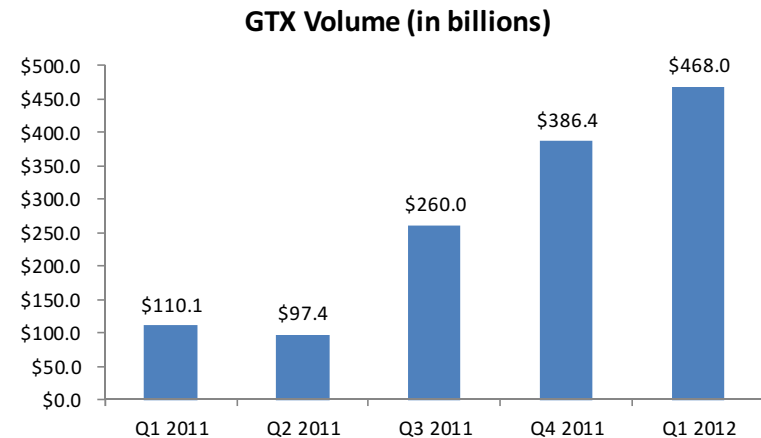
- Signed new White-Label partners in Turkey and Mexico
- New CFD trading experience on track for June launch
 - Focused on delivering a differentiated trading experience, e.g. integrated community/social trading features, automated trading capabilities & innovative analytical tools
 - Launching with 200+ CFDs (indices, commodities, sectors & FX)
 - Aggressive global rollout schedule for 2012

Management

- Muhammad Rasoul hired as Chief Product Officer
 - Strong industry background as COO of GFT Markets (1996-2012)
 - Mandate is to ensure our product vision is strong across all business lines and aligned with the needs of our customers around the world

Institutional – GTX

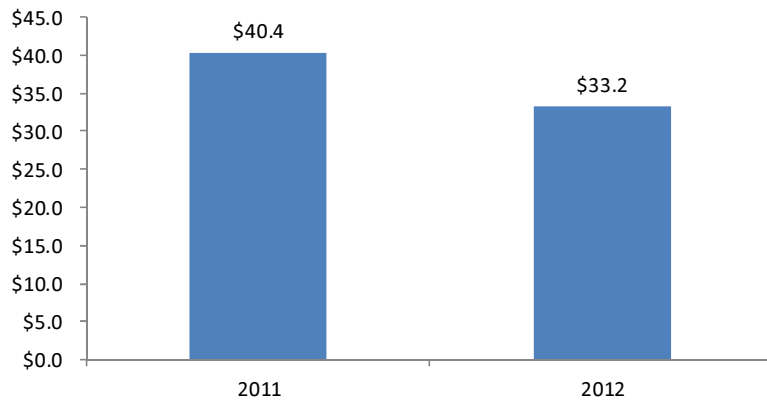
- ECN volume continues to ramp - \$468.0 billion in Q1, up 325% year-over-year
 - Innovative technology with multi-lateral credit model gaining traction with hedge funds, high frequency traders, etc.
- Product expansion into hydrocarbons
 - Differentiated offering including non-USD denominated contracts & basket trading capabilities
- Fee-based revenue stream



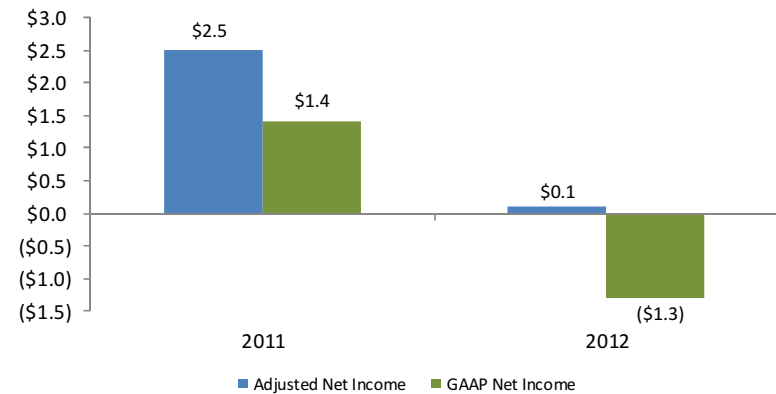
Financial Review

Q1 Financial Results

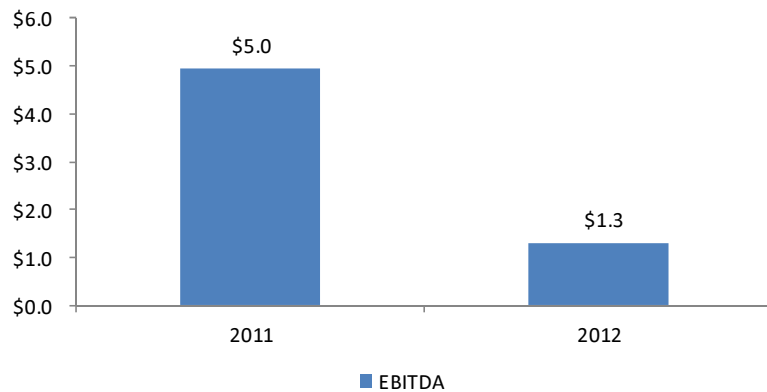
Net Revenue



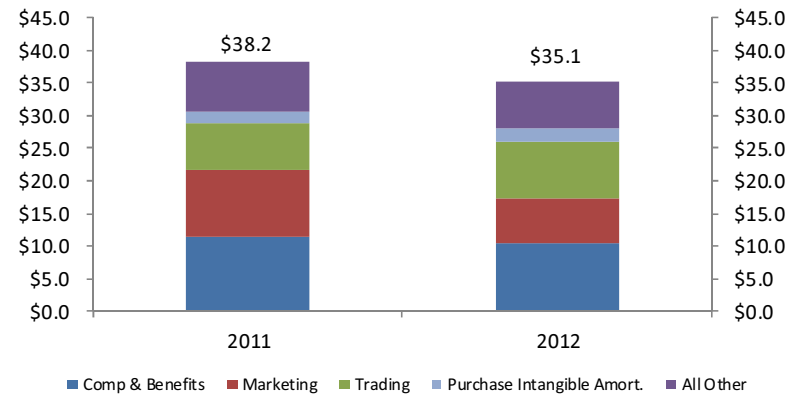
GAAP & Adjusted Net Income⁽¹⁾



EBITDA⁽²⁾



Total Expenses



Note: Dollars in millions.

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

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

Capital Allocation

- Quarterly Dividend
 - \$0.05 per share quarterly dividend approved
 - Record Date: June 12, 2012
 - Payment Date: June 21, 2012
- Share Buyback
 - \$5.0 million available for share buyback authorized by Board of Directors

Closing remarks

- Strong brand helped maintain and improve client metrics
- Continue to successfully manage expenses
- Investing to diversify product offerings and revenue streams
- Strong balance sheet and cash position to fund acquisitions and dividends

Appendix

Condensed Consolidated Statements of Operations

In millions, except per share data
(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Revenue		
Retail trading revenue	\$ 29.5	\$ 39.8
Institutional trading revenue	3.7	1.1
Other revenue	0.1	(0.1)
Total non-interest revenue	33.3	40.8
Interest revenue	0.1	0.1
Interest expense	(0.2)	(0.5)
Total net interest revenue/(expense)	(0.1)	(0.4)
Net revenue	33.2	40.4
Expenses		
Employee compensation and benefits	10.3	11.1
Selling and marketing	7.1	10.2
Trading expenses and commissions	8.7	7.2
Bank fees	0.8	1.0
Depreciation and amortization	1.1	0.9
Purchased intangible amortization	1.9	1.7
Communication and data processing	0.7	0.7
Occupancy and equipment	1.2	1.2
Bad debt provision/(recovery)	-	0.5
Professional fees	0.8	0.8
Product development, software and maintenance	1.1	0.9
Other	1.4	2.0
Total	35.1	38.2
Income / (loss) before income tax expense and equity in earnings of equity method investment	(1.9)	2.2
Income tax expense / (benefit)	(0.6)	0.8
Net income/(loss)	\$ (1.3)	\$ 1.4
Earnings / (loss) per common share:		
Basic	\$ (0.04)	\$ 0.04
Diluted	\$ (0.04)	\$ 0.04
Weighted averages common shares outstanding used in computing earnings per common share:		
Basic	34,480,705	33,797,165
Diluted	34,480,705	38,888,775

Consolidated Balance Sheet

In millions, except share data
(unaudited)

	March 31, 2012	December 31, 2011
ASSETS:		
Cash and cash equivalents	\$ 351.4	\$ 370.7
Short term investments	0.1	0.1
Receivables from brokers	103.1	85.4
Property and equipment - net of accumulated depreciation	8.2	7.5
Prepaid assets	10.0	9.9
Goodwill	3.1	3.1
Intangible assets, net	8.6	10.8
Other assets	20.5	18.1
Total assets	\$ 505.0	\$ 505.6
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Payables to brokers, dealers, FCM'S and other regulated entities	\$ 16.5	\$ 17.3
Payable to customers	309.4	293.1
Accrued compensation & benefits payable	1.1	4.9
Accrued expenses and other liabilities	12.4	14.9
Income tax payable	1.4	2.6
Notes payable	-	7.9
Total liabilities	\$ 340.8	\$ 340.7
Shareholders' Equity		
Common Stock	-	-
Accumulated other comprehensive income	0.8	0.3
Additional paid-in capital	81.4	79.6
Treasury stock, at cost (857,337 shares at March 31, 2012 and 850,121 shares at December 31, 2011)	(5.1)	(5.0)
Retained earnings	87.1	90.0
Total shareholders' equity	164.2	164.9
Total liabilities and shareholders' equity	\$ 505.0	\$ 505.6

Adjusted Net Income / Margin Reconciliation

	Three Months Ended March 31,	
	2012	2011
Net Revenue	\$ 33.2	\$ 40.4
Net income/(loss)	(1.3)	1.4
Plus: Purchase intangible amortization (net of tax)	1.4	1.1
Adjusted Net Income	<u>\$ 0.1</u>	<u>\$ 2.5</u>
Adjusted Earnings per Share		
Basic	<u>\$ 0.00</u>	<u>\$ 0.07</u>
Diluted	<u>\$ 0.00</u>	<u>\$ 0.06</u>
Net Income Margin %	(3.9%)	3.5%
Adjusted Net Income Margin %	0.1%	6.2%

Note: Dollars in millions, except per share data.

EBITDA / Margin Reconciliation

	Three Months Ended March 31,	
	2012	2011
Net Revenue	\$ 33.2	\$ 40.4
Interest on Note Payable	0.2	0.2
Net Revenue (ex. Interest on Note)	<u>\$ 33.4</u>	<u>\$ 40.5</u>
Net income/(loss)	\$ (1.3)	\$ 1.4
Plus: Depreciation & amortization	1.1	0.9
Plus: Purchase intangible amortization	1.9	1.7
Plus: Interest expense of note payable	0.2	0.2
Plus/(Less): Income tax expense/(benefit)	(0.6)	0.8
EBITDA	<u>\$ 1.3</u>	<u>\$ 5.0</u>
EBITDA Margin %	3.9%	12.2%

Note: Dollars in millions.

Adjusted EPS (Diluted) Reconciliation

	Three Months Ended March 31,	
	2012	2011
GAAP Earnings per Share (Diluted)	\$ (0.04)	\$ 0.04
Plus: Purchase intangible amortization ⁽¹⁾	0.04	0.02
Adjusted Earnings per Share (Diluted)	<u>\$ 0.00</u>	<u>\$ 0.06</u>

(1) Net of tax.

Q1 2012 Financial Summary

	3 Mos. Ended March 31,		'12 v '11 % Change
	2012	2011	
Net Revenue	\$33.2	\$40.4	(18%)
Interest Expense on Note Payable	0.2	0.2	33%
Net Revenue (ex. Interest on Note)	\$33.4	\$40.5	(18%)
Operating Expenses	32.1	35.5	(10%)
EBITDA ⁽¹⁾	\$1.3	\$5.0	(74%)
GAAP Net Income	(\$1.3)	\$1.4	(193%)
Adjusted Net Income ⁽²⁾	0.1	2.5	(96%)
GAAP EPS (Diluted)	(\$0.04)	\$0.04	(200%)
Adjusted EPS (Diluted) ⁽³⁾	0.00	0.06	(100%)
EBITDA Margin % ⁽¹⁾	3.9%	12.2%	(8 pts)
Net Income Margin %	(3.9%)	3.5%	(7 pts)
Adjusted Net Income Margin % ⁽²⁾	0.1%	6.2%	(6 pts)

Note: Dollars in millions, except per share data.

(1) See page 18 for a reconciliation of GAAP net income to EBITDA.

(2) See page 17 for a reconciliation of GAAP net income to adjusted net income.

(3) See page 19 for a reconciliation of GAAP EPS to adjusted EPS.

Q1 2012 Operating Metrics

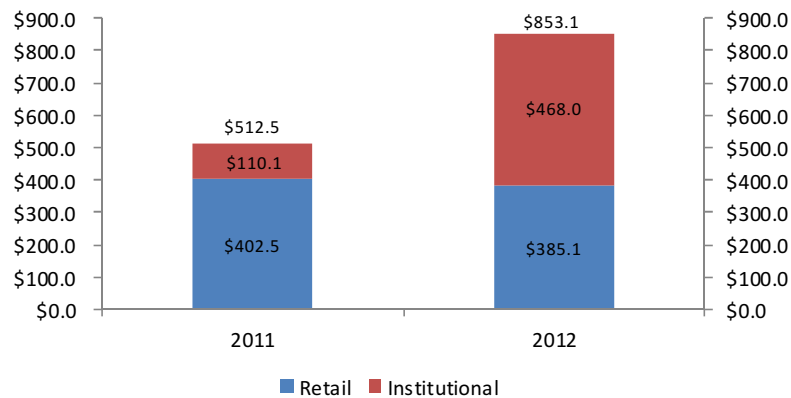
	1st Quarter		'12 v '11
	2012	2011	% Change
<u>For Period Ending March 31,</u>			
Total Trading Volume (billions)	\$853.1	\$512.5	66%
Retail	385.1	402.5	(4%)
Institutional	468.0	110.1	325%
Traded Retail Accounts (Period)	36,041	36,570	(1%)
Traded Retail Accounts (Last 12 Months)	62,725	66,115	(5%)
New Retail Accounts	6,872	8,910	(23%)
Trades	9,291,722	9,025,828	3%
Retail Trading Revenue per Million	\$76.4	\$99.0	(23%)
Average Excess Net Capital ⁽¹⁾	\$65.1	\$45.2	44%
<u>As of March 31,</u>			
Funded Retail Accounts	73,844	85,698	(14%)
Client Assets	\$325.9	\$283.0	15%

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

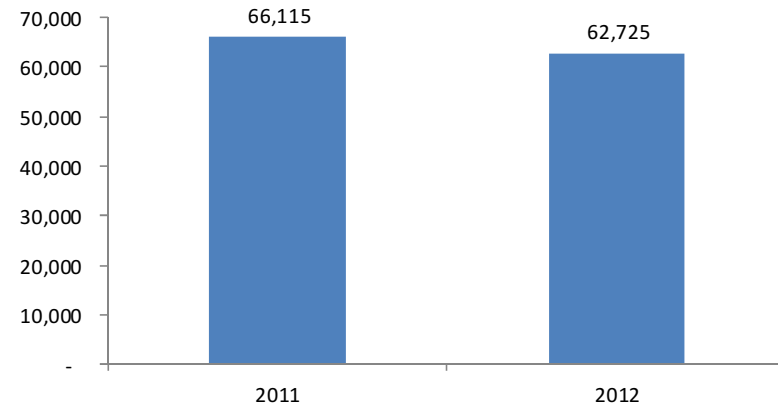
(1) Average calculated using excess net capital balance at each month-end during the relevant period.

Q1 2012 Operating Metrics⁽¹⁾ (cont.)

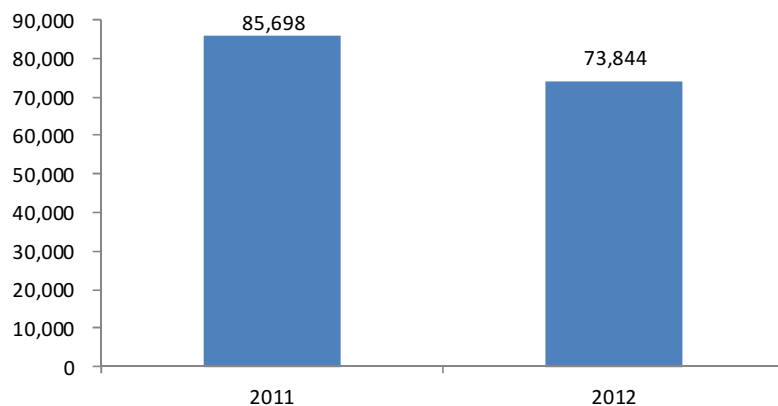
Total Trading Volume⁽²⁾



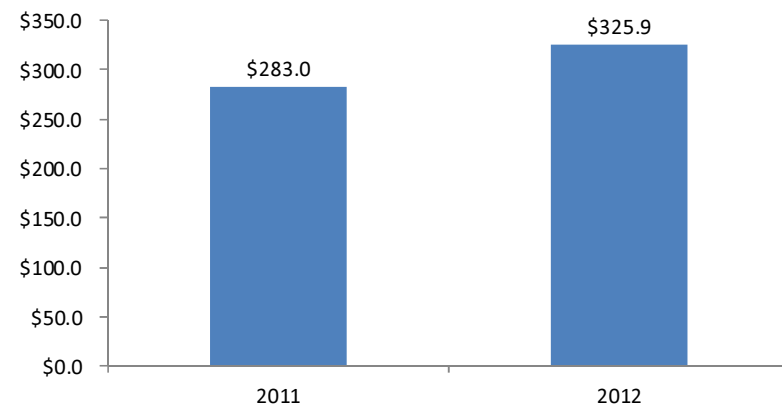
Traded Retail Accounts (Last 12 Months)⁽²⁾



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 March 31.

(3) As of March 31.

Monthly Operating Metrics⁽¹⁾

Month	Funded Retail Accts.⁽²⁾	New Retail Accounts⁽³⁾	Client Assets⁽²⁾
Apr 2011	80,915	2,801	\$239.2
May 2011	79,623	2,775 ⁽⁴⁾	290.8
Jun 2011	78,379	2,428	293.1
Jul 2011	78,082	2,350	283.4
Aug 2011	77,140	2,886	303.7
Sep 2011	77,013	2,616	286.4
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

Note: Dollars in millions.

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

(2) As of period ended.

(3) For period ended.

(4) Excludes 1,650 accounts from GAIN Capital's acquisition of dbFX.

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>		
Q2 11	\$357.2	\$97.4	36,868	9,363,640
Q3 11	447.9	260.0	36,927	10,949,800
Q4 11	366.4	386.4	34,019	9,852,951
Q1 12	385.1	468.0	36,041	9,291,722

Note: For period ended. Volume in billions. Net deposits in millions.

(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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