Tullett Prebon plc

Interim Results 2009

August 2009

Terry Smith

Chief Executive

Introduction

- Strong financial results
- Robust business
- Valuable service for OTC markets
- Action taken to reduce fixed costs

Performance Drivers

- Reduction in risk appetite benefits:
  - ‘flow’ products
  - cash products
  - less complex derivatives
- Volatility in interest rates, FX, credit spreads
- Favourable exchange rates

Electronic Broking

- Competitive hybrid platforms
- Increasing revenue and market share
- Outsourced development process
- Capability to develop and launch new platforms

Cost Reduction

- Objectives of cost review achieved
- Annualised reductions in fixed staff costs:
  - front office £15.3m
  - support £7.4m
- Non-broking headcount down 12%

tullett prebon

Financial Performance

£m	H1 2009	H1 2008	Change: Reported	Change: Constant Exchange Rates
Revenue	517.9	468.3	+11%	-5%
Operating profit	100.6	84.2	+19%	+3%
Operating margin	19.4%	18.0%	+1.4% pts	

tullett prebon

Revenue by Product Group

£m	H1 2009	H1 2008	Change: Reported	Change: Constant Exchange Rates
Treasury Products	124.0	127.8	-3%	-16%
Interest Rate Derivatives	102.3	114.1	-10%	-23%
Fixed Income	188.3	128.4	+47%	+24%
Equities	38.8	48.7	-20%	-31%
Energy	52.3	40.7	+29%	+13%
Information Sales	12.2	8.6	+42%	+39%
	517.9	468.3	+11%	-5%

Revenue by Region

£m	H1 2009	H1 2008	Change: Reported	Change: Constant Exchange Rates
Europe	289.1	247.4	+17%	+16%
North America	183.6	165.3	+11%	-17%
Asia Pacific	45.2	55.6	-19%	-38%
Reported	517.9	468.3	+11%	-5%

Operating Profit & Margin by Region

£m	Operating Profit				Margin	
			Change			
	H1 2009	H1 2008	Reported	Constant Exchange Rates	H1 2009	H1 2008
Europe	69.4	51.4	+35%	+34%	24.0%	20.8%
North America	28.7	23.7	+21%	-10%	15.6%	14.3%
Asia Pacific	2.5	9.1	-73%	-79%	5.5%	16.4%
	100.6	84.2	+19%	+3%	19.4%	18.0%

tullett prebon

Performance Measures

	H1 2009	H1 2008	Change
Broker headcount (period end)	1,647	1,706	-3%
Average revenue per broker	£308k	£272k	-4%*
Broker employment costs: broking revenue	57.6%	57.5%	+0.1% pts
Non broker headcount (period end)	836	945	-12%

** at constant exchange rates*

Broker Headcount

	June 2009	December 2008	June 2008
Europe	775	758	762
North America	526	547	568
Asia Pacific	346	348	376
	1,647	1,653	1,706

Comparison with Sector – most recent 6 months

Most recent published 6 months	Revenue 2009 £m	Revenue Growth 2009 vs 2008 %	Operating Margin 2009 %
ICAP (Electronic Broking)	168	14%	37.5%
ICAP (Voice Broking & Information Sales)	669	26%	17.2%
ICAP (All Activities)	837	23%	21.3%
Tullett Prebon	518	11%	19.4%
Tradition	451	-6%	6.5%
BGC Partners Inc.	348	-5%	4.5%
GFI	294	-24%	11.1%

Comparison with Sector – most recent 12 months

Most recent published 12 months	Revenue £m	Revenue Growth %	Operating Margin %
ICAP (Electronic Broking)	324	19%	38.9%
ICAP (Voice Broking & Information Sales)	1,277	24%	18.4%
ICAP (All Activities)	1,601	23%	22.5%
Tullett Prebon	993	17%	19.3%
Tradition	835	-1%	9.6%
BGC Partners Inc.	606	10%	1.5%
GFI	541	-17%	9.3%

tullett prebon

Paul Mainwaring

Finance Director

Profit & Loss

£m	H1 2009	H1 2008
Revenue	517.9	468.3
Operating profit	100.6	84.2
Cash finance income/(expense)	(7.8)	(10.3)
Adjusted Profit before tax	92.8	73.9
Tax	(32.5)	(26.6)
Associates	1.0	0.7
Minorities	(0.5)	(0.5)
Adjusted Earnings	60.8	47.5

tullett prebon

Cash Finance Income/(Expense)

£m	H1 2009	H1 2008
Interest receivable on cash balances	1.1	4.7
Eurobond	(6.2)	(6.2)
Net swap interest	1.0	0.8
Bank loan	(3.1)	(8.8)
Amortisation of debt issue costs	(0.5)	(0.6)
Other interest	(0.1)	(0.2)
	(7.8)	(10.3)

tullett prebon

Taxation

£m	H1 2009	H1 2008
Adjusted Profit before tax	92.8	73.9
Effective tax rate	35.0%	36.0%
Tax charge on adjusted profit	(32.5)	(26.6)

tullett prebon

EPS

£m	H1 2009	H1 2008
Adjusted Earnings	60.8	47.5
Weighted average number of shares	213.6m	212.3m
Adjusted Earnings per share	28.5p	22.4p

Operating Cash Flow

£m	H1 2009	H1 2008
Operating profit	100.6	84.2
Share based compensation	(0.2)	2.1
Depreciation/amortisation	4.1	3.9
EBITDA	104.5	90.2
Capital expenditure (net of NBV of disposals)	(4.1)	(7.7)
Working capital	(57.4)	(18.8)
Operating cash flow	43.0	63.7

tullett prebon

Working Capital Cash Flow

£m	H1 2009	H1 2008
Trade receivables	(5.1)	(11.8)
Net settlement balances	(8.5)	3.9
Sign-on bonus balances	(8.7)	(13.2)
Bonus creditor	(30.0)	(0.2)
Other working capital	(5.1)	2.5
	(57.4)	(18.8)

Net Cash Flow

£m	H1 2009	H1 2008
Operating cash flow	43.0	63.7
Exceptional items – cash payments	(6.3)	-
Interest	(4.4)	(5.9)
Taxation	(15.0)	(16.5)
Pension funding	(6.3)	(1.8)
ESOT transactions	1.5	-
Dividends received from associates/paid to minorities	1.9	0.4
Acquisitions/investments	(3.5)	(4.1)
Cash flow before debt repayments and dividends	10.9	35.8

Movement in Cash and Debt

£m	Cash	Debt	Net
At 31 December 2008	405.2	(422.6)	(17.4)
Cash flow	14.9	(4.0)	10.9
Dividends	(17.1)	-	(17.1)
Debt repayments/draw downs	(33.4)	33.4	-
Effect of movement in exchange rates	(20.2)	0.4	(19.8)
Movement in fair values/amortisation of costs	-	(0.4)	(0.4)
At 30 June 2009	349.4	(393.2)	(43.8)

tullett prebon

Bond Exchange

- Original bond
  - subordinated notes due August 2014
  - £150m 8.25% pa
  - “step-up” coupon from August 2009 to 5 year Gilt +350 bps
- Par for par exchange offer into new bond announced 16 June 2009
  - 94% acceptance of the offer
  - £8.856m original subordinated notes remain outstanding
- New bond
  - senior notes due July 2016
  - £141.144m 7.04% pa

Balance Sheet

£m	June 2009	December 2008	June 2008
Goodwill	380.9	387.7	370.3
Deferred consideration	(19.2)	(23.8)	(18.3)
Associates/investments	8.1	8.2	5.6
Operating assets/(liabilities)	**(11.5)**	**(75.7)**	**(17.1)**
Accrued interest	(11.2)	(5.7)	(12.2)
Current tax	(41.5)	(28.0)	(30.5)
Deferred tax	14.0	17.4	12.8
Pensions	(12.1)	(8.5)	(14.8)
Derivative financial instruments	(4.3)	(9.7)	9.4
	303.2	261.9	305.2
Net debt	**(43.8)**	**(17.4)**	**(139.1)**
Net assets/shareholders' funds	259.4	244.5	166.1

Operating Assets/(Liabilities)

£m			June 2009	December 2008	June 2008
Fixed assets			31.2	33.4	25.9
Trade receivables			90.9	91.6	99.6
Net settlement balances			8.5	0.7	1.2
Other debtors/prepayments			47.5	41.0	46.3
Payables/accruals			(179.8)	(230.5)	(176.4)
Provisions			(9.8)	(11.9)	(13.7)
			(11.5)	(75.7)	(17.1)
Gross settlement balances	-	Receivable	21,188.9	13,414.1	16,609.7
	-	Payable	(21,180.4)	(13,413.4)	(16,608.5)
			8.5	0.7	1.2

tullett prebon

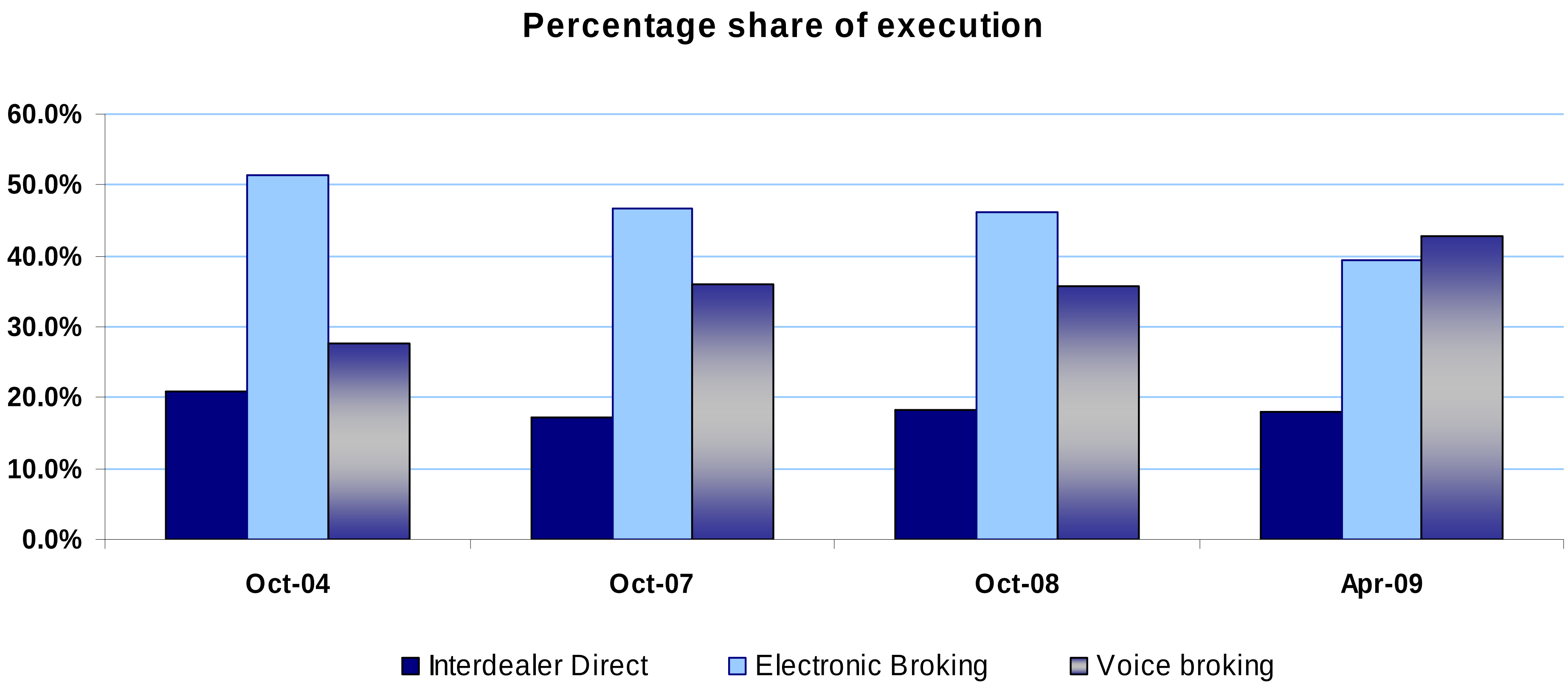
Terry Smith

Chief Executive

OTC Markets

- Central to banks' balance sheets and operations
- Volatility has boosted volumes and revenues
- Continued increase use of IDBs by banks
  - anonymity
  - liquidity
  - cost saving
- Survived major counterparty failure
- Plain vanilla product flows boosted
- Retrenchment from electronic broking

Inter-dealer FX trading average daily volume



Source: NY Fed Foreign Exchange Committee
Survey of North American Foreign Exchange Volume

Markets and Regulatory Developments

- Four emerging themes:
  - clearing of standardised OTC derivatives through central counterparties (CCPs)
  - reporting of trades through central trade data repository
  - encouraging the use of regulated transparent electronic trade execution platforms for non standard OTC derivatives
  - increased supervision and capital requirements for firms with large OTC exposures

We welcome the acknowledgement that:

- Risk management is often dependent on bilateral bespoke derivatives
- Many OTC products already have effective and robust clearing and central counterparty infrastructure
- A “standardised” product is not easy to define
- Not all products can be “standardised”
- Regulated transparent electronic trade execution platforms are not synonymous with exchanges

tullett prebon

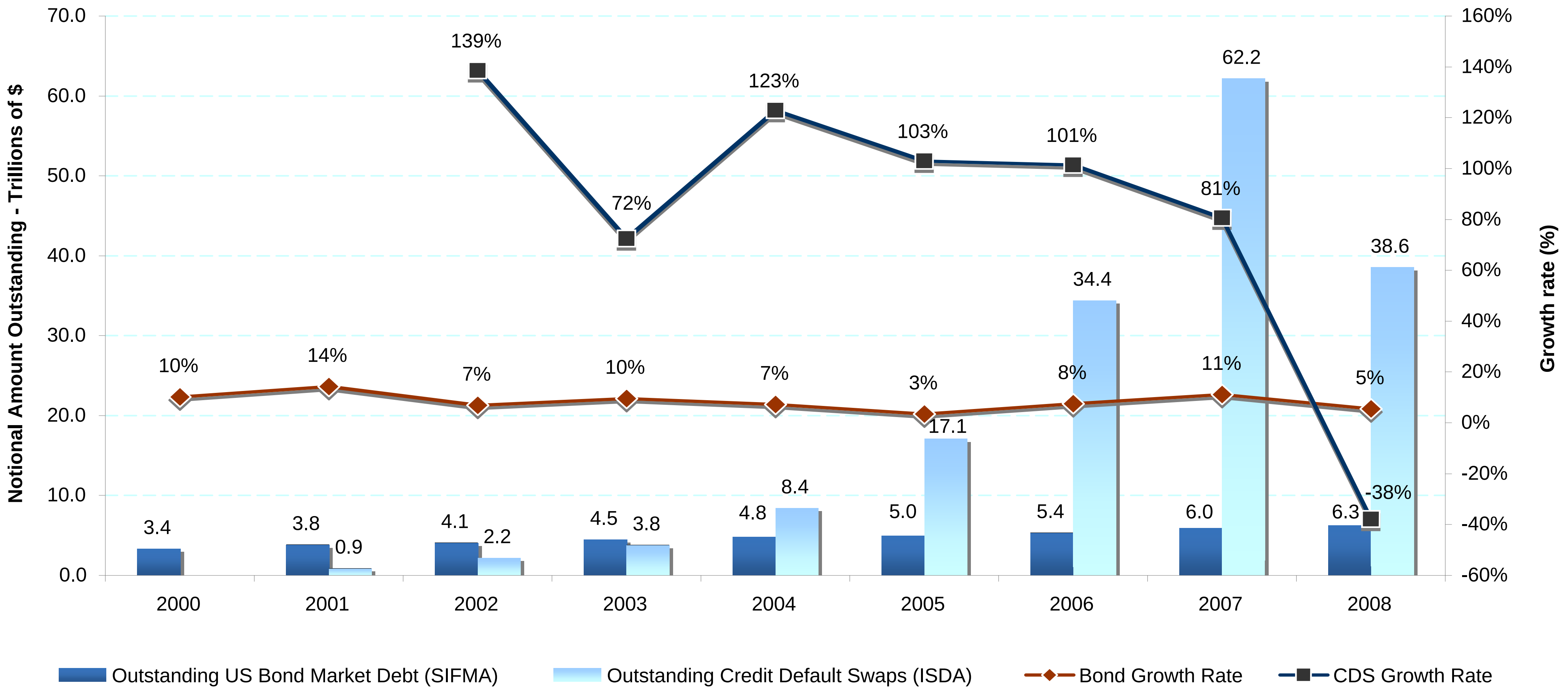
We remain concerned to ensure that:

- The OTC market is better understood
- The distinction is made between transparency and trade reporting
- Impact on the market of CCPs is fully understood
  - how many CCPs are required and ability to cross-margin and impact on market liquidity
  - ownership – should not be a monopoly in a for profit organisation
- Transparency is acknowledged as a “double edged” sword

tullett prebon

Credit - Corporate Bond vs. CDS Notional Outstanding

TRACE instituted 1 July 2002



Data sourced from SIFMA and ISDA statistics databases

Outlook

- Volatility seems likely to persist
- Use of IDBs increasingly attractive
- Difficult to forecast market activity
- Business is well diversified
- Action taken to reduce fixed costs
- Expect to deliver a good outcome for the year

Tullett Prebon plc

Preliminary Results 2008

March 2009

Appendices

Reconciliation: PBT adjusted to reported

£m	H1 2009	H1 2008
Adjusted Profit before tax	92.8	73.9
Non cash finance (expense)/income	(1.1)	0.6
Reported Profit before tax	91.7	74.5

tullett prebon

Reconciliation: Earnings adjusted to reported

£m	H1 2009	H1 2008
Adjusted Earnings	60.8	47.5
Non cash finance (expense)/income	(1.1)	0.6
Deferred tax on non cash finance expense	0.4	(0.2)
Reported Earnings	60.1	47.9

Net Debt

£m	June 2009	December 2008
Cash and cash equivalents	316.0	375.0
Other financial assets	33.4	30.2
	349.4	405.2
Eurobond	(150.0)	(150.0)
Unamortised issue costs	0.1	0.2
Fair value	-	-
	(149.9)	(149.8)
Bank loans	(240.0)	(270.0)
Unamortised issue costs	1.2	1.5
	(238.8)	(268.5)
Overdrafts	(4.0)	(0.1)
Finance leases	(0.5)	(4.2)
Net debt	(43.8)	(17.4)

tullett prebon

Competitor Analysis - Sources

- Operating profits are shown before exceptional items, restructuring costs and net interest
- ICAP is 6 and 12 months to March 2009 with prior year comparatives
- Tradition revenue is 6 and 12 months to June 2009 with prior year comparatives and operating profit is 6 and 12 months to December 2008
- BGC Partners Inc. is 6 months to March 2009 and 12 months to December 2008 with prior year comparatives; Revenue includes Broking, Market Data and Software Solutions revenues
- GFI is 6 and 12 months to June 2009 with prior year comparatives; Revenue includes Broking, Software, Analytics and Market Data
- Average exchange rates applied for each period

Major Shareholders as at 15 July 2009

	Investor	Holding	(%)
1	Scottish Widows Investment Partnership	19,711,466	9.15
2	Jupiter Asset Management	14,101,940	6.55
3	JP Morgan Asset Management	11,604,270	5.39
4	Aviva Investors Global Services	10,287,584	4.78
5	Director & Related Holding(s)	9,458,492	4.39
6	Legal & General Investment Management	9,263,194	4.30
7	Oppenheimerfunds	7,581,657	3.52
8	HSBC Global Asset Management (UK)	6,768,504	3.14
9	Barclays Global Investors (UK)	6,298,462	2.93
10	Credit Suisse Asset Management	6,041,135	2.81
11	Standard Life Investments	4,820,540	2.24
12	State Street Global Advisors	4,457,441	2.07
13	Acadian Asset Management	4,267,192	1.98
14	Henderson Global Investors	4,178,603	1.94
15	Neptune Investment Management	3,907,500	1.81
16	IG International Management	3,223,728	1.50
17	Artemis Fund Managers	2,919,088	1.36
18	RCM (UK)	2,859,836	1.33
19	Goldman Sachs	2,758,620	1.28
20	Credit Suisse First Boston (Europe)	2,622,682	1.22
	Source: Capita Registrars	137,131,934	63.69

tullett prebon