



Q2 2018 Conference Call and Webcast

July 25, 2018

Forward Looking Statements

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2Q18 Summary¹

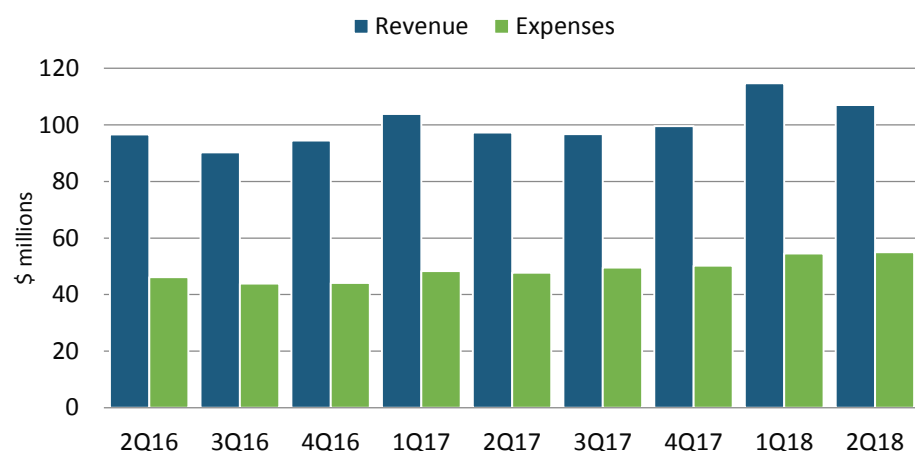
EARNINGS

- Revenues of \$107.0 million, up 11.1%.
- Expenses of \$54.9 million up 16.1%, includes \$1.8 million of duplicate occupancy expense.
- Operating income of \$52.0 million, up 6.2%.
- Operating margin of 48.6%.
- Diluted EPS of \$1.07, up 7.0%.

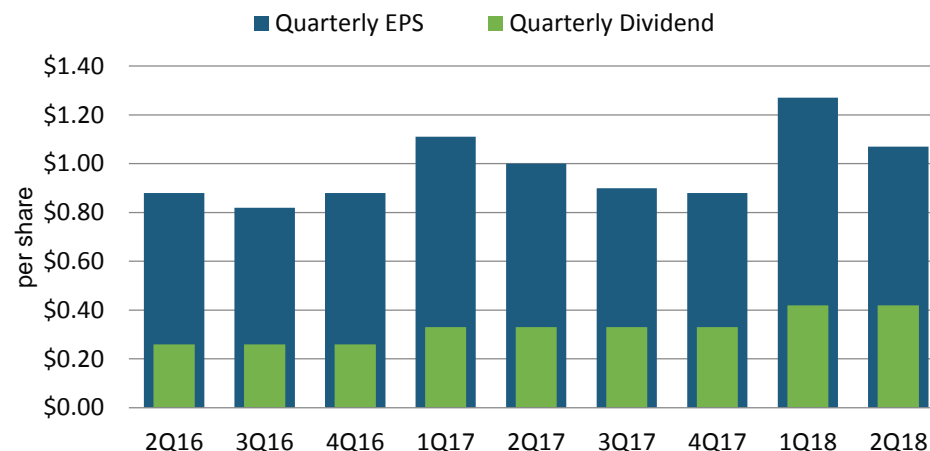
BUSINESS HIGHLIGHTS

- Total trading volume of \$421 billion, up 16.4%.
- Estimated U.S. high-grade market share of 17.4%, up from 17.0%.
- Record Open Trading™ volume of \$89 billion, up 56.7%.
- Emerging market volume of \$97 billion, up 27.0% and Eurobond volume of \$40 billion up 32.3%.

QUARTERLY REVENUE & EXPENSE TREND



EPS & DIVIDEND TREND

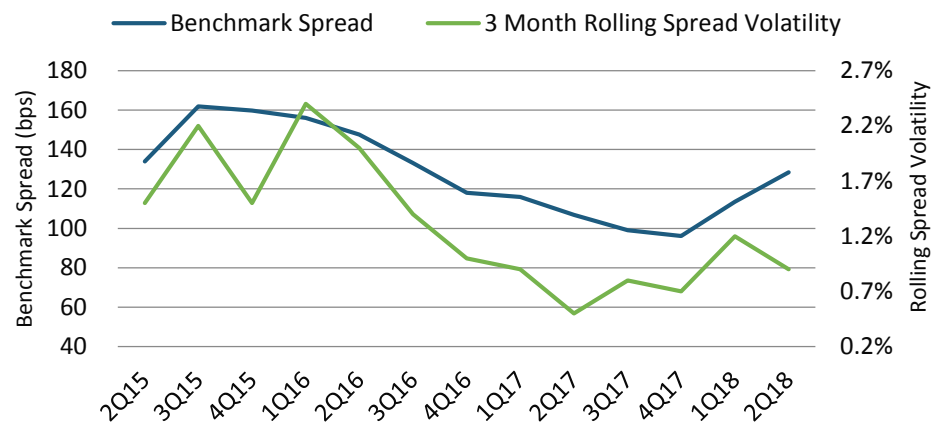


1. All period comparisons versus 2Q17 unless otherwise stated.

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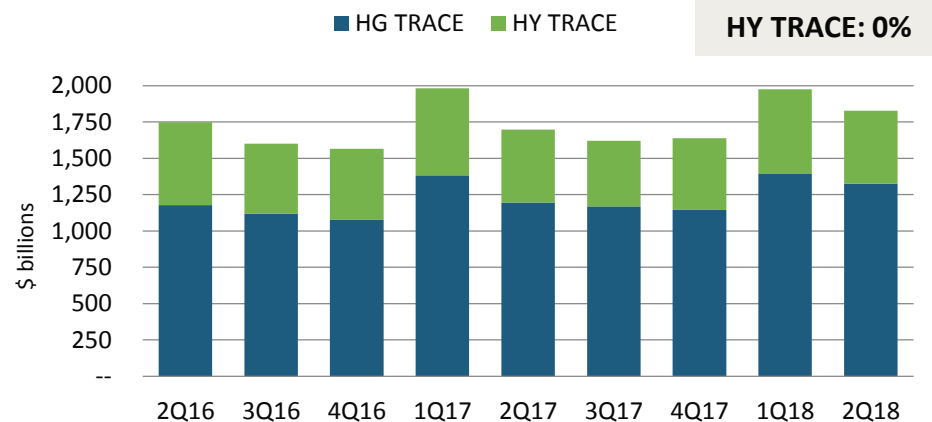
Market Conditions

LIQUID U.S. CORPORATE INDEX (LUCI)



Source: Credit Suisse Global Credit Strategy

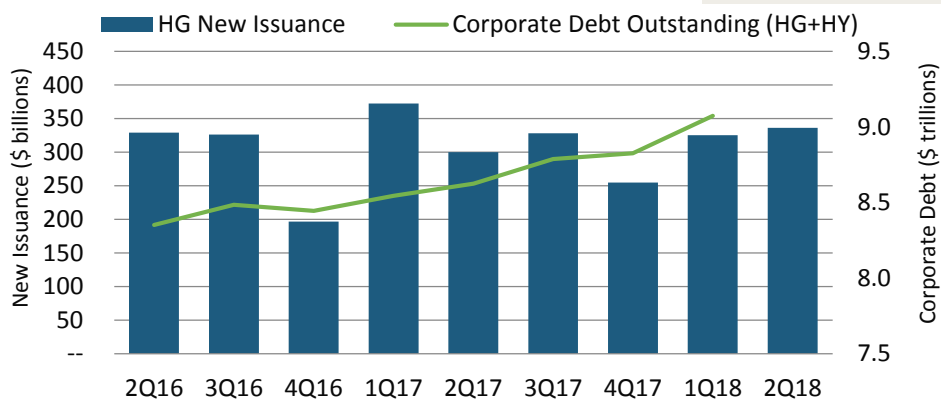
U.S. HIGH-GRADE & HIGH-YIELD TRACE



Source: BondTicker

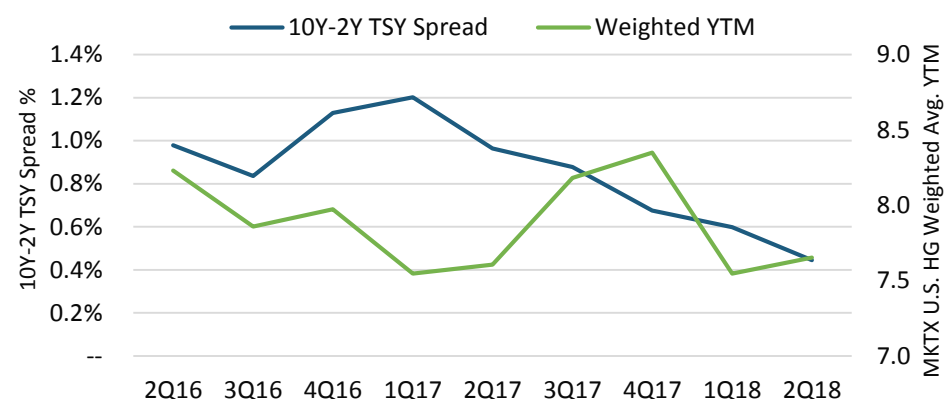
NEW ISSUANCE & CORPORATE DEBT OUTSTANDING

**12%
Q2 YoY New
Issuance Growth**



Source: JPMorgan; Federal Reserve

10 YEAR – 2 YEAR TREASURY SPREAD & MKTX U.S. HIGH GRADE WEIGHTED AVG YTM¹



Source: Federal Reserve

1. Replaced simple average years to maturity provided during the earnings call dated 7/25/2018

Open Trading™

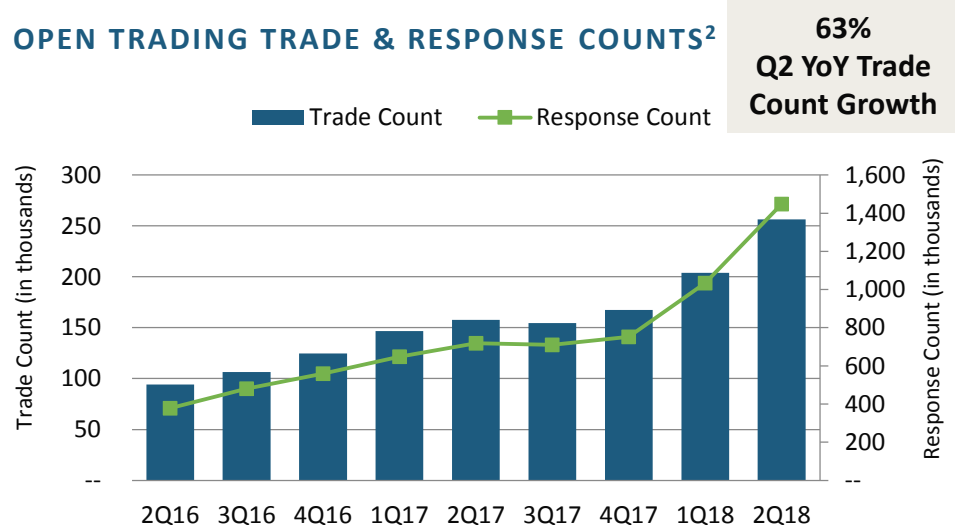
HIGHLIGHTS

- \$1.4 billion average daily volume, up 54.5% from 2Q17.
- Over 256,000 total Open Trading transactions completed in 2Q18, up from 158,000 in 2Q17.
- Approximately 1,448,000 price responses in 2Q18, up 101% from 2Q17².
- Estimated system-wide liquidity taker total cost savings of \$38.3 million in 2Q18, up 71.3% from 2Q17¹.

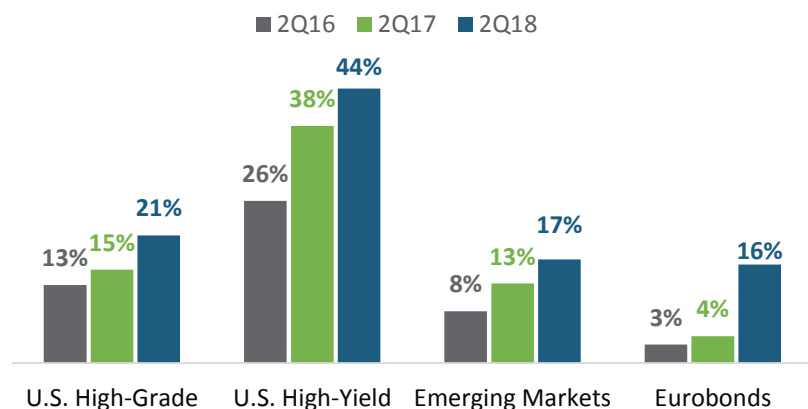
OPEN TRADING GROWTH



OPEN TRADING TRADE & RESPONSE COUNTS²



OPEN TRADING VOLUME AS PERCENT OF TOTAL PRODUCT VOLUME

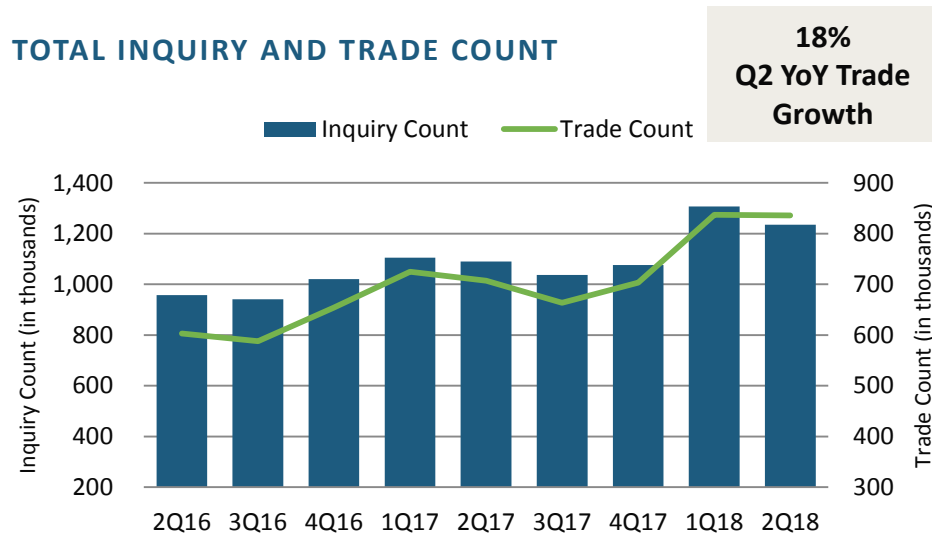


1. Activity is for Market List-winning trades only. Cost Savings is defined as the difference between the best cover (non-winning) level from a disclosed dealer and the winning level times the quantity across all anonymous trades. Products include U.S. high-grade, high-yield, emerging markets, Eurobonds and municipal bonds.
2. Price Response count of 1,448,000 has been corrected from 802,000 provided during the earnings call dated 7/25/2018.

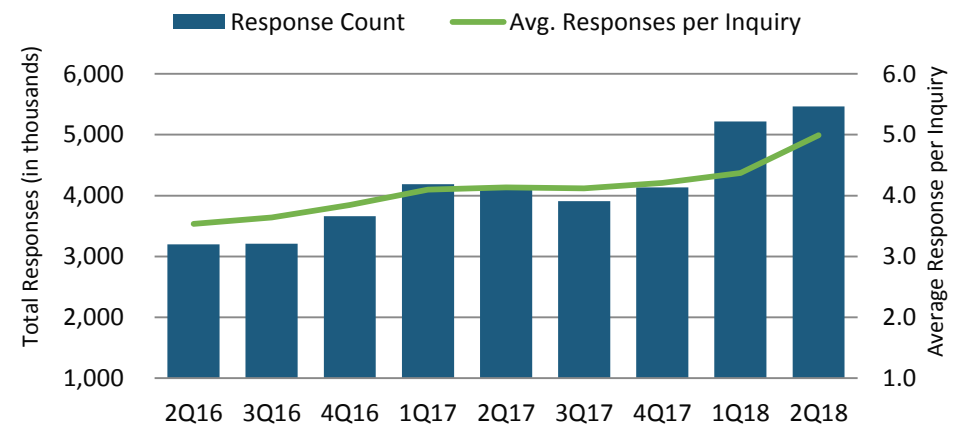
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Automation Driving Increase in Trading Activity

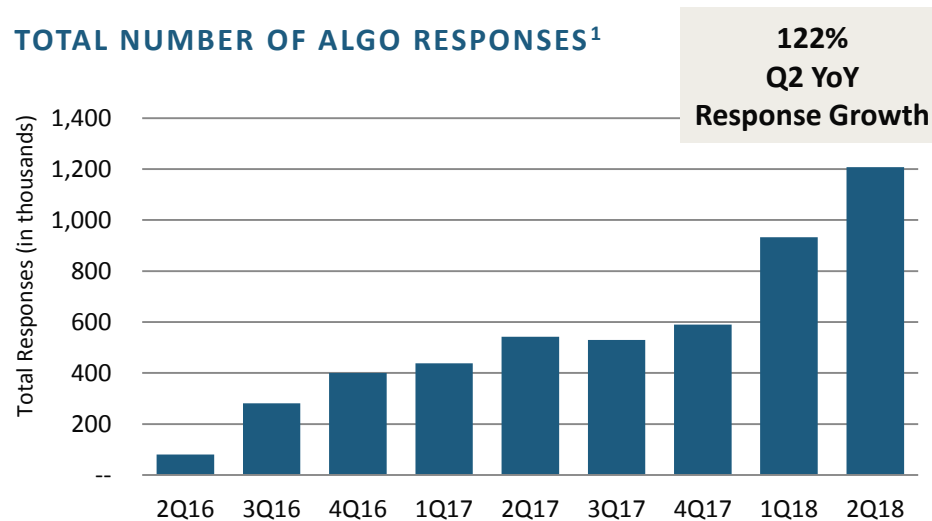
TOTAL INQUIRY AND TRADE COUNT



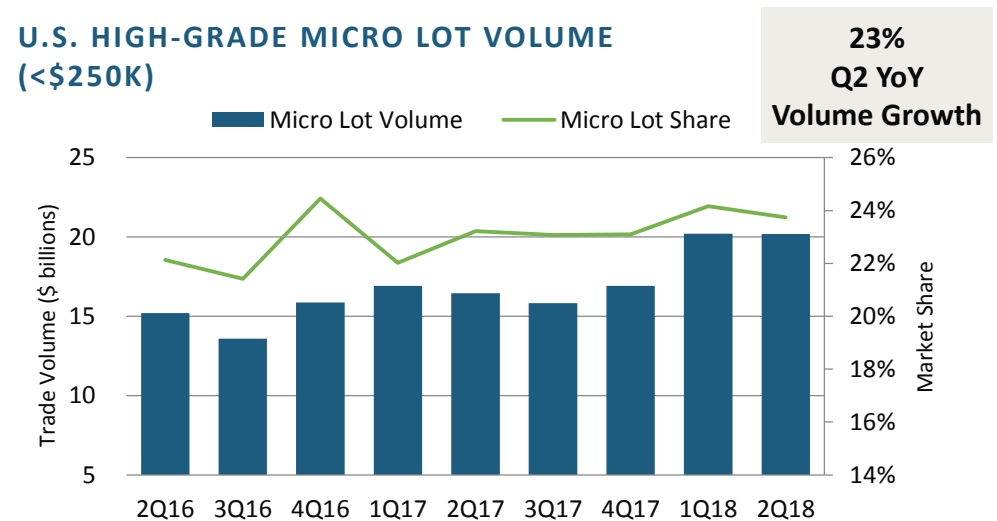
TOTAL RESPONSES AND AVG. RESPONSE PER INQUIRY



TOTAL NUMBER OF ALGO RESPONSES¹



U.S. HIGH-GRADE MICRO LOT VOLUME (<\$250K)



1. Algorithmic responses for U.S. high-grade spread based trades only

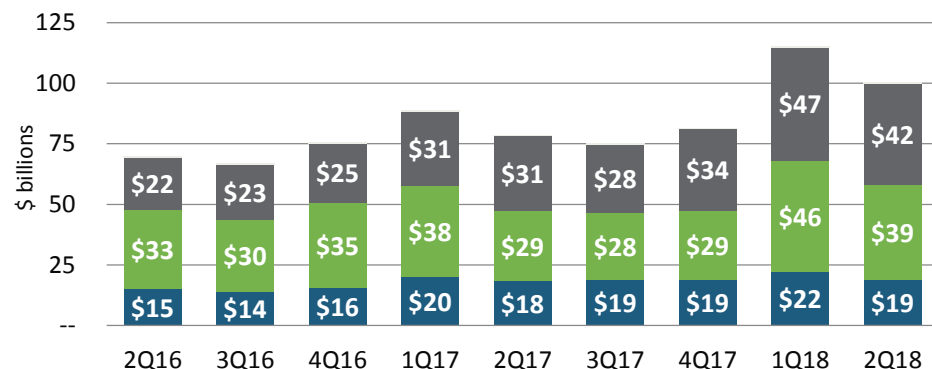
International Progress

EUROPEAN CLIENT VOLUMES

■ U.S. Credit ■ Eurobonds ■ Emerging Markets

Q2 YoY Growth of 27%

Emerging Markets	35%
Eurobond	34%
U.S. Credit	4%

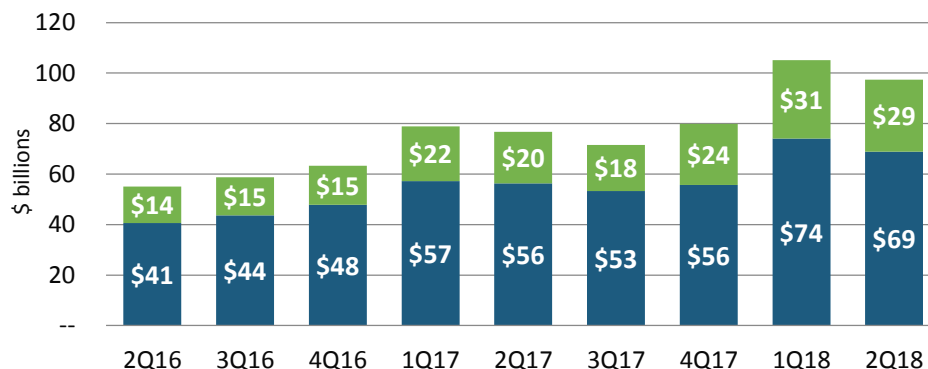


EMERGING MARKET VOLUME BY PRODUCT

■ External Markets ■ Local Markets

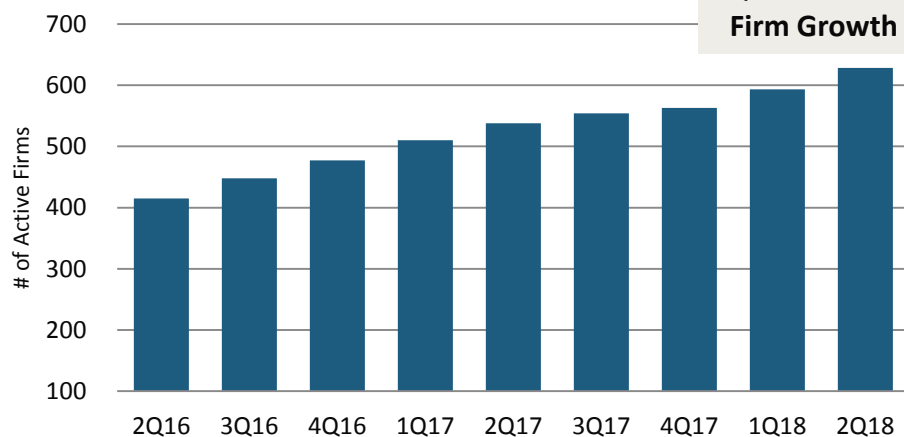
Q2 YoY Growth of 27%

External Markets	22%
Local Markets	40%



TOTAL ACTIVE INTERNATIONAL CLIENT FIRMS¹

**17%
Q2 YoY Client
Firm Growth**



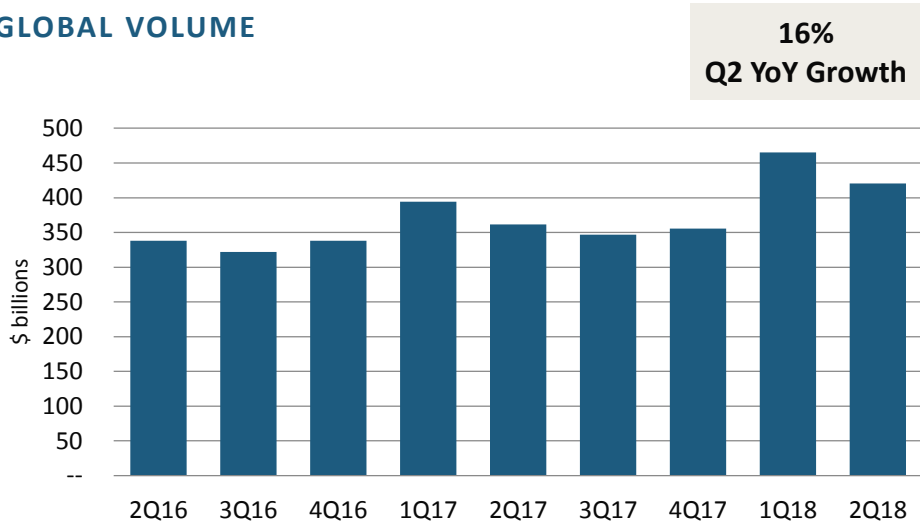
INTERNATIONAL PROGRESS

- European client volume of \$100 billion, up 27.4%.
- Emerging market volume of \$97 billion, up 27.0%.
- EM local markets trading volume up 39.6%; Bonds in 24 different EM local currency bond markets traded year to date.
- Over 600 active international client firms, up 16.7%¹.

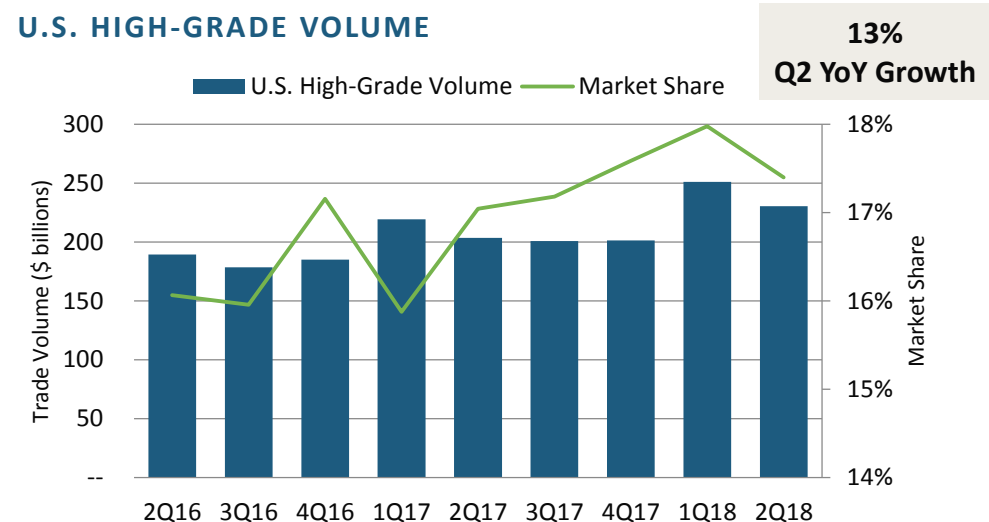
1. International firms include all firms outside of the United States and Canada

Quarterly Volume and Client Firm Growth

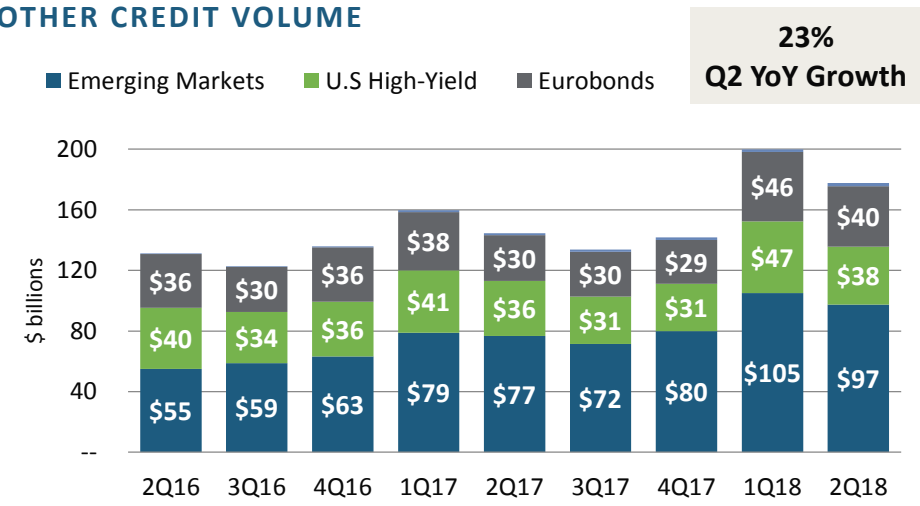
GLOBAL VOLUME



U.S. HIGH-GRADE VOLUME



OTHER CREDIT VOLUME



TOTAL ACTIVE CLIENT FIRMS BY PRODUCT



Earnings Performance

(In thousands, except per share data)

	<u>2Q18</u>	<u>1Q18</u>	<u>2Q17</u>	Δ 2Q18 vs. 2Q17
Revenues				
Commissions	\$ 96,113	\$ 102,772	\$ 87,015	10.5%
Information Services	6,930	7,066	6,497	6.7%
Post-trade Services	3,620	4,576	2,489	45.4%
Other Income	301	300	313	(3.8%)
Total Revenues	<u>106,964</u>	<u>114,714</u>	<u>96,314</u>	11.1%
Expenses	<u>54,930</u>	<u>54,541</u>	<u>47,329</u>	16.1%
Operating Income	<u>52,034</u>	<u>60,173</u>	<u>48,985</u>	6.2%
Investment Income and Other, net	<u>1,176</u>	<u>840</u>	<u>588</u>	100.0%
Income Before Taxes	<u>53,210</u>	<u>61,013</u>	<u>49,573</u>	7.3%
Provision for Income Taxes	<u>12,723</u>	<u>13,073</u>	<u>11,550</u>	10.2%
Net Income	<u>\$ 40,487</u>	<u>\$ 47,940</u>	<u>\$ 38,023</u>	6.5%
Operating Margin	48.6%	52.5%	50.9%	-2.3 pts
EBITDA ¹	\$ 59,000	\$ 66,282	\$ 54,363	8.5%
Diluted EPS	\$ 1.07	\$ 1.27	\$ 1.00	7.0%
Diluted Shares ²	37,862	37,886	38,077	(0.6%)

1. See second quarter 2018 earnings release and the Investor Relations section of the Company's website for reconciliation of net income to EBITDA

2. Represents the weighted average number of shares of common stock, including the dilutive effect of outstanding securities.

Commission Revenue Detail

(\$ in thousands)	2Q18	1Q18	2Q17	% Δ 2Q18 vs. 2Q17
<u>Commissions</u>				
Transaction Fees				
U.S. High-Grade	\$ 36,401	\$ 38,767	\$ 32,868	10.7%
Other Credit ¹	34,765	40,427	37,145	(6.4%)
Liquid Products ²	488	583	570	(14.4%)
Total Transaction Fees	71,654	79,777	70,583	1.5%
Distribution Fees				
U.S. High-Grade	18,261	17,227	15,930	14.6%
Other Credit ¹	6,042	5,540	384	1473.4%
Liquid Products ^{2,3}	156	228	118	32.2%
Total Distribution Fees	24,459	22,995	16,432	48.8%
Total Commissions	\$ 96,113	\$ 102,772	\$ 87,015	10.5%
(\$ in millions)				
<u>Trading Volume</u>				
U.S. High-Grade	\$ 230,519	\$ 250,985	\$ 203,587	13.2%
Other Credit ¹	177,681	199,943	144,574	22.9%
Liquid Products ²	12,550	14,079	13,345	(6.0%)
Total Trading Volume	\$ 420,750	\$ 465,007	\$ 361,506	16.4%
<u>Transaction Fees per Million</u>				
U.S. High-Grade	\$ 158	\$ 154	\$ 162	(2.5%)
Other Credit ¹	196	202	257	(23.7%)
Liquid Products ²	39	41	43	(9.3%)
Total	\$ 170	\$ 172	\$ 195	(12.8%)

1. Other Credit includes U.S. high-yield, emerging markets, Eurobonds and municipal bonds.

2. Liquid Products includes U.S. agencies and European government bonds.

3. Includes CDS SEF-related revenue.

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Expense Detail

(\$ in thousands)

	2Q18	1Q18	2Q17	% Δ 2Q18 vs. 2Q17
<u>Expenses</u>				
Employee Comp. and Benefits	\$ 26,199	\$ 28,834	\$ 25,319	3.5%
Depreciation and Amortization	5,790	5,269	4,790	20.9%
Technology and Communications	5,793	5,779	4,822	20.1%
Professional and Consulting	5,426	5,057	4,086	32.8%
Occupancy ¹	3,467	3,337	1,422	143.8%
Marketing and Advertising	3,535	2,065	2,782	27.1%
Clearing Costs	2,012	1,725	1,517	32.6%
General and Administrative	2,708	2,475	2,591	4.5%
Total Expenses	\$ 54,930	\$ 54,541	\$ 47,329	16.1%

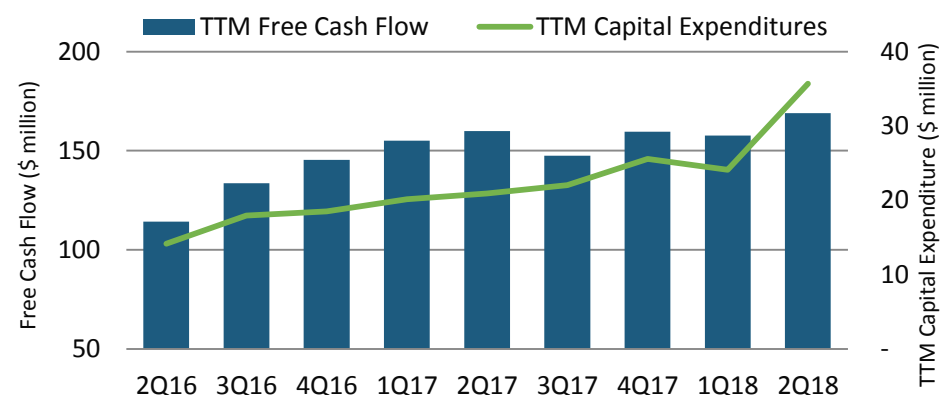
1. Occupancy costs in the first and second quarters of 2018 includes \$1.7 million and \$1.8 million, respectively, in duplicate expense recognized during the build-out phase of the Company's new corporate offices in New York.

Balance Sheet Data

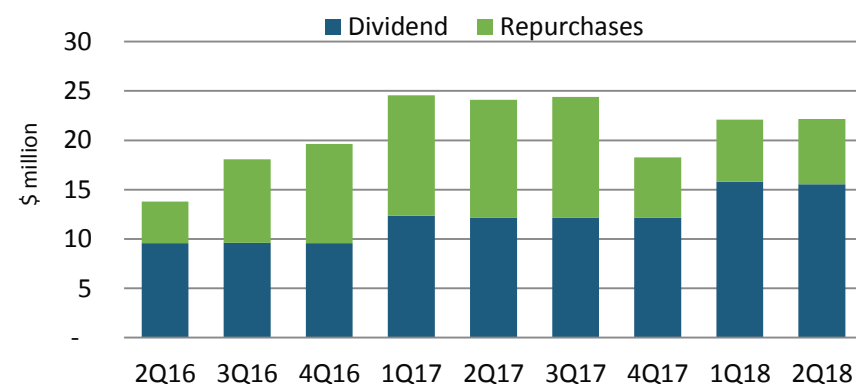
(\$ in thousands)

	<u>6/30/2018</u>	<u>12/31/2017</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 170,686	\$ 167,014
Investments	249,591	239,521
Accounts Receivable, net	61,883	52,636
All Other Assets	135,438	122,061
Total Assets	<u>\$ 617,598</u>	<u>\$ 581,232</u>
<u>Liabilities and Stockholders' Equity</u>		
Total Liabilities	\$ 60,220	\$ 66,464
Total Stockholders' Equity	557,378	514,768
Total Liabilities and Stockholders' Equity	<u>\$ 617,598</u>	<u>\$ 581,232</u>

TTM FREE CASH FLOW AND CAPITAL EXPENDITURES



QUARTERLY DIVIDENDS AND SHARE REPURCHASES



Summary

- Strong second quarter results driven by increased trading volumes across all four of our core products.
- Record Open Trading volume and transaction cost savings.
- Rapid growth in trading automation driving improved efficiency.
- International client breadth and trading activity continues to improve.



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