



# BGC PARTNERS, INC.

Earnings Presentation 4Q 2016

NASDAQ: BGCP

## Discussion of Forward-Looking Statements by BGC Partners

Statements in this document regarding BGC that are not historical facts are "forward-looking statements" that involve risks and uncertainties. Except as required by law, BGC undertakes no obligation to update any forward-looking statements. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see BGC's Securities and Exchange Commission filings, including, but not limited to, the risk factors set forth in the most recent Form 10-K and any updates to such risk factors contained in subsequent Forms 10-Q or Forms 8-K.

## Note Regarding Financial Tables and Metrics

Excel files with the Company's quarterly financial results and metrics from the current period dating back to the full year 2008 are accessible in the various financial results press releases at the "Investor Relations" section of <http://www.bgcpartners.com>. They are also available directly at [ir.bgcpartners.com/news-releases/news-releases](http://ir.bgcpartners.com/news-releases/news-releases).

## Other Items

"Newmark Grubb Knight Frank" is synonymous in this document with "NGKF" or "Real Estate Services."

Our discussion of financial results for "Newmark Grubb Knight Frank," "NGKF," or "Real Estate Services" reflects only those businesses owned by us and does not include the results for Knight Frank or for the independently-owned offices that use some variation of the NGKF name in their branding or marketing.

For the purposes of this document, all of the Company's fully electronic businesses in the Financial Services segment may be referred to interchangeably as "FENICS." This includes fees from fully electronic brokerage, as well as data, software, and post-trade services (formerly known as "market data and software solutions") across both BGC and GFI. FENICS results do not include those of Trayport, which are reported separately due to its sale to Intercontinental Exchange, Inc. ("ICE") for approximately 2.5 million ICE common shares in December of 2015. Trayport generated gross revenues of approximately \$80 million for the trailing twelve months ended September 30, 2015 and had a pre-tax earnings margin of nearly 45 percent.

On June 28, 2013, BGC sold its fully electronic trading platform for benchmark U.S. Treasury Notes and Bonds to Nasdaq Inc. For the purposes of this document, the assets sold may be referred to as "eSpeed," and the businesses remaining with BGC that were not part of the eSpeed sale may be referred to as "retained" or "FENICS".

Beginning on February 27, 2015, BGC began consolidating the results of GFI, which continues to operate as a controlled company and as a separately branded division of BGC. BGC owned approximately 67% of GFI's outstanding common shares as of December 31, 2015. On January 12, 2016, BGC completed the merger of GFI by acquiring 100% of GFI's outstanding shares.

BGC, BGC Trader, GFI, FENICS, FENICS.COM, Capitalab, Lucera, Swaptioniser, Newmark, Grubb & Ellis, ARA, Computerized Facility Integration, Landauer, Excess Space, Excess Space Retail Services, Inc., and Grubb are trademarks/service marks and/or registered trademarks/service marks of BGC Partners, Inc. and/or its affiliates. Knight Frank is a service mark of Knight Frank (Nominees) Limited.

# DISCLAIMER (CONTINUED)

## Distributable Earnings

This presentation should be read in conjunction with BGC's most recent financial results press release. Unless otherwise stated, throughout this document BGC refers to its income statement results only on a distributable earnings basis. For a complete and revised description of this non-GAAP term and how, when, and why management uses it, see the "Distributable Earnings Defined" pages of this presentation. For both this description and a reconciliation to GAAP, as well as for more information regarding GAAP results, see BGC's most recent financial results press release, including the sections called "Distributable Earnings Defined", "Differences Between Consolidated Results for Distributable Earnings and GAAP", and "Reconciliation of GAAP Income (Loss) to Distributable Earnings". These reconciliations can also be found in the "Appendix" section of this presentation. Below is a summary of certain GAAP and non-GAAP results for BGC. Segment results on a GAAP and non-GAAP basis are included towards the end of this presentation.

<u>Highlights of Consolidated Results</u> (USD millions)	<u>4Q16</u>	<u>4Q15</u>	<u>Change</u>	<u>FY16</u>	<u>FY15</u>	<u>Change</u>
Revenues	\$673.2	\$674.9	(0.2)%	\$2,612.6	\$2,580.4	1.2%
Income from operations before income taxes under U.S. Generally Accepted Accounting Principles ("GAAP")	37.4	249.5	(85.0)%	188.3	380.6	(50.5)%
GAAP net income for fully diluted shares	23.9	97.7	(75.6)%	157.7	161.6	(2.4)%
Pre-tax distributable earnings <sup>1</sup> before noncontrolling interest in subsidiaries and taxes	129.1	101.1	27.7%	425.4	360.3	18.1%
Post-tax distributable earnings to fully diluted shareholders	108.0	81.0	33.4%	358.0	288.5	24.1%
Adjusted EBITDA <sup>2</sup>	129.1	479.1	(73.0)%	519.8	868.1	(40.1)%

<u>Per Share Results</u>	<u>4Q16</u>	<u>4Q15</u>	<u>Change</u>	<u>FY16</u>	<u>FY15</u>	<u>Change</u>
GAAP net income per fully diluted share	\$0.06	\$0.24	(75.0)%	\$0.36	\$0.48	(25.0)%
Pre-tax distributable earnings per share	0.30	0.26	15.4%	1.00	0.96	4.2%
Post-tax distributable earnings per share	0.25	0.21	19.0%	0.84	0.77	9.1%

## Adjusted EBITDA

See the sections of BGC's most recent financial results press release titled "Adjusted EBITDA Defined" and "Reconciliation of GAAP Income (Loss) to Adjusted EBITDA."

## Liquidity Defined

BGC also uses a non-GAAP measure called "liquidity." The Company considers liquidity to be comprised of the sum of "cash and cash equivalents", "marketable securities", "reverse repurchase agreements", "securities owned", all held for liquidity purposes, less "securities loaned", all found on the GAAP balance sheet. BGC considers this an important metric for determining the amount of cash that is available or that could be readily available to the Company on short notice. Net long-term liquidity is defined as the current market value of Nasdaq shares expected to be received over time with respect to the Nasdaq earn-out, plus liquidity, less long-term debt.

A discussion of distributable earnings and adjusted EBITDA and reconciliations of these items, as well as liquidity, to GAAP results are found later in this document, incorporated by reference, and also in our most recent financial results press release and/or are available at <http://ir.bgccpartners.com/Investors/default.aspx>.



# GENERAL OVERVIEW



# SELECT CONSOLIDATED DISTRIBUTABLE EARNINGS FINANCIAL RESULTS

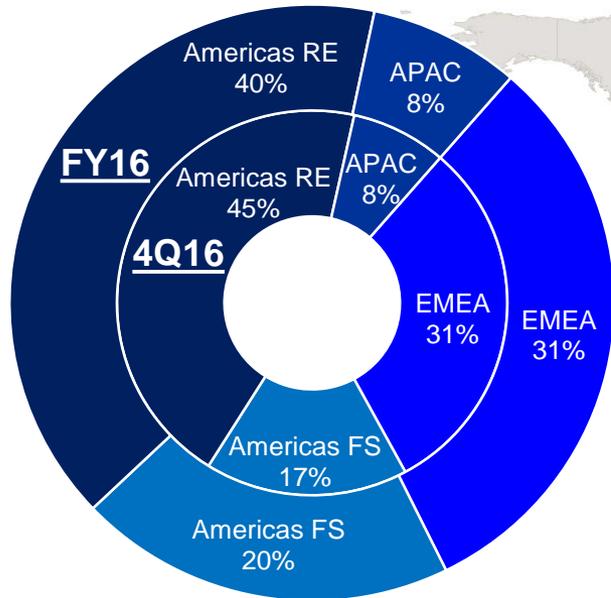


Highlights of Consolidated Distributable Earnings Results (USD millions, except per share data)	4Q 2016	4Q 2015	Change (%)	FY 2016	FY 2015	Change (%)
Revenues	\$673.2	\$674.9	(0.2)%	\$2,612.6	\$2,580.4	1.2%
Pre-tax distributable earnings before non-controlling interest in subsidiaries and taxes	129.1	101.1	27.7%	425.4	360.3	18.1%
Pre-tax distributable earnings per share	0.30	0.26	15.4%	1.00	0.96	4.2%
Post-tax distributable earnings	108.0	81.0	33.4%	358.0	288.5	24.1%
Post-tax distributable earnings per share	0.25	0.21	19.0%	0.84	0.77	9.1%
Adjusted EBITDA	129.1	479.1	(73.0)%	519.8	868.1	(40.1)%
Pre-tax distributable earnings margin	19.2%	15.0%		16.3%	14.0%	
Post-tax distributable earnings margin	16.0%	12.0%		13.7%	11.2%	

- On February 7, 2017, BGC Partners' Board of Directors declared a quarterly qualified cash dividend of \$0.16 per share payable on March 14, 2017 to Class A and Class B common stockholders of record as of February 28, 2017. The ex-dividend date will be February 24, 2017
- On November 4, 2016, BGC acquired the 80 percent of the Lucera<sup>1</sup> business not already owned by the Company. Because this transaction involved entities under common control, BGC's financial results have been retrospectively adjusted to include the results of Lucera in the current and prior periods
- Adjusted EBITDA would have improved dramatically for the quarter and full year but for the \$391 million gain we recorded with respect to the Trayport sale last year

1. Also known as "LFI Holdings, LLC"

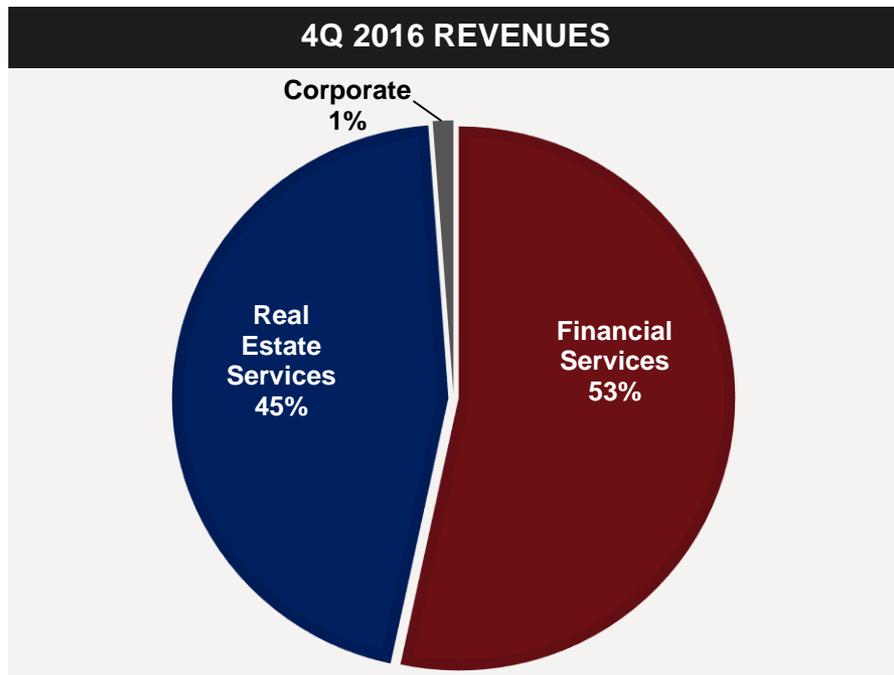
## FY16 & 4Q16 Global Revenues



- Total Americas revenue down 3% in 4Q16 and up 2% in FY16
- Europe, Middle East & Africa revenue up 5% (up 14% excluding Trayport) in 4Q16 and up 1% (up 9% excluding Trayport) in FY16
- Asia Pacific revenue up 2% in 4Q16 and down 2% in FY16

Note: Percentages may not sum to 100% due to rounding

\*Includes GFI offices



(In USD millions)

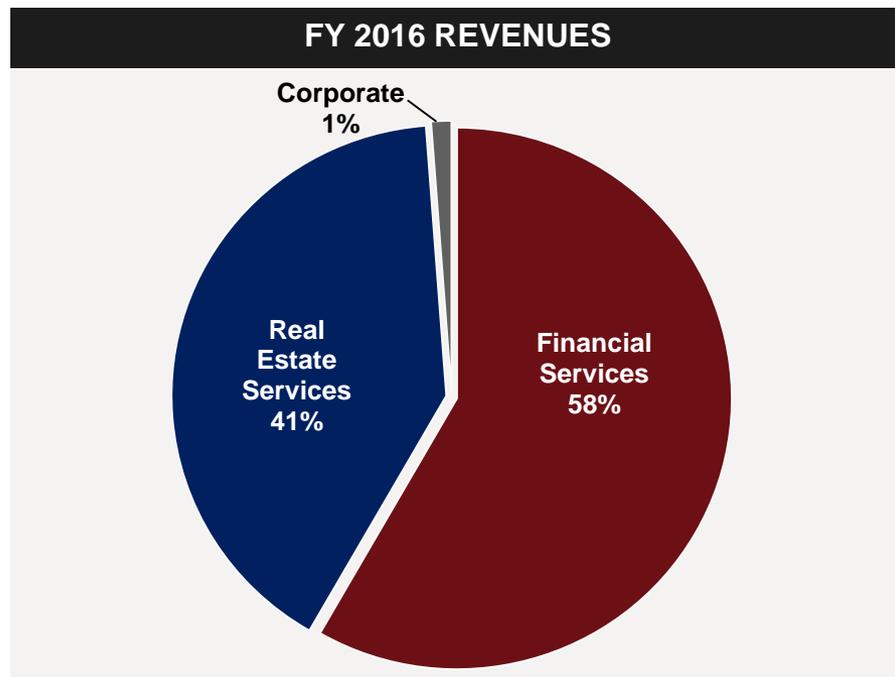
4Q 2016	Revenues	Pre-tax Earnings	Pre-tax Margin
Financial	\$359.3	\$87.7	24.4%
Real Estate	\$306.1	\$49.5	16.2%
Corporate	\$7.8	(\$8.2)	NMF

(In USD millions)

4Q 2015	Revenues	Pre-tax Earnings	Pre-tax Margin
Financial	\$378.2	\$69.8	18.4%
Real Estate	\$287.4	\$47.2	16.4%
Corporate	\$9.3	(\$15.9)	NMF

- Financial Services revenues were down 5%, primarily due to the sale of Trayport and a decrease in overall FX volumes. Excluding Trayport and the impact of the stronger U.S. dollar, Financial Services revenues would have been up 1%
- Financial Services pre-tax earnings increased by 26% and margins improved approximately 600 basis points, driven by the successful integration of GFI and the improved profitability of FENICS products
- Real Estate Services revenues were up 7%, primarily driven by strong organic growth in capital markets

Note: Percentages may not sum to 100% due to rounding



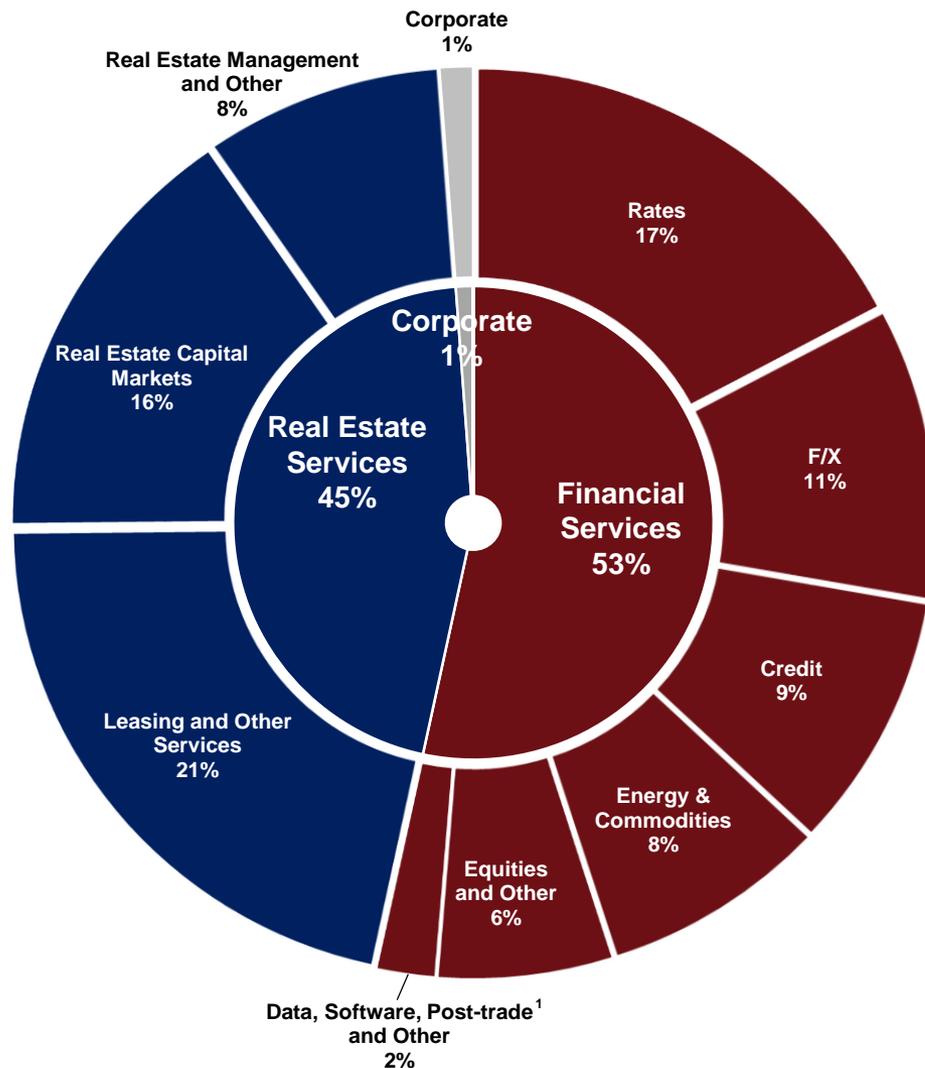
(In USD millions)

FY 2016	Revenues	Pre-tax Earnings	Pre-tax Margin
Financial	\$1,523.2	\$351.8	23.1%
Real Estate	\$1,058.3	\$130.5	12.3%
Corporate	\$31.1	(\$56.9)	NMF

(In USD millions)

FY 2015	Revenues	Pre-tax Earnings	Pre-tax Margin
Financial	\$1,548.2	\$306.3	19.8%
Real Estate	\$998.5	\$139.3	14.0%
Corporate	\$33.8	(\$85.3)	NMF

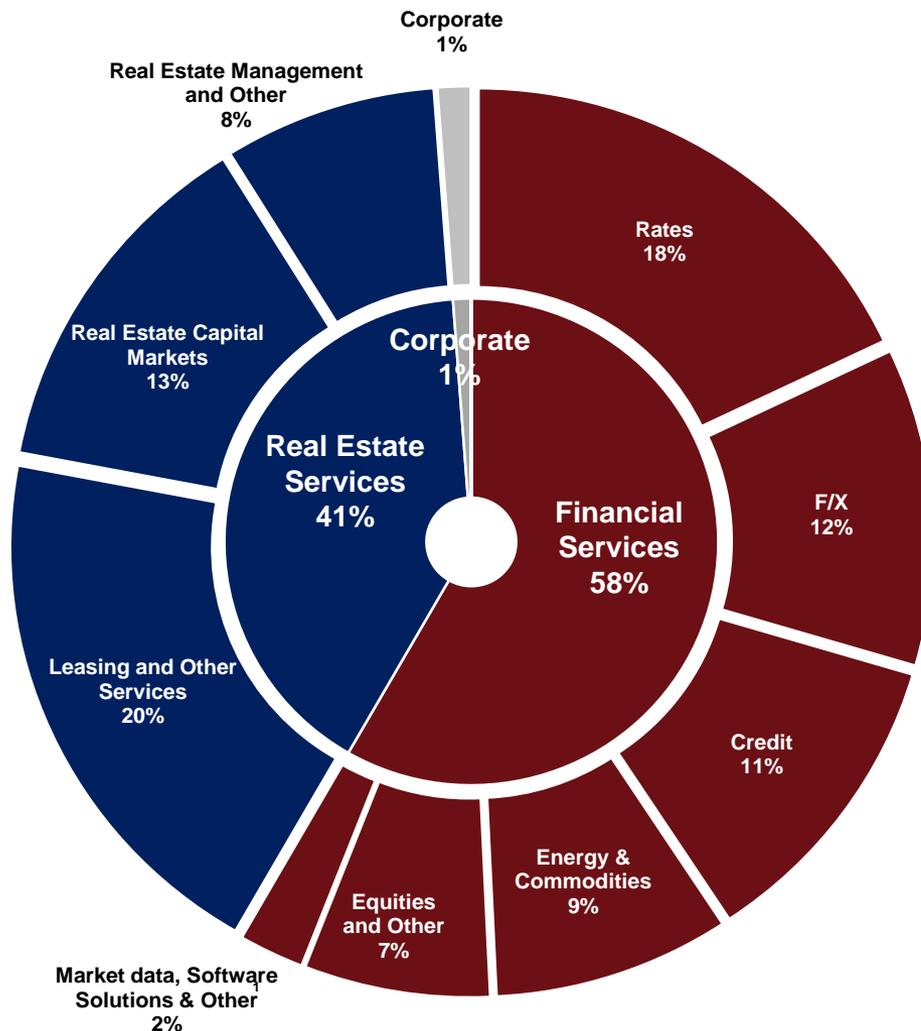
- Financial Services revenues were down 2%, primarily due to the sale of Trayport
- Financial Services pre-tax margins improved 330 basis points as the integration of GFI was successfully completed and higher margin FENICS products comprised a larger portion of revenues
- Real Estate Services revenues were up 6%, primarily driven by strong organic growth in capital markets



## BGC's Businesses at a Glance

- BGC maintains a highly diverse revenue base
- Wholesale Financial Services Brokerage revenues and earnings typically seasonally strongest in 1st quarter, weakest in 4th quarter
- Commercial Real Estate Brokerage revenues and earnings typically seasonally strongest in 4th quarter, weakest in 1st quarter

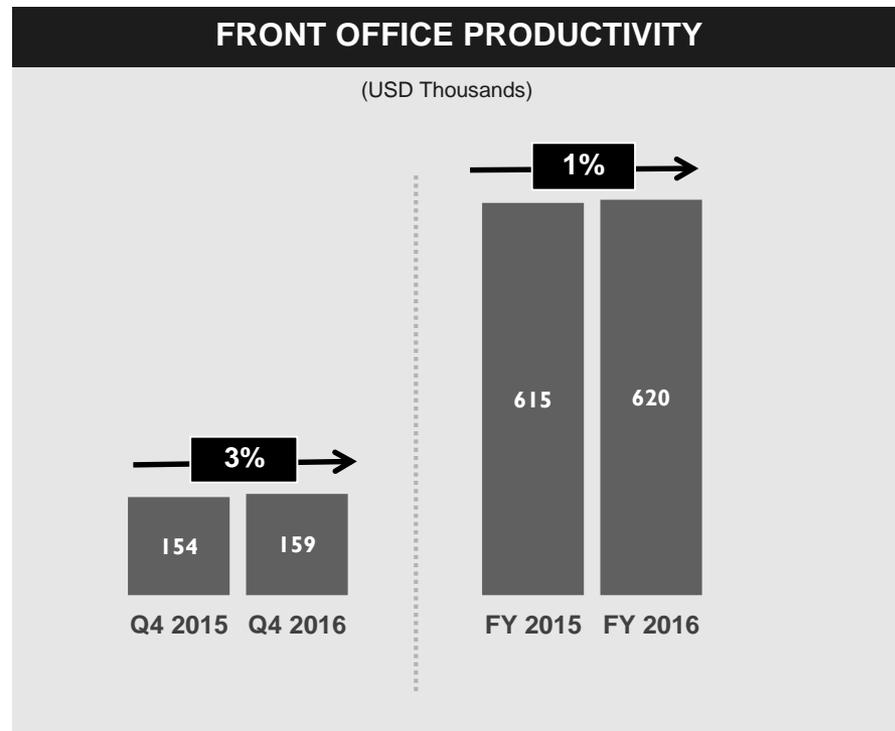
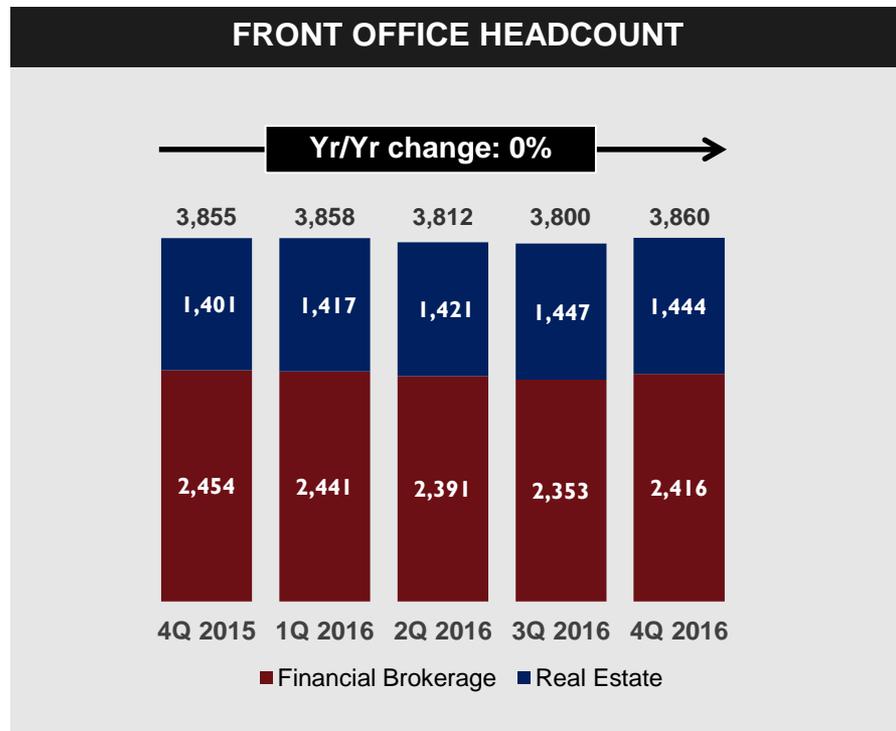
1. Data, software, post-trade and other includes interest, and other revenue for distributable earnings  
 Percentages are approximate and may not sum due to rounding



## BGC's Businesses at a Glance

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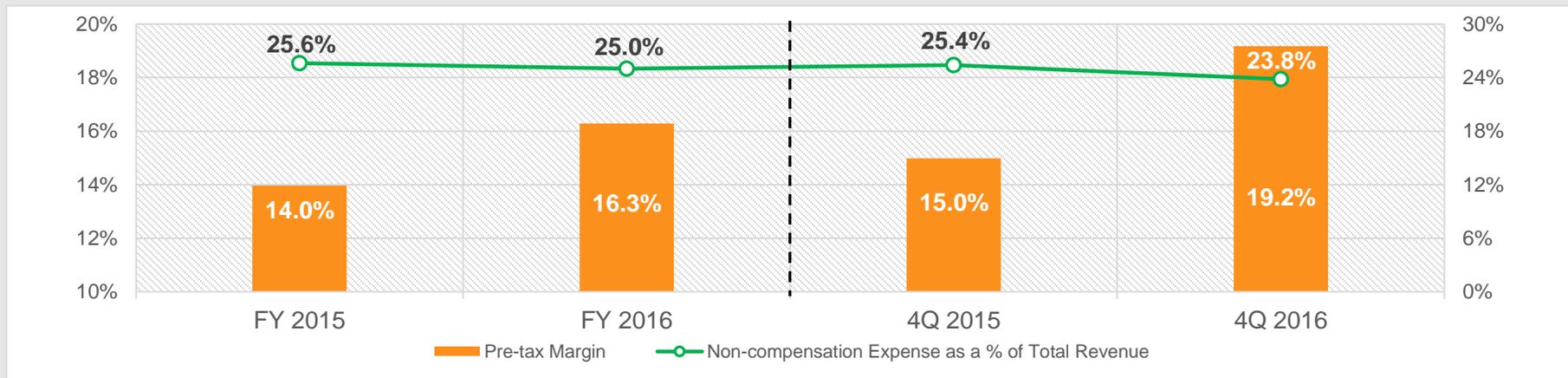
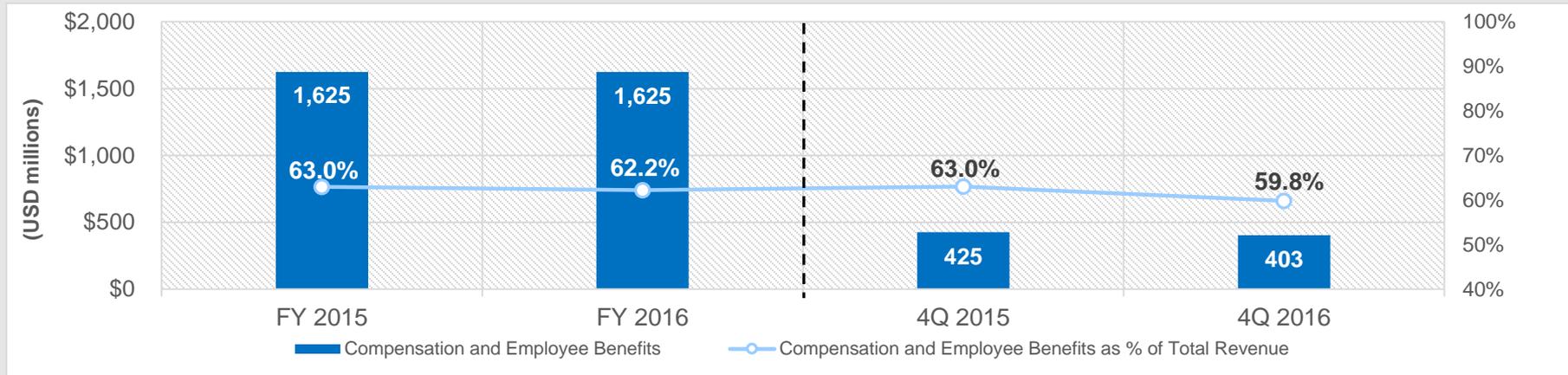
1. Data, software, post-trade and other includes interest, and other revenue for distributable earnings  
 Percentages are approximate and may not sum due to rounding



- Financial Services average revenue per front office employee was \$151,000 in 4Q 2016, up 4%, largely driven by the integration and improved productivity of recent acquisitions
- Real Estate Services average revenue per front office employee was \$172,000 in 4Q 2016, up 1%, primarily driven by the real estate capital markets brokers hired in 2015 improving production
- Historically, BGC's revenue per front office employee has generally fallen after large acquisitions and significant broker hires. As the integration of recent acquisitions continues, recently hired brokers improve production, and as more voice and hybrid revenue is converted to more profitable fully electronic trading, the Company expects broker productivity to grow

**Note:** The Real Estate figures are based on brokerage revenues, leasing and capital markets brokers, and exclude staff in management services and other. The Financial Services figures in the above table include segment revenues from total brokerage revenues, data, software and post-trade, and exclude revenues and salespeople related to Trayport and other income. The average revenues for all producers are approximate and based on the total revenues divided by the weighted-average number of salespeople and brokers for the period

# DISTRIBUTABLE EARNINGS EXPENSE & PRE-TAX MARGIN TRENDS



- BGC Partners' Compensation Ratio was 59.8% in 4Q 2016 vs. 63.0% in 4Q 2015; The compensation ratio improvement was primarily driven by reductions in Financial Services compensation ratios
- Non-compensation Ratio was 23.8% in 4Q 2016 down from 25.4% a year ago
- Pre-tax margins expanded by approximately 420 basis points from 4Q 2015 to 19.2%, driven by the successful integration of GFI

## **Regency Capital Partners:**

- On February 8, 2017, NGKF announced that it acquired the assets of Regency Capital Partners, a real estate capital advisory firm regarded for its specialized financing expertise, headquartered in San Francisco
- Over the past 24 months, Regency Capital Partners has arranged more than \$1.6 billion of debt and equity, solidifying them as one of Northern California's elite structured finance firms

## **Besso Insurance Group:**

- On January 4, 2017, BGC announced an agreement to acquire Besso Insurance Group Limited, an independent Lloyd's of London insurance broker with a strong reputation across Property, Casualty, Marine, Aviation, Professional and Financial Risks and Reinsurance

## **Walchle Lear Multifamily Advisors:**

- On January 3, 2017, NGKF announced the completion of its acquisition of Walchle Lear Multifamily Advisors, a premier multihousing investment sales brokerage firm based in Jacksonville Beach, Florida

## **Micromega Securities:**

- On December 22, 2016, BGC and GFI announced that an affiliated entity had entered into an agreement to acquire Micromega Securities, a Johannesburg-based interdealer broker operating in the South African fixed income, rates and foreign exchange markets

## **Sunrise Brokers Group:**

- On December 20, 2016, BGC announced the completion of its acquisition of Sunrise Brokers Group, a privately owned financial brokerage with a leading reputation in worldwide equity derivatives

Overview

# FINANCIAL SERVICES



## BGC Financial Services Segment Highlights

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### General:

- Pre-tax distributable earnings up over 25%
- Pre-tax distributable earnings margin expanded around 600 basis points, despite the sale of Trayport, which had pre-tax margins of approximately 45%<sup>1</sup>
- Rates revenues up over 7%

### FENICS<sup>2</sup>:

- FENICS revenues and pre-tax distributable earnings comprise over 13% and over 28% of Financial Services totals, respectively, net of inter-company eliminations
- Fully electronic credit revenues up 13% as compared to a year ago

## Quarterly Drivers

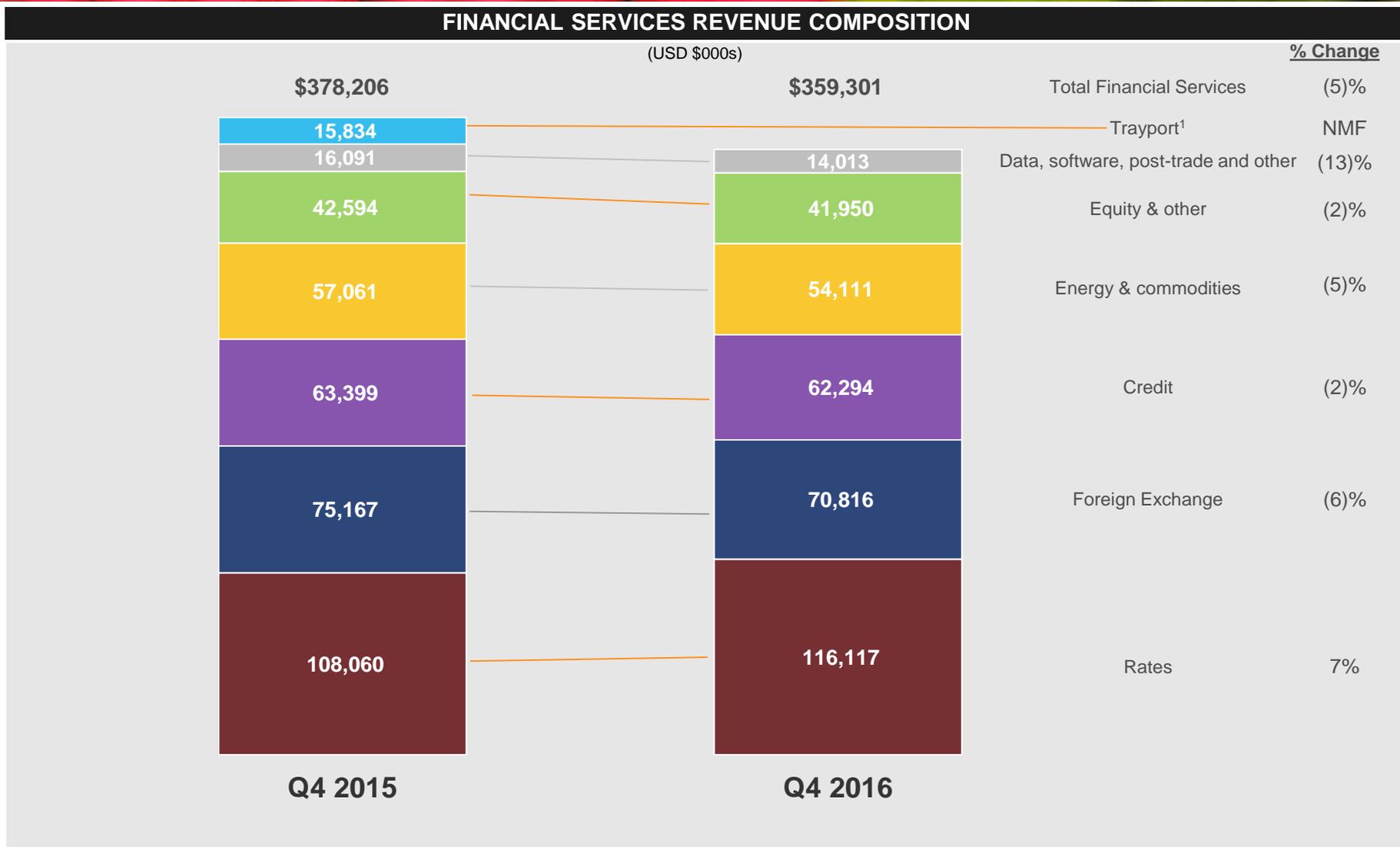
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- Increased activity across rates; decreased activity across cash equities and foreign exchange
- Completed successful integration of GFI, achieving our target in annualized synergies for total GFI cost savings above \$125 million for distributable earnings
- Distributable earnings and margins have improved due to the successful integration of GFI, as well as reduced overall expenses across financial services, and increased FENICS profitability
- Trayport generated revenues of \$15.8 million, net of inter-company eliminations, in 4Q 2015, compared to none in 4Q 2016 due to its sale in 4Q 2015

1. For the trailing-twelve months ended September 30, 2015

2. "FENICS" includes "total brokerage revenues" related to fully electronic trading and data, software, and post-trade, all of which are reported within the Financial Services segment and excludes Trayport results. Results shown by segment or business exclude revenues, earnings and/or losses associated with Corporate items

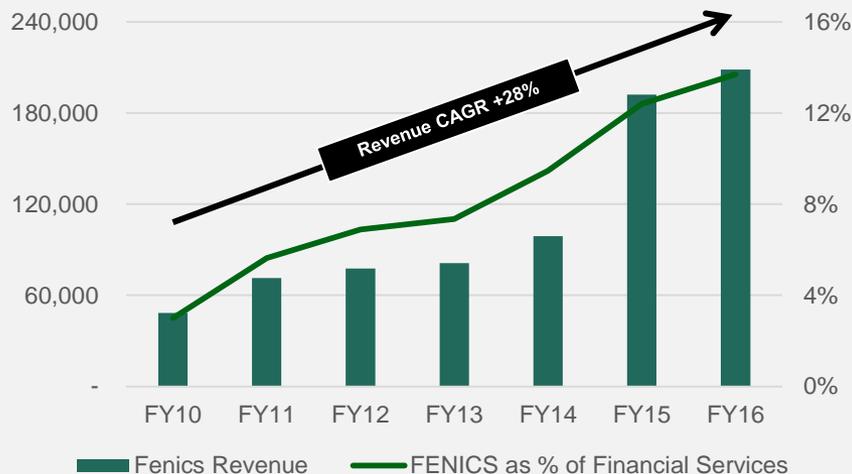
# FINANCIAL SERVICES REVENUE BREAKOUT BY ASSET CLASS



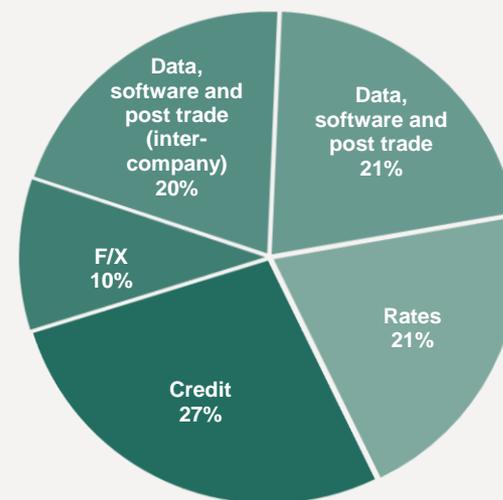
1. BGC sold Trayport to Intercontinental Exchange in 4Q 2015

## FENICS Net Revenue Growth<sup>1</sup>

(USD \$000s)



## 4Q 2016 FENICS Breakdown<sup>2</sup>

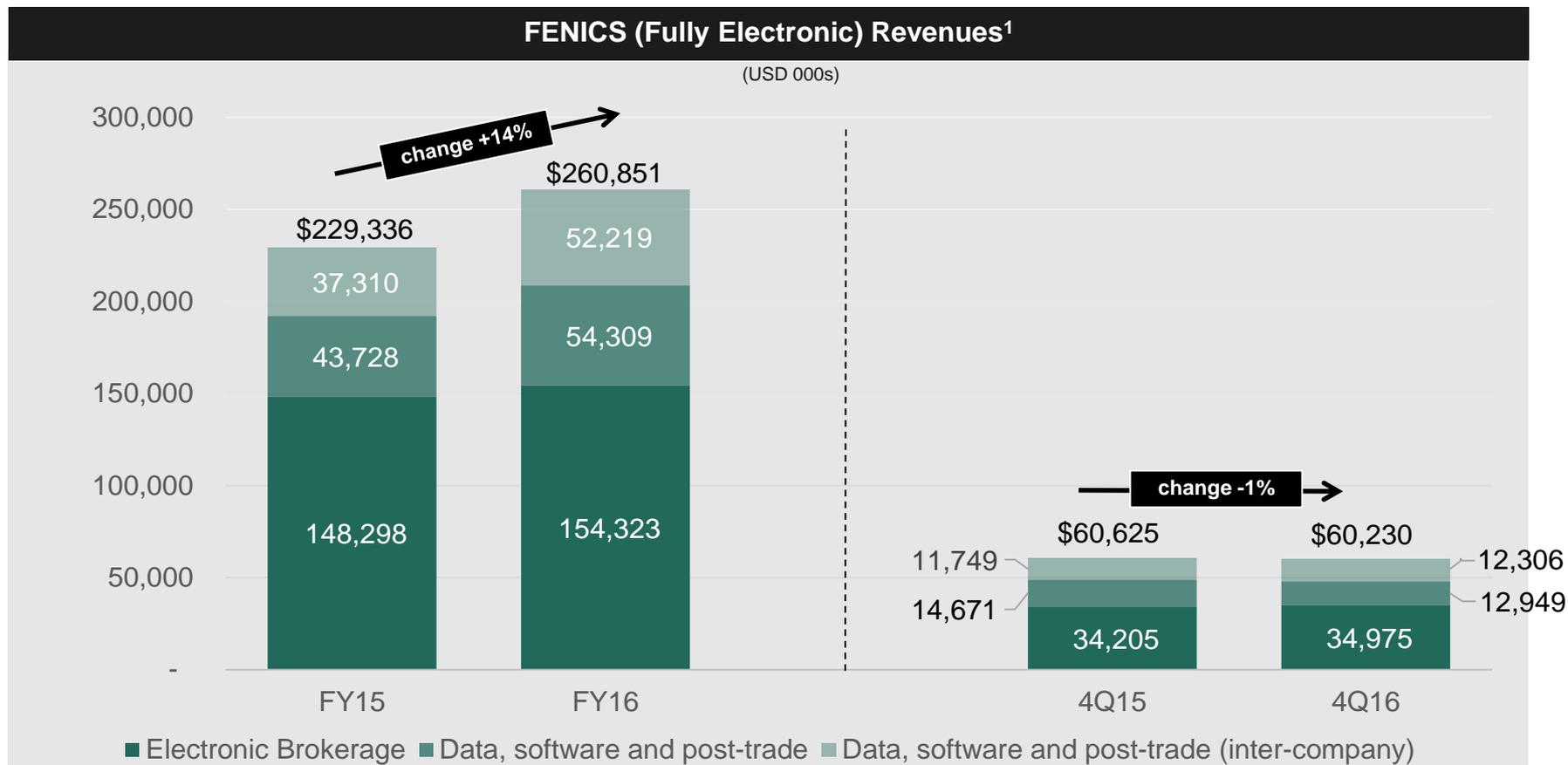


- 4Q16 FENICS revenues comprised over 13% of total Financial Services revenues versus approximately 3% in 2010 (net of inter-company eliminations), when this was a new business
- FENICS pre-tax distributable earnings comprised over 28% of total Financial Services pre-tax distributable earnings during the fourth quarter (net of inter-company eliminations)
- Fully Electronic revenues have grown as a percentage of Financial Services for six consecutive years

1. Excludes inter-company revenues, revenues related to eSpeed (sold in June 2013), and revenues related to Trayport (sold in December 2015). Results shown by segment or business exclude revenues, earnings and/or losses associated with Corporate items

2. Excludes a de minimis amount of revenue related to equities and other products

Note: Percentages may not sum to 100% due to rounding



- FY 2016 FENICS revenues up 14% YOY

1. "FENICS" results include data, software, and post-trade (inter-company) revenues of \$12.3 million and \$11.7 million for 4Q16 and 4Q15, respectively, and \$52.2 million and \$37.3 for FY16 and FY15, respectively, which are eliminated in BGC's consolidated financial results. Data, software, and post-trade revenues, net of inter-company eliminations were \$12.9 million, \$14.7 million, \$54.3 million and \$43.7 million in 4Q16, 4Q15, FY16, and FY15 respectively. FENICS revenues exclude Trayport net revenues of \$15.8 million and \$58.6 million for 4Q15 and FY15, respectively. There were no corresponding Trayport revenues in FY16. Results shown by segment or business exclude revenues, earnings and/or losses associated with Corporate items

(USD millions)

	Q4 2016				
	Voice / Hybrid /				
	FENICS	Other	Real Estate	Corporate	Total
Revenue	\$60.2	\$299.1	\$306.1	\$7.8	\$673.2
Pre-tax DE	\$24.9	\$62.8	\$49.5	(\$8.2)	\$129.1
Pre-tax DE Margin	41.3%	21.0%	16.2%	NMF	19.2%

	FY 2016				
	Voice / Hybrid /				
	FENICS	Other	Real Estate	Corporate	Total
Revenue	\$260.9	\$1,262.4	\$1,058.3	\$31.1	\$2,612.6
Pre-tax DE	\$111.0	\$240.7	\$130.5	(\$56.9)	\$425.4
Pre-tax DE Margin	42.6%	19.1%	12.3%	NMF	16.3%

	Q4 2015				
	Voice / Hybrid /				
	FENICS	Other	Real Estate	Corporate	Total
Revenue	\$60.6	\$317.6	\$287.4	\$9.3	\$674.9
Pre-tax DE	\$23.6	\$46.1	\$47.2	(\$15.9)	\$101.1
Pre-tax DE Margin	39.0%	14.5%	16.4%	NMF	15.0%

	FY 2015				
	Voice / Hybrid /				
	FENICS	Other	Real Estate	Corporate	Total
Revenue	\$229.3	\$1,318.8	\$998.5	\$33.8	\$2,580.4
Pre-tax DE	\$91.4	\$214.9	\$139.3	(\$85.3)	\$360.3
Pre-tax DE Margin	39.9%	16.3%	14.0%	NMF	14.0%

	Yr/Yr Change				
	Voice / Hybrid /				
	FENICS	Other	Real Estate	Corporate	Total
Revenue	-0.7%	-5.8%	6.5%	-15.9%	-0.2%
Pre-tax DE	5.3%	36.2%	4.8%	-48.7%	27.7%

	Yr/Yr Change				
	Voice / Hybrid /				
	FENICS	Other	Real Estate	Corporate	Total
Revenue	13.7%	-4.3%	6.0%	-8.2%	1.2%
Pre-tax DE	21.5%	12.0%	-6.3%	-33.3%	18.1%

Note: numbers may not foot and/or cross foot due to rounding

- FENICS Pre-tax DE margins expanded over 270 bps yr/yr to 42.6% during FY16
- FENICS revenues exclude Trayport net revenues of \$15.8 million and \$58.6 million for 4Q15 and FY 2015, respectively. There were no corresponding Trayport revenues in FY 2016
- Voice/Hybrid/Other Pre-tax DE includes \$17.2 million, \$17.6 million, \$79.6 million, and \$60.7 million related to Nasdaq earn-out income for 4Q16, 4Q15, FY 2016, and FY 2015, respectively, as well as \$1.6 million, \$5.4 million, \$14.3 million, \$5.4 million related to the ICE shares received in the sale of Trayport for 4Q16, 4Q15, FY 2016, and FY 2015, respectively

Note: "FENICS" results include data, software, and post-trade (inter-company) revenues of \$12.3 million and \$11.7 million for 4Q16 and 4Q15, respectively, and \$52.2 million and \$37.3 million for FY 2016 and FY 2015, respectively, which are eliminated in BGC's consolidated financial results. Data, software, and post-trade revenues, net of inter-company eliminations were \$12.9 million, \$14.7 million, \$54.3 million and \$43.7 million in 4Q16, 4Q15, FY 2016, and FY 2015 respectively. Results shown by segment or business exclude revenues, earnings and/or losses associated with Corporate items

Overview

# REAL ESTATE



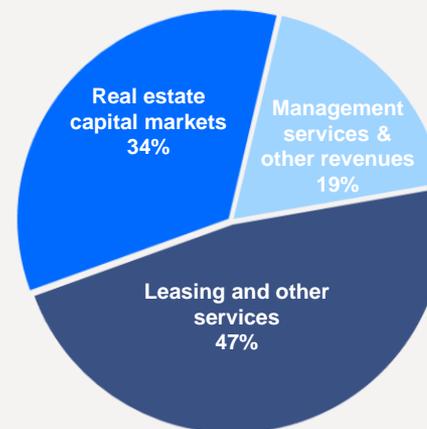
## NGKF Highlights

- 4Q 2016 Real Estate Services revenue increased 7% compared to 4Q 2015
- 4Q 2016 Real estate capital markets revenue increased 43% compared to 4Q 2015
- 4Q 2016 Management services & other revenue up 9% compared to 4Q 2015

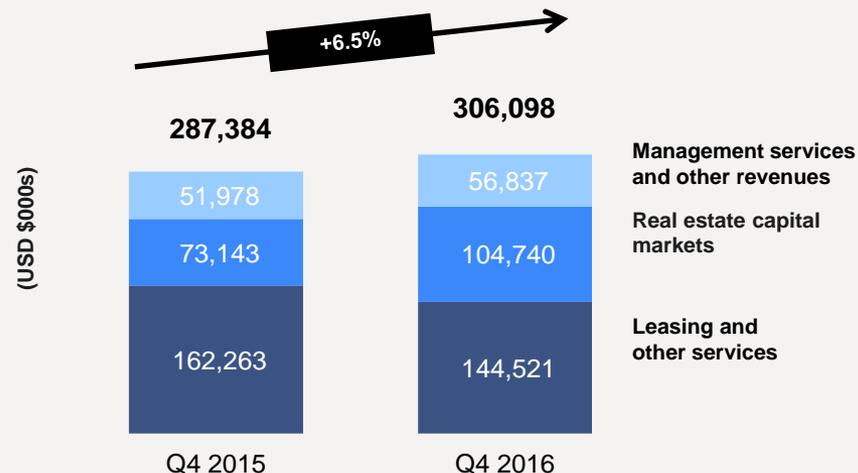
## Drivers

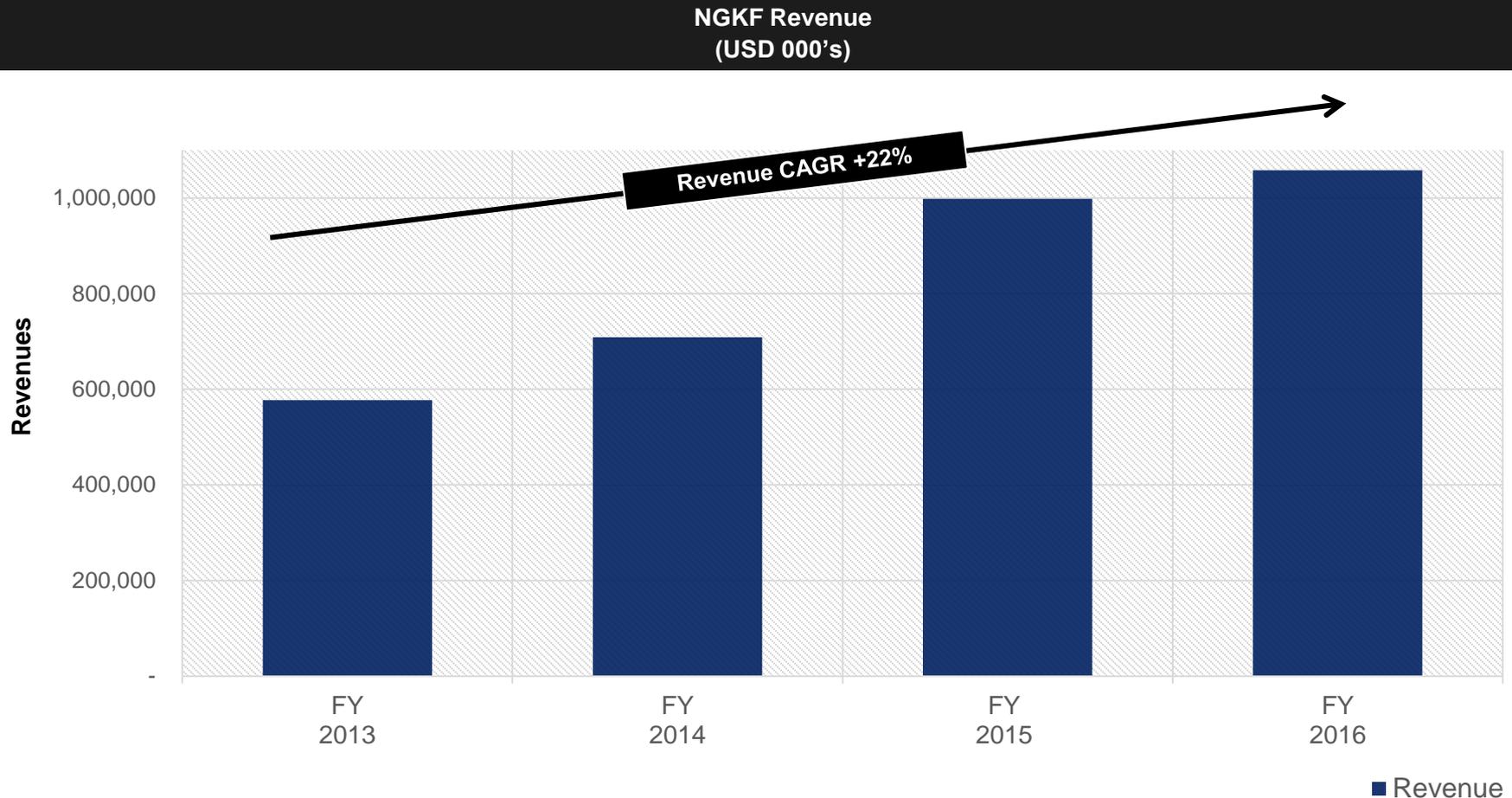
- Mostly organic growth
- Overall activity industry-wide was generally down for leasing (-5% to -10%) and real estate capital markets (-20%) in 4Q 2016; NGKF capital markets significantly outpaced relevant industry-wide metrics
- Following the U.S. election, volatility and uncertainty increased, leading many to delay real estate transactions

## 4Q 2016 Real Estate Segment Breakdown

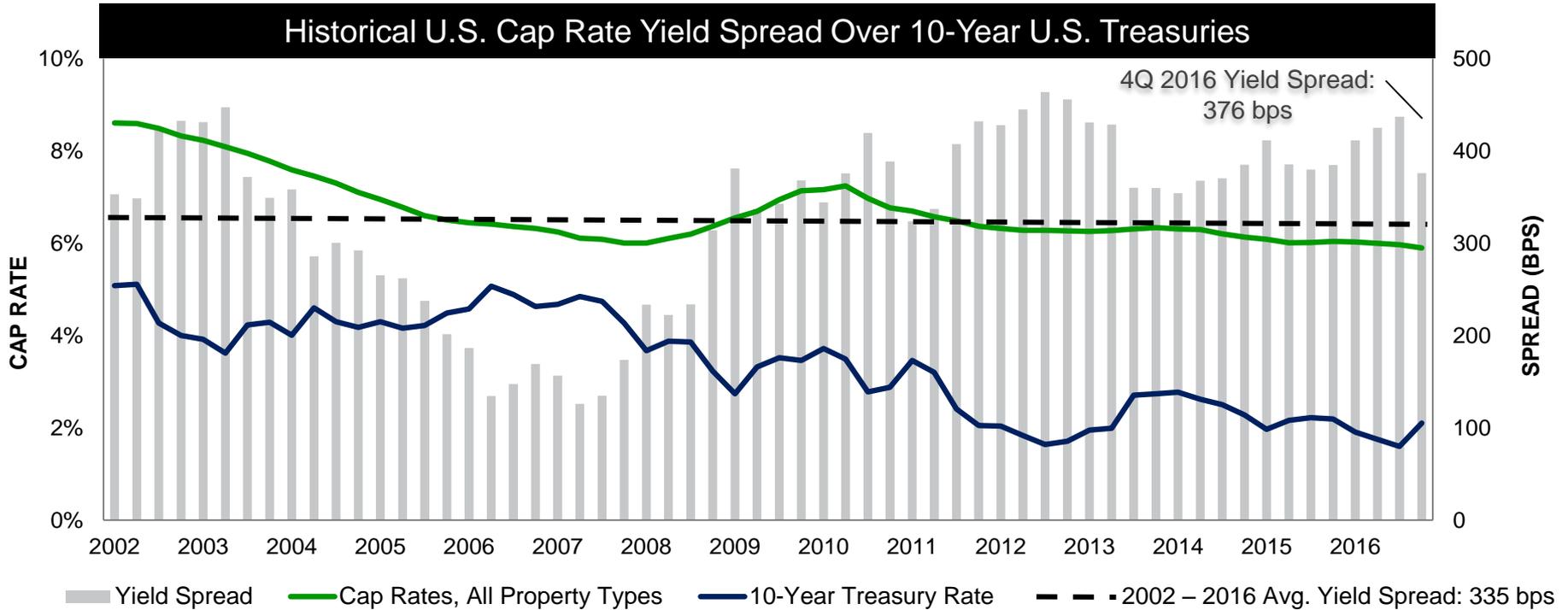


## 4Q 2016 Real Estate Segment Breakdown





- NGKF revenues have grown from \$577 million for the year ended December 31, 2013 to \$1,058 million for the year ended December 31, 2016 representing a 22% compounded annual growth rate (CAGR)



- Cap rates are no longer compressing, but maintain an above-average premium to treasury yields
- 2016 U.S. sales volume was 11% below 2015 levels, but surpassed 2014’s activity and was the third highest yearly total of the past decade
- Capital is predominantly focused on primary markets; however, yield-driven, opportunistic investors continue to bid on well positioned stabilized assets in secondary markets

BGC PARTNERS

# OUTLOOK



## Outlook Compared with a Year Ago Results

- BGC anticipates first quarter 2017 revenues of between \$655 million and \$700 million, compared with \$640.7 million a year earlier
- BGC anticipates generating pre-tax earnings of between \$94 million and \$120 million, as compared to \$88.3 million a year earlier
- BGC anticipates its provision for taxes for distributable earnings to be between approximately \$14 million and \$19 million for the first quarter 2017, compared to \$13.6 million a year earlier
- BGC intends to update its first quarter outlook before the end of March 2017

# GAAP FINANCIAL RESULTS



# SELECT CONSOLIDATED GAAP FINANCIAL RESULTS

Highlights of Consolidated GAAP Results (USD millions, except per share data)	4Q 2016	4Q 2015	Change (%)	FY16	FY15	Change (%)
Revenues under both U.S. Generally Accepted Accounting Principles (“GAAP”) and Distributable Earnings	\$673.2	\$674.9	(0.2)%	\$2,612.6	\$2,580.4	1.2%
Income from operations before income taxes	37.4	249.5	(85.0)%	188.3	380.6	(50.5)%
Net income for fully diluted shares	23.9	97.7	(75.6)%	157.7	161.6	(2.4)%
Net income per fully diluted share	0.06	0.24	(75.0)%	0.36	0.48	(25.0)%
Pre-tax earnings margin	5.5%	37.0%		7.2%	14.7%	
Post-tax earnings margin	3.5%	14.5%		6.0%	6.3%	

- On November 4, 2016, BGC acquired the 80 percent of the Lucera business not already owned by the Company. Because this transaction involved entities under common control, BGC’s financial results have been retrospectively adjusted to include the results of the Lucera business in the current and prior periods
- GAAP net income would have improved dramatically for the quarter and full year but for the \$391 million gain we recorded with respect to the Trayport sale last year

# BGC PARTNERS, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (UNDER GAAP)



	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
<b>Revenues:</b>				
Commissions	\$ 524,287	\$ 507,503	\$ 1,994,227	\$ 1,931,860
Principal transactions	70,262	74,184	325,481	313,142
Total brokerage revenues	594,549	581,687	2,319,708	2,245,002
Real estate management services	55,841	51,121	196,801	187,118
Fees from related parties	6,139	6,038	24,200	25,348
Data, software and post-trade	12,949	30,505	54,309	102,371
Interest income	3,316	4,390	12,271	10,643
Other revenues	454	1,183	5,334	9,957
Total revenues	673,248	674,924	2,612,623	2,580,439
<b>Expenses:</b>				
Compensation and employee benefits	405,997	479,119	1,653,613	1,696,622
Allocations of net income and grant of exchangeability to limited partnership units and FPU's	60,264	145,718	192,934	259,639
Total compensation and employee benefits	466,261	624,837	1,846,547	1,956,261
Occupancy and equipment	49,149	56,693	199,848	218,026
Fees to related parties	8,714	4,653	23,864	18,755
Professional and consulting fees	15,230	12,234	60,920	66,382
Communications	30,301	30,909	124,080	120,427
Selling and promotion	24,022	26,647	97,852	97,437
Commissions and floor brokerage	10,280	9,478	37,913	35,094
Interest expense	14,172	18,074	57,637	69,359
Other expenses	17,594	63,075	83,868	138,199
Total non-compensation expenses	169,462	221,763	685,982	763,679
Total expenses	635,723	846,600	2,532,529	2,719,940
<b>Other income (losses), net:</b>				
Gain (loss) on divestiture and sale of investments	-	390,951	7,044	394,347
Gains (losses) on equity method investments	996	(687)	3,543	2,597
Other income (loss)	(1,169)	30,909	97,579	123,168
Total other income (losses), net	(173)	421,173	108,166	520,112
Income (loss) from operations before income taxes	37,352	249,497	188,260	380,611
Provision (benefit) for income taxes	14,601	79,441	60,252	120,496
Consolidated net income (loss)	\$ 22,751	\$ 170,056	\$ 128,008	\$ 260,115
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	6,671	106,650	25,531	138,797
Net income (loss) available to common stockholders	\$ 16,080	\$ 63,406	\$ 102,477	\$ 121,318
<b>Per share data:</b>				
<i>Basic earnings per share</i>				
Net income (loss) available to common stockholders	\$ 16,080	\$ 63,406	\$ 102,477	\$ 121,318
Basic earnings per share	\$ 0.06	\$ 0.25	\$ 0.37	\$ 0.50
Basic weighted-average shares of common stock outstanding	279,833	254,155	277,073	243,460
<i>Fully diluted earnings per share</i>				
Net income (loss) for fully diluted shares	\$ 23,886	\$ 97,702	\$ 157,695	\$ 161,596
Fully diluted earnings per share	\$ 0.06	\$ 0.24	\$ 0.36	\$ 0.48
Fully diluted weighted-average shares of common stock outstanding	433,412	405,425	433,226	335,387
Dividends declared per share of common stock	\$ 0.16	\$ 0.14	\$ 0.62	\$ 0.54
Dividends declared and paid per share of common stock	\$ 0.16	\$ 0.14	\$ 0.62	\$ 0.54

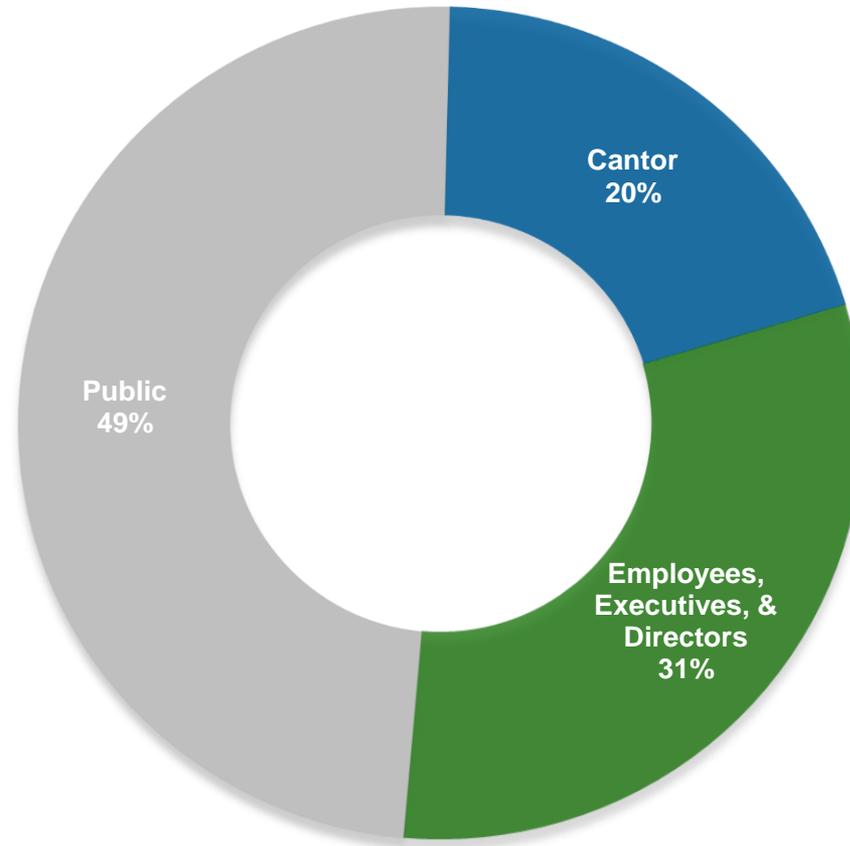
# BGC PARTNERS, INC. CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED) (UNDER GAAP)



	December 31, 2016	December 31, 2015
<b>Assets</b>		
Cash and cash equivalents	\$ 502,024	\$ 462,134
Cash segregated under regulatory requirements	6,895	3,199
Reverse repurchase agreements	54,659	-
Securities owned	35,357	32,361
Marketable securities	164,820	650,400
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	497,557	812,344
Accrued commissions receivable, net	374,734	342,299
Loans, forgivable loans and other receivables from employees and partners, net	267,527	158,194
Fixed assets, net	165,867	147,505
Investments	33,439	29,759
Goodwill	863,690	811,766
Other intangible assets, net	247,723	233,967
Receivables from related parties	6,967	9,050
Other assets	287,141	289,659
Total assets	\$ 3,508,400	\$ 3,982,637
<b>Liabilities, Redeemable Partnership Interest, and Equity</b>		
Securities loaned	\$ -	\$ 117,890
Accrued compensation	333,144	303,959
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	375,152	714,823
Payables to related parties	28,976	22,470
Accounts payable, accrued and other liabilities	595,898	693,539
Notes payable and collateralized borrowings	965,767	840,877
Total liabilities	2,298,937	2,693,558
Redeemable partnership interest	52,577	57,145
<b>Equity</b>		
Stockholders' equity:		
Class A common stock, par value \$0.01 per share; 750,000 and 500,000 shares authorized at December 31, 2016 and December 31, 2015, respectively; 292,549 and 255,859 shares issued at December 31, 2016 and December 31, 2015, respectively; and 244,870 and 219,063 shares outstanding at December 31, 2016 and December 31, 2015, respectively		
	2,925	2,559
Class B common stock, par value \$0.01 per share; 150,000 and 100,000 shares authorized at December 31, 2016 and December 31, 2015, respectively; 34,848 shares issued and outstanding at December 31, 2016 and December 31, 2015, convertible into Class A common stock		
	348	348
Additional paid-in capital	1,469,064	1,109,000
Contingent Class A common stock	42,472	50,095
Treasury stock, at cost: 47,679 and 36,796 shares of Class A common stock at December 31, 2016 and December 31, 2015, respectively	(288,743)	(212,331)
Retained deficit	(358,526)	(290,208)
Accumulated other comprehensive income (loss)	(23,199)	(25,056)
Total stockholders' equity	844,341	634,407
Noncontrolling interest in subsidiaries	312,545	597,527
Total equity	1,156,886	1,231,934
Total liabilities, redeemable partnership interest and equity	\$ 3,508,400	\$ 3,982,637

# APPENDIX





Note: Employees, Executives, and Directors ownership figure attributes all units (PSUs, FPU, RSUs, etc.) and distribution rights to founding partners & employees and also includes all A shares owned by BGC executives and directors. Cantor ownership includes all A and B shares owned by Cantor as well as all Cantor exchangeable units and certain distribution rights. Public ownership includes all A shares not owned by executives or directors of BGC. The above chart excludes shares related to convertible debt. The above chart excludes all formerly contingent shares that had not yet been issued

## EXPANSION HIGHLIGHTS:

- **Acquired Continental Realty Ltd.**  
Headquartered in Columbus and one of the largest commercial brokerage operations in Central Ohio. Acquisition bolsters NGKF's presence in the Midwest
- **Acquired Newmark Grubb Mexico City**  
One of the premier tenant advisory firms in the area with a strong reputation as one of the most well-respected commercial real estate operators in the region
- **Acquired The CRE Group. Inc**  
San Francisco Bay Area-based real estate services provider focused on project management, construction management and LEED consulting
- **Acquired Rudesill-Pera Multifamily, LLC**  
A premier multifamily brokerage firm based out of Memphis, specializing in multihousing sales since the late 1970s
- **Aggressively expanded capital markets capabilities**  
Hired top-tier professionals in major gateway cities including Los Angeles, San Francisco, Boston, Washington, DC, Chicago and Seattle
- **Partnered with NAI Costa Rica and Caribbean Real Estate Services (CRES)**  
Operating in Puerto Rico and the Dominican Republic, partnership expands real estate services in Mexico, Central America and the Caribbean

## AWARDS:

- **Ranked #4, Top Brokerage Firms**  
National Real Estate Investor 2016
- **Ranked #2 Best Commercial Real Estate Property Management Firm and Ranked #3 Tenant Representation**  
New York Law Journal 2016
- **Ranked #6 of the Top 25, Sales Volume 2016**  
Real Capital Analytics
- **Ranked #5 Top Brokerage Firms**  
Commercial Property Executive 2016
- **Ranked #3 Top Brokers of Multi-Family Properties, ARA, A Newmark Company**  
Real Estate Alert, First Half 2016
- **Ranked #3 New York's Largest Commercial Property Managers**  
Crain's New York Business 2016
- **Ranked Top 100 Global Outsourcing Firms**  
International Association of Outsourcing Professionals 2016
- **Ranked #2 Commercial Real Estate Firms, Newmark Cornish & Carey**  
Silicon Valley Business Journal 2016
- **Won Two Real Estate Board of New York (REBNY) Awards**  
Scored the Real Estate Board of New York's 2015 Most Ingenious Office Deal of the Year Award and 2015 Most Ingenious Retail Deal of the Year Award

(\$ in '000s)

<b>BGC Partners, Inc.</b>	<b>12/31/2016</b>
Cash and Cash Equivalents	\$502,024
Reverse Repurchase Agreements	54,659
Securities Owned	35,357
Marketable Securities (net)	164,820
<b>Total Liquidity</b>	<b>\$756,860</b>

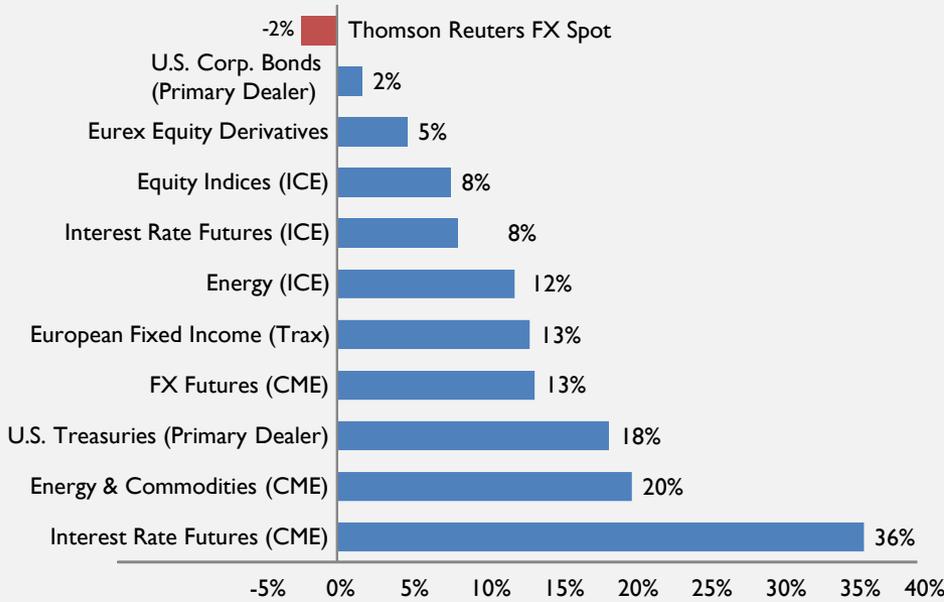
<b>BGC Partners, Inc. and Subsidiaries</b>	<b>Issuer</b>	<b>Maturity</b>	<b>12/31/2016</b>
8.375% Senior Notes	GFI	7/19/2018	\$246,988
Collateralized Borrowings	BGC	3/13/2019	16,210
5.375% Senior Notes	BGC	12/9/2019	297,083
5.125% Senior Notes	BGC	5/27/2021	296,215
8.125% Senior Notes	BGC	6/15/2042	109,271
<b>Total Debt</b>			<b>\$965,767</b>

<b>BGC Partners, Inc. (Adj. EBITDA and Ratios are FY 2016)</b>	<b>12/31/2016</b>
<b>Adjusted EBITDA</b>	<b>\$519,826</b>
<b>Leverage Ratio: Total Debt / Adjusted EBITDA<sup>1</sup></b>	<b>1.9x</b>
<b>Net Leverage Ratio: Net Debt / Adjusted EBITDA</b>	<b>0.4x</b>
<b>Adjusted EBITDA / Interest Expense</b>	<b>9.0x</b>
<b>Total Capital<sup>2</sup></b>	<b>\$1,209,463</b>

1. Does not include the over \$732 million (at Dec 30, 2016 closing price) or the over \$750 million (as of Feb 8, 2017 closing price) in Nasdaq shares expected to be received over time
2. Defined as "redeemable partnership interest," "noncontrolling interest in subsidiaries," and "total stockholders' equity"

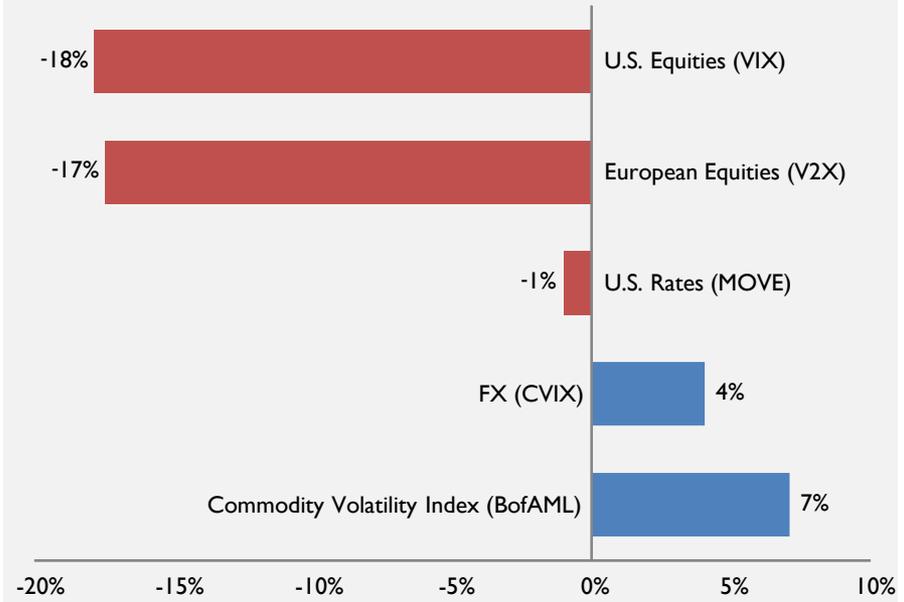
## 4Q16: Yr/Yr Change in Capital Markets Activity

(ADV excl. Eurex Equity Derivatives)



Source: Bloomberg, Eurex, CME, ICE, Trax, and Thomson

## 4Q16: Yr/Yr Change in Average Daily Volatility

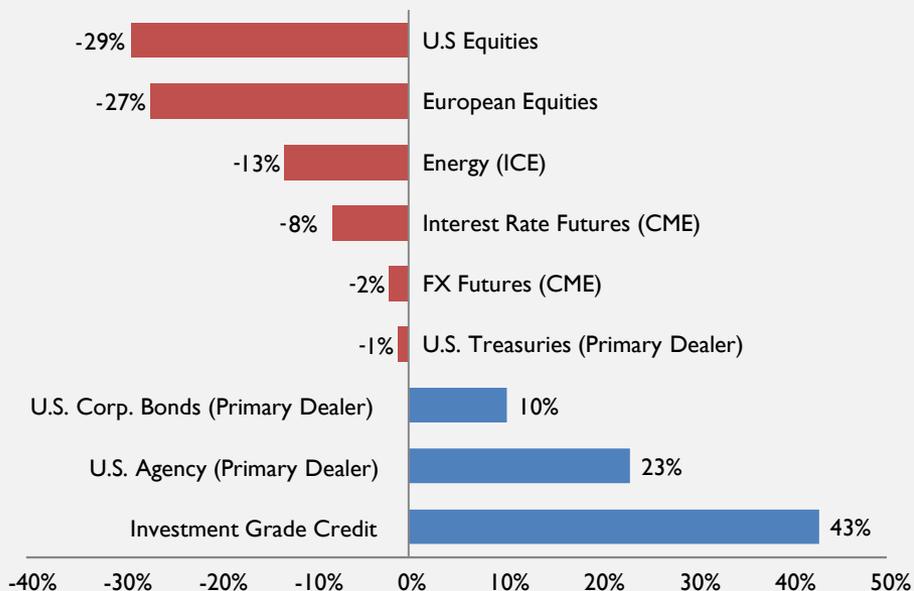


Source: Bloomberg

- Volumes were generally up compared to 4Q 2015
- Volatility measures were mixed compared to a year ago; increased volatility often signals increased trading activity, however severe bouts of volatility often results in lower trading activity

## 1Q17TD Change in Capital Markets Activity

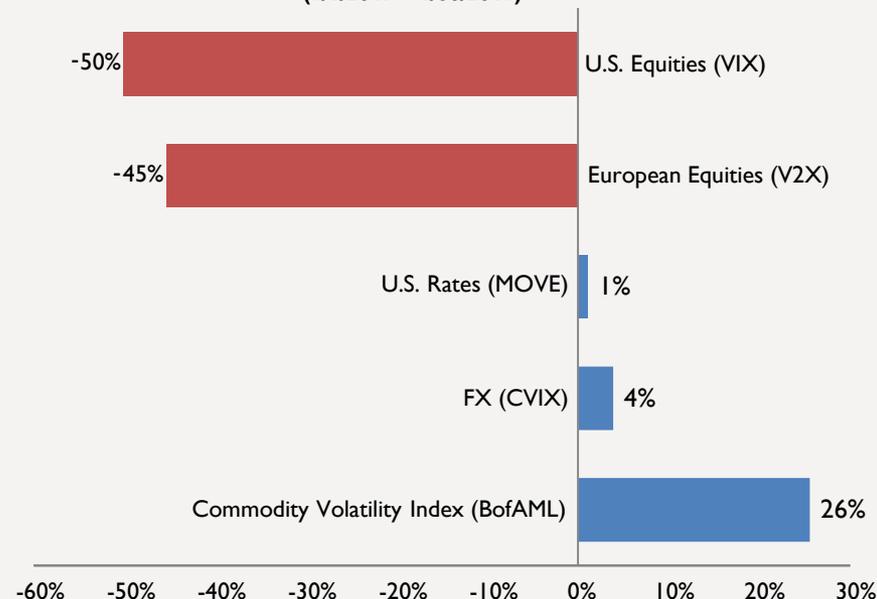
(1/1/2017 – 1/30/2017)



Source: Bloomberg, CME, ICE and Goldman Sachs Global Investment Research

## 1Q17TD Change in Average Daily Volatility

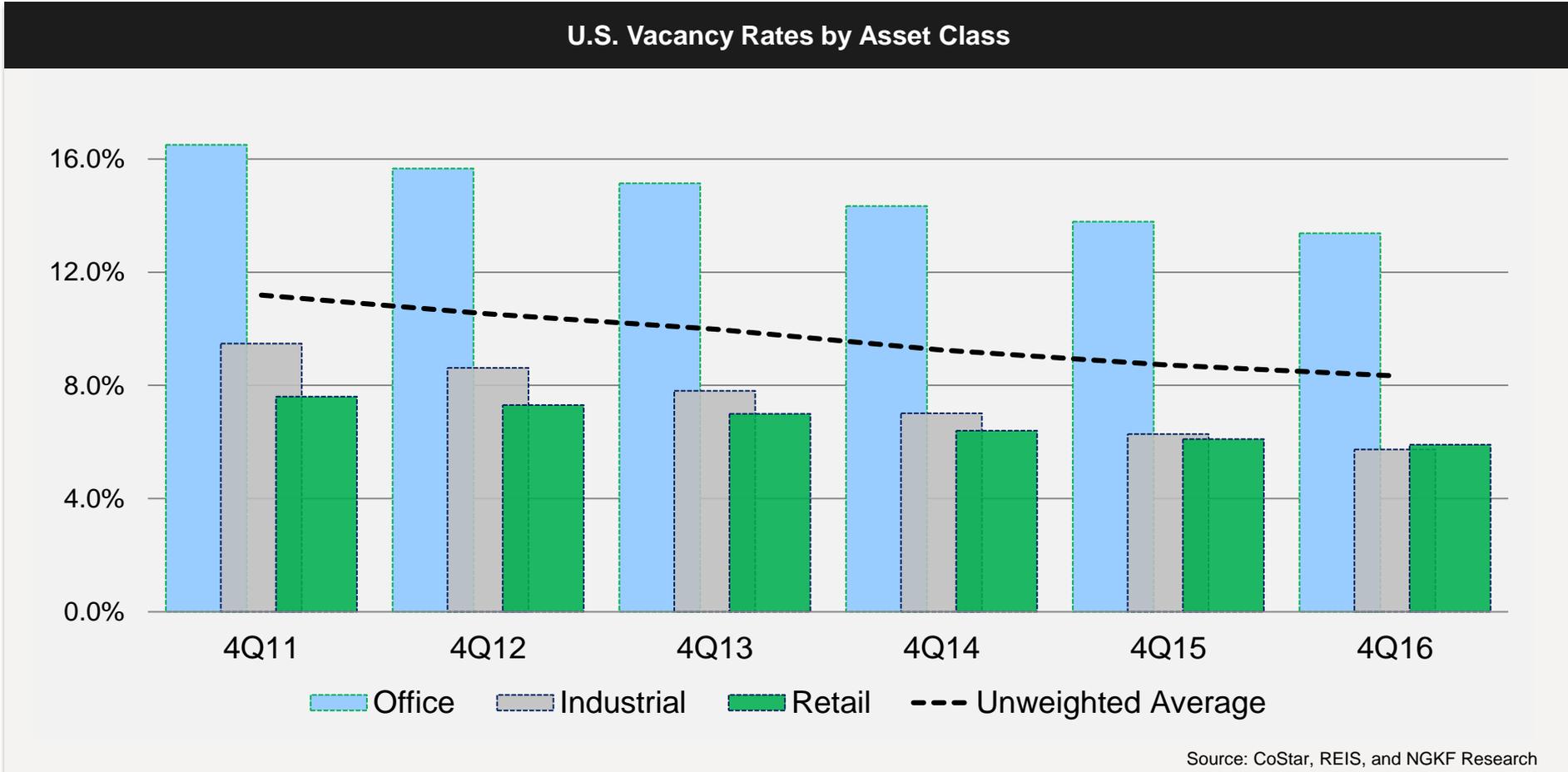
(1/1/2017 – 1/30/2017)



Source: Bloomberg

- 1Q17 to-date industry volumes generally mixed across most of the asset classes we broker
- Industry volumes typically correlate to volumes in our Financial Services business
- Volatility is generally mixed across most asset classes we broker; increased volatility often signals higher trading activity, however severe bouts of volatility often result in lower trading activity

# VACANCY RATES CONTINUE TO IMPROVE SIGNALING SUSTAINED DEMAND FOR COMMERCIAL REAL ESTATE



- Vacancy rates continue to improve, reflecting sustained demand that continues to outpace construction activity across major commercial real estate property types

# AVERAGE EXCHANGE RATES

	Q4 2016	Q4 2015	Jan 1 – Jan 30, 2017	Jan 1 – Jan 30, 2016
US Dollar	1	1	1	1
British Pound	1.243	1.517	1.234	1.442
Euro	1.079	1.096	1.062	1.087
Hong Kong Dollar	0.129	0.129	0.129	0.129
Singapore Dollar	0.709	0.711	0.700	0.699
Japanese Yen	109.500	121.420	115.020	118.390

Source: Bloomberg

# DIFFERENCES BETWEEN CONSOLIDATED RESULTS FOR DISTRIBUTABLE EARNINGS AND GAAP

## Differences between Consolidated Results for Distributable Earnings and GAAP

The following sections describe the main differences between results as calculated for distributable earnings and GAAP for the periods discussed herein.

### Differences between Other income (losses), net, for Distributable Earnings and GAAP

Distributable earnings calculations for the full year 2016 excluded gains on divestitures and sale of investments of \$7.0 million, which primarily related to the \$7.1 million gain on the sale of a non-core Financial Services asset. There was no such item for the fourth quarter of 2016. For the fourth quarter and full year 2015, distributable earnings excluded the corresponding gains totalling \$391.0 million and \$394.3 million, respectively, which primarily related to the \$391.0 million gain on the sale of Trayport.

In the fourth quarters of 2016 and 2015, a gain of \$1.0 million and a loss of \$(0.7) million, respectively, related to BGC's investments accounted for under the equity method, were included as part of "Other income (losses), net" under GAAP but were excluded for distributable earnings. For the full years 2016 and 2015, these amounts were gains of \$3.5 million and \$2.6 million, respectively.

Under GAAP, gains (losses) of \$(0.8) million and \$9.8 million related to the mark-to-market movements and/or hedging on the Nasdaq shares were recognized as part of "Other income (losses), net", in the fourth quarters of 2016 and 2015, respectively. For the full years 2016 and 2015, these GAAP amounts were \$78.7 million and \$68.0 million, respectively. In the fourth quarters of 2016 and 2015, BGC recorded other income for distributable earnings related to the Nasdaq earn-out and associated mark-to-market movements and/or hedging of \$17.2 million and \$17.6 million, respectively. For the full years 2016 and 2015, these amounts for distributable earnings were \$79.6 million and \$60.7 million, respectively. Items related to the Nasdaq earn-out are pro-rated over four quarters as "Other income" for distributable earnings, but recognized as incurred under GAAP.

In the fourth quarter and full year 2016, a gain of \$2.0 million and \$6.8 million, respectively related to the net realized and unrealized gain on the ICE shares received as part of the Trayport transaction was included in GAAP "Other income (losses), net". For both the fourth quarter and full year 2015, the corresponding GAAP item was \$16.3 million, as the Trayport sale occurred in December of 2015. Items related to the ICE shares' realized and unrealized gains are pro-rated over four quarters as "Other income" for distributable earnings, but recognized as incurred under GAAP. For distributable earnings, gains of \$1.6 million and \$14.3 million related to the ICE shares were recorded the fourth quarter and full year 2016, respectively as "Other income". For the fourth quarter and full year 2015, the corresponding distributable earnings items were both \$5.4 million.

For the full year 2016, a gain of \$18.3 million related to an adjustment of future earn-out payments that will no longer be required was included as part of "Other income (losses), net" under GAAP but was excluded for distributable earnings. For the full year 2015, a \$29.0 million gain with respect to the shares of GFI owned by the Company prior to the successful completion of BGC's tender offer for GFI was included as part of "Other income (losses), net" under GAAP but was excluded for distributable earnings.

For the fourth quarter and full year 2016, additional losses of \$2.3 million and \$3.6 million, respectively, were included in GAAP "Other income (losses), net", but were excluded from distributable earnings as part of "(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, charitable contributions, and other non-cash, non-dilutive items, net". In the year earlier periods, gains of \$4.8 million and \$10.1 million, were included in GAAP "Other income (losses), net", but were excluded for distributable earnings.

# DIFFERENCES BETWEEN CONSOLIDATED RESULTS FOR DISTRIBUTABLE EARNINGS AND GAAP (CONTINUED)

## Differences between Compensation Expenses for Distributable Earnings and GAAP

In the fourth quarter of 2016, the difference between compensation expenses as calculated for GAAP and distributable earnings included non-cash, non-dilutive net charges related to the \$48.7 million in grants of exchangeability and \$11.6 million in allocation of net income to limited partnership units and FPU's, as well as charges related to additional reserves on employee loans of \$0.8 million. For the full year 2016, the corresponding amounts were \$141.4 million, \$51.5 million, and \$16.2 million, respectively.

In the fourth quarter of 2015, the difference between compensation expenses as calculated for GAAP and distributable earnings included non-cash, and/or non-dilutive charges related to the \$134.8 million in grants of exchangeability, \$10.9 million allocation of net income to limited partnership units and FPU's, and \$47.2 million related to additional reserves on employee loans. For the full year 2015, the corresponding amounts were \$231.4 million, \$28.3 million, and \$47.2 million, respectively.

For the fourth quarter and full year 2016, \$2.6 million, and \$12.5 million, respectively, in GAAP non-cash charges related to the amortization of GFI employee forgivable loans granted prior to the closing of the January 11, 2016 back-end merger with GFI were also excluded from the calculation of pre-tax distributable earnings as part of "(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, charitable contributions, and other non-cash, non-dilutive items, net". A year earlier, the corresponding charges excluded from distributable earnings were \$4.7 million and \$16.2 million, respectively. In addition, for the full year 2015, \$6.6 million in GAAP charges related to GFI compensation restructuring was excluded from distributable earnings as part of "(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, charitable contributions, and other non-cash, non-dilutive items, net".

## Differences between Certain Non-compensation Expenses for Distributable Earnings and GAAP

The difference between non-compensation expenses in the fourth quarter and full year 2016 as calculated for GAAP and distributable earnings included additional "(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, charitable contributions, and other non-cash, non-dilutive items, net". These included \$5.1 million and \$20.1 million, respectively, of non-cash GAAP charges related to amortization of intangibles; \$2.2 million and \$7.5 million, respectively, of acquisition related costs; \$0.6 million and \$4.4 million, respectively, of non-cash GAAP impairment charges; and various other GAAP items that together came to net charges of \$1.2 million and \$0.5 million, respectively.

The difference between non-compensation expenses in the fourth quarter and full year 2015 as calculated for GAAP and distributable earnings included additional "(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, charitable contributions, and other non-cash, non-dilutive items, net". These included \$6.0 million and \$27.2 million, respectively, of non-cash GAAP charges related to amortization of intangibles; \$0.6 million and \$13.7 million, respectively, of acquisition related costs; \$0.3 million and \$19.1 million, respectively, of non-cash GAAP impairment charges; a \$40.0 million reserve related to a commitment to make charitable contributions with respect to BGC's annual Charity day; and various other GAAP items that together came to charges of \$3.5 million and \$2.6 million, respectively.

## Differences between Taxes for Distributable Earnings and GAAP

BGC's GAAP provision for income taxes from 2016 forward is calculated based on an annualized methodology. The Company's GAAP provision for income taxes was \$14.6 million and \$79.4 million for the fourth quarter of 2016 and 2015, respectively. The Company includes additional tax-deductible items when calculating the provision for taxes with respect to distributable earnings using an annualized methodology. These include tax-deductions related to equity-based compensation with respect to limited partnership unit exchange, employee loan amortization, charitable contributions, and certain net-operating loss carryforwards. The provision for income taxes with respect to distributable earnings was adjusted by \$5.3 million and \$(63.9) million for the fourth quarter of 2016 and 2015, respectively.

As a result, the provision for income taxes with respect to distributable earnings was \$19.9 million and \$15.5 million for the fourth quarter of 2016 and 2015, respectively.

The Company's GAAP provision for income taxes was \$60.3 million and \$120.5 million for the full years 2016 and 2015, respectively. The provision for income taxes with respect to distributable earnings was adjusted by \$5.5 million and \$(65.1) million for the full years of 2016 and 2015, respectively, for the reasons discussed above. As a result, the provision for income taxes with respect to distributable earnings was \$65.8 million and \$55.4 million for the full years 2016 and 2015, respectively.

## Distributable Earnings Defined

BGC Partners uses non-GAAP financial measures including, but not limited to, "pre-tax distributable earnings" and "post-tax distributable earnings", which are supplemental measures of operating results that are used by management to evaluate the financial performance of the Company and its consolidated subsidiaries. BGC believes that distributable earnings best reflect the operating earnings generated by the Company on a consolidated basis and are the earnings which management considers available for, among other things, distribution to BGC Partners, Inc. and its common stockholders, as well as to holders of BGC Holdings partnership units during any period.

As compared with "income (loss) from operations before income taxes", and "net income (loss) per fully diluted share", all prepared in accordance with GAAP, distributable earnings calculations primarily exclude certain non-cash compensation and other expenses that generally do not involve the receipt or outlay of cash by the Company and/or which do not dilute existing stockholders, as described below. In addition, distributable earnings calculations exclude certain gains and charges that management believes do not best reflect the ordinary operating results of BGC.

## Adjustments Made to Calculate Pre-Tax Distributable Earnings

Pre-tax distributable earnings are defined as GAAP income (loss) from operations before income taxes and noncontrolling interest in subsidiaries excluding items, such as:

- Non-cash equity-based compensation charges related to limited partnership unit exchange or conversion.
- Non-cash asset impairment charges, if any.
- Non-cash compensation charges for items granted or issued pre-merger with respect to certain mergers or acquisitions by BGC Partners, Inc. To date, these mergers have only included those with and into eSpeed, Inc. and the back-end merger with GFI Group Inc.

Distributable earnings calculations also exclude certain unusual, one-time or non-recurring items, if any. These charges are excluded from distributable earnings because the Company views excluding such charges as a better reflection of the ongoing, ordinary operations of BGC.

In addition to the above items, allocations of net income to founding/working partner and other limited partnership units are excluded from calculations of pre-tax distributable earnings. Such allocations represent the pro-rata portion of pre-tax earnings available to such unit holders. These units are in the fully diluted share count, and are exchangeable on a one-to-one basis into common stock. As these units are exchanged into common shares, unit holders become entitled to cash dividends rather than cash distributions. The Company views such allocations as intellectually similar to dividends on common shares. Because dividends paid to common shares are not an expense under GAAP, management believes similar allocations of income to unit holders should also be excluded when calculating distributable earnings performance measures.

BGC's definition of distributable earnings also excludes certain gains and charges with respect to acquisitions, dispositions, or resolutions of litigation. This includes the one-time gains related to the Nasdaq and Trayport transactions. Management believes that excluding such gains and charges also best reflects the ongoing operating performance of BGC.

However, the payments associated with BGC's expected annual receipt of Nasdaq stock and related mark-to-market gains or losses are anticipated to be included in the Company's calculation of distributable earnings for the following reasons:

- Nasdaq is expected to pay BGC in an equal amount of stock on a regular basis for a 15 year period beginning in 2013 as part of that transaction;
- The Nasdaq earn-out largely replaced the generally recurring quarterly earnings BGC generated from eSpeed; and
- The Company intends to pay dividends and distributions to common stockholders and/or unit holders based on all other income related to the receipt of the earn-out.

To make period-to-period comparisons more meaningful, one-quarter of each annual Nasdaq contingent earn-out amount, as well as gains or losses with respect to associated mark-to-market movements and/or hedging, will be included in the Company's calculation of distributable earnings each quarter as "other income".

The Company also treats gains or losses related to mark-to-market movements and/or hedging with respect to any remaining shares of Intercontinental Exchange, Inc. ("ICE") in a consistent manner with the treatment of Nasdaq shares when calculating distributable earnings.

Investors and analysts should note that, due to the large gain recorded with respect to the Trayport sale in December, 2015, and the closing of the back-end merger with GFI in January, 2016, non-cash charges related to the amortization of intangibles with respect to acquisitions are also excluded from the calculation of pre-tax distributable earnings.

## **Adjustments Made to Calculate Post-Tax Distributable Earnings**

Since distributable earnings are calculated on a pre-tax basis, management intends to also report post-tax distributable earnings to fully diluted shareholders. Post-tax distributable earnings to fully diluted shareholders are defined as pre-tax distributable earnings, less noncontrolling interest in subsidiaries, and reduced by the provision for taxes as described below.

The Company's calculation of the provision for taxes on an annualized basis starts with GAAP income tax provision, adjusted to reflect tax-deductible items. Management uses this non-GAAP provision for taxes in part to help it to evaluate, among other things, the overall performance of the business, make decisions with respect to the Company's operations, and to determine the amount of dividends paid to common shareholders.

The provision for taxes with respect to distributable earnings includes additional tax-deductible items including limited partnership unit exchange or conversion, employee loan amortization, charitable contributions, and certain net-operating loss carryforwards.

BGC incurs income tax expenses based on the location, legal structure and jurisdictional taxing authorities of each of its subsidiaries. Certain of the Company's entities are taxed as U.S. partnerships and are subject to the Unincorporated Business Tax ("UBT") in New York City. Any U.S. federal and state income tax liability or benefit related to the partnership income or loss, with the exception of UBT, rests with the unit holders rather than with the partnership entity. The Company's consolidated financial statements include U.S. federal, state and local income taxes on the Company's allocable share of the U.S. results of operations. Outside of the U.S., BGC operates principally through subsidiary corporations subject to local income taxes. For these reasons, taxes for distributable earnings are presented to show the tax provision the consolidated Company would expect to pay if 100 percent of earnings were taxed at global corporate rates.

## **Calculations of Pre-tax and Post-Tax Distributable Earnings per Share**

BGC's distributable earnings per share calculations assume either that:

- The fully diluted share count includes the shares related to any dilutive instruments, such as the Convertible Senior Notes, but excludes the associated interest expense, net of tax, when the impact would be dilutive; or
- The fully diluted share count excludes the shares related to these instruments, but includes the associated interest expense, net of tax.

The share count for distributable earnings excludes shares expected to be issued in future periods but not yet eligible to receive dividends and/or distributions.

Each quarter, the dividend to BGC's common stockholders is expected to be determined by the Company's Board of Directors with reference to a number of factors, including post-tax distributable earnings per fully diluted share. In addition to the Company's quarterly dividend to common stockholders, BGC Partners expects to pay a pro-rata distribution of net income to BGC Holdings founding/working partner and other limited partnership units, as well as to Cantor for its non-controlling interest. The amount of this net income, and therefore of these payments, is expected to be determined using the above definition of pre-tax distributable earnings per share.

### **Other Matters with Respect to Distributable Earnings**

The term "distributable earnings" should not be considered in isolation or as an alternative to GAAP net income (loss). The Company views distributable earnings as a metric that is not indicative of liquidity or the cash available to fund its operations, but rather as a performance measure.

Pre- and post-tax distributable earnings are not intended to replace the Company's presentation of GAAP financial results. However, management believes that they help provide investors with a clearer understanding of BGC Partners' financial performance and offer useful information to both management and investors regarding certain financial and business trends related to the Company's financial condition and results of operations. Management believes that distributable earnings and the GAAP measures of financial performance should be considered together.

BGC anticipates providing forward-looking quarterly guidance for GAAP revenues and for certain distributable earnings measures from time to time. However, the Company does not anticipate providing a quarterly outlook for other GAAP results. This is because certain GAAP items, which are excluded from distributable earnings, are difficult to forecast with precision before the end of each quarter. The Company therefore believes that it is not possible to forecast quarterly GAAP results or to quantitatively reconcile GAAP results to non-GAAP results with sufficient precision unless BGC makes unreasonable efforts.

The items that are difficult to predict on a quarterly basis with precision and which can have a material impact on the Company's GAAP results include, but are not limited, to the following:

- Allocations of net income and grants of exchangeability to limited partnership units and founding partner units, which are determined at the discretion of management throughout and up to the period-end.
- The impact of certain marketable securities, as well as any gains or losses related to associated mark-to-market movements and/or hedging. These items are calculated using period-end closing prices.
- Non-cash asset impairment charges, which are calculated and analyzed based on the period-end values of the underlying assets. These amounts may not be known until after period-end.
- Acquisitions, dispositions and/or resolutions of litigation which are fluid and unpredictable in nature.

For more information on this topic, please see certain tables in the most recent BGC financial results press release including "Reconciliation of GAAP Income (Loss) to Distributable Earnings". These tables provide summary reconciliations between pre- and post-tax distributable earnings and the corresponding GAAP measures for the Company.

## Adjusted EBITDA Defined

BGC also provides an additional non-GAAP financial performance measure, “adjusted EBITDA”, which it defines as GAAP “Net income (loss) available to common stockholders”, adjusted to add back the following items:

- Interest expense;
- Fixed asset depreciation and intangible asset amortization;
- Impairment charges;
- Employee loan amortization and reserves on employee loans;
- Provision (benefit) for income taxes;
- Net income (loss) attributable to noncontrolling interest in subsidiaries;
- Non-cash charges relating to grants of exchangeability to limited partnership interests;
- Non-cash charges related to issuance of restricted shares; and
- Non-cash earnings or losses related to BGC’s equity investments.

The Company’s management believes that adjusted EBITDA is useful in evaluating BGC’s operating performance, because the calculation of this measure generally eliminates the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions. Such items may vary for different companies for reasons unrelated to overall operating performance. As a result, the Company’s management uses these measures to evaluate operating performance and for other discretionary purposes. BGC believes that adjusted EBITDA is useful to investors to assist them in getting a more complete picture of the Company’s financial results and operations.

Since adjusted EBITDA is not a recognized measurement under GAAP, investors should use adjusted EBITDA in addition to GAAP measures of net income when analyzing BGC’s operating performance. Because not all companies use identical EBITDA calculations, the Company’s presentation of adjusted EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, adjusted EBITDA is not intended to be a measure of free cash flow or GAAP cash flow from operations, because adjusted EBITDA does not consider certain cash requirements, such as tax and debt service payments.

For a reconciliation of adjusted EBITDA to GAAP “Net income (loss) available to common stockholders”, the most comparable financial measure calculated and presented in accordance with GAAP, see the section of this document titled “Reconciliation of GAAP Income (Loss) to Adjusted EBITDA”.

# RECONCILIATION OF GAAP INCOME TO ADJUSTED EBITDA

(IN THOUSANDS) (UNAUDITED)



	<u>Q4 2016</u>	<u>Q4 2015</u>	<u>FY 2016</u>	<u>FY 2015</u>
<b>GAAP Net income (loss) available to common stockholders</b>	<b>\$ 16,080</b>	<b>\$ 63,406</b>	<b>\$ 102,477</b>	<b>\$ 121,318</b>
<b>Add back:</b>				
Provision (benefit) for income taxes	14,601	79,441	60,252	120,496
Net income (loss) attributable to noncontrolling interest in subsidiaries	6,671	106,650	25,531	138,797
Employee loan amortization and reserves on employee loans	11,010	55,853	55,799	86,725
Interest expense	14,172	18,074	57,637	69,359
Fixed asset depreciation and intangible asset amortization	18,282	19,857	75,898	83,508
Impairment of fixed assets	646	328	4,383	19,128
Exchangeability charges (1)	48,674	134,812	141,392	231,367
(Gains) losses on equity investments	(996)	687	(3,543)	(2,597)
<b>Adjusted EBITDA</b>	<b><u>\$ 129,140</u></b>	<b><u>\$ 479,108</u></b>	<b><u>\$ 519,826</u></b>	<b><u>\$ 868,101</u></b>

(1) Represents non-cash and non-dilutive charges relating to grants of exchangeability to limited partnership units.

# RECONCILIATION OF GAAP INCOME (LOSS) TO DISTRIBUTABLE EARNINGS AND GAAP FULLY DILUTED EPS TO POST-TAX DISTRIBUTABLE EPS (IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)



	Q4 2016	Q4 2015	FY 2016	FY 2015
<b>GAAP income (loss) before income taxes</b>	\$ 37,352	\$ 249,497	\$ 188,260	\$ 380,611
Pre-tax adjustments:				
Non-cash (gains) losses related to equity investments, net	(996)	687	(3,543)	(2,597)
Allocations of net income and grant of exchangeability to limited partnership units and FPU's	60,264	145,718	192,934	259,639
Nasdaq earn-out income (a)	18,032	7,787	849	(7,336)
(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, charitable contributions, and other non-cash, non-dilutive items, net	14,413	(302,604)	46,911	(270,012)
Total pre-tax adjustments	91,713	(148,412)	237,151	(20,306)
<b>Pre-tax distributable earnings</b>	<b>\$ 129,065</b>	<b>\$ 101,085</b>	<b>\$ 425,411</b>	<b>\$ 360,305</b>
GAAP net income (loss) available to common stockholders	\$ 16,080	\$ 63,406	\$ 102,477	\$ 121,318
Allocation of net income (loss) to noncontrolling interest in subsidiaries	5,497	102,079	23,918	122,341
Total pre-tax adjustments (from above)	91,713	(148,412)	237,151	(20,306)
Income tax adjustment to reflect distributable earnings taxes	(5,290)	63,894	(5,516)	65,110
<b>Post-tax distributable earnings</b>	<b>\$ 108,000</b>	<b>\$ 80,967</b>	<b>\$ 358,030</b>	<b>\$ 288,463</b>
<i>Per Share Data</i>				
<b>GAAP fully diluted earnings per share</b>	\$ 0.06	\$ 0.24	\$ 0.36	\$ 0.48
Less: Allocations of net income to limited partnership units and FPU's, net of tax	(0.01)	(0.06)	(0.06)	(0.06)
Allocation of net income (loss) to noncontrolling interest in subsidiaries (b)	-	0.24	-	0.23
Total pre-tax adjustments (from above)	0.21	(0.37)	0.55	(0.05)
Income tax adjustment to reflect distributable earnings taxes	(0.01)	0.16	(0.01)	0.17
<b>Post-tax distributable earnings per share (c)</b>	<b>\$ 0.25</b>	<b>\$ 0.21</b>	<b>\$ 0.84</b>	<b>\$ 0.77</b>
<b>Pre-tax distributable earnings per share (c)</b>	<b>\$ 0.30</b>	<b>\$ 0.26</b>	<b>\$ 1.00</b>	<b>\$ 0.96</b>
Fully diluted weighted-average shares of common stock outstanding	433,412	404,067	433,226	390,836

**Notes and Assumptions**

- (a) Distributable earnings for Q4 2016 and Q4 2015 includes \$18.0 million and \$7.8 million, respectively, and FY 2016 and FY 2015 includes \$0.8 million and \$(7.3) million, respectively, of adjustments associated with the Nasdaq transaction. For Q4 2016 and Q4 2015 income (loss) related to the Nasdaq earn-out shares was \$(0.8) million and \$9.8 million for GAAP and \$17.2 million and \$17.6 million for distributable earnings, respectively. For FY 2016 and FY 2015 income (loss) related to the Nasdaq earn-out shares was \$78.7 million and \$68.0 million for GAAP and \$79.6 million and \$60.7 million for distributable earnings, respectively.
- (b) The Q4 2015 Allocation of net income (loss) to noncontrolling interest in subsidiaries included a significant allocation in the GAAP results related to the gain on the sale of Trayport. This gain was excluded in the calculation of distributable earnings and, therefore, this allocation was much lower for distributable earnings.
- (c) On April 1, 2010, BGC Partners issued \$150 million in 8.75 percent Convertible Notes due 2015, which matured and were converted into 24.0 million Class A common shares in Q2 2015, and on July 29, 2011, BGC Partners issued \$160 million in 4.50 percent Convertible Senior Notes due 2016, which matured and were settled for cash and 6.9 thousand Class A common shares in Q3 2016. The distributable earnings per share calculations for Q4 2015 include 16.3 million shares and for FY 2016 and FY 2015 include 8.6 million and 23.0 million shares, respectively, underlying these Notes. The distributable earnings per share calculations exclude the interest expense, net of tax, associated with these Notes.

Note: Certain numbers may not add due to rounding.

# RECONCILIATION OF FENICS GAAP INCOME BEFORE TAXES TO PRE-TAX DISTRIBUTABLE EARNINGS (IN THOUSANDS) (UNAUDITED)

	<u>Q4 2016</u>	<u>Q4 2015</u>	<u>FY 2016</u>	<u>FY 2015</u>
FENICS GAAP income before income taxes (1)	\$ 23,289	\$ 22,224	\$ 104,773	\$ 86,931
Pre-tax adjustments:				
Grant of exchangeability to limited partnership units	649	456	2,512	2,293
Amortization of intangible assets	940	940	3,760	2,193
Total pre-tax adjustments	<u>1,589</u>	<u>1,396</u>	<u>6,272</u>	<u>4,486</u>
<b>FENICS Pre-tax distributable earnings</b>	<b><u><u>\$ 24,878</u></u></b>	<b><u><u>\$ 23,620</u></u></b>	<b><u><u>\$ 111,045</u></u></b>	<b><u><u>\$ 91,417</u></u></b>

(1) Includes market data, software and post-trade revenues along with intercompany revenues which are eliminated at the segment level upon consolidation.

**FULLY DILUTED WEIGHTED-AVERAGE SHARE COUNT FOR GAAP AND DISTRIBUTABLE EARNINGS  
(IN THOUSANDS) (UNAUDITED)**



	<u>Q4 2016</u>	<u>Q4 2015</u>	<u>FY 2016</u>	<u>FY 2015</u>
Common stock outstanding	279,833	254,155	277,073	243,460
Limited partnership units	86,290	65,926	79,727	-
Cantor units	50,932	49,902	50,653	49,065
Founding partner units	14,078	15,628	14,563	16,517
4.50% Convertible debt shares	-	16,260	8,598	16,260
8.75% Convertible debt shares	-	-	-	6,774
RSUs	573	740	452	741
Other	1,706	2,814	2,160	2,570
<b>Fully diluted weighted-average share count GAAP</b>	<b><u>433,412</u></b>	<b><u>405,425</u></b>	<b><u>433,226</u></b>	<b><u>335,387</u></b>
Distributable Earnings Adjustments:				
Limited partnership units	-	-	-	56,808
Other	-	(1,358)	-	(1,359)
<b>Fully diluted weighted-average share count DE</b>	<b><u>433,412</u></b>	<b><u>404,067</u></b>	<b><u>433,226</u></b>	<b><u>390,836</u></b>

# SEGMENT DISCLOSURE – Q4 2016 VS Q4 2015

## (IN THOUSANDS) (UNAUDITED)



	Q4 2016				Q4 2015			
	Financial Services	Real Estate Services	Corporate Items	Total	Financial Services	Real Estate Services	Corporate Items	Total
Total revenues	\$ 359,301	\$ 306,098	\$ 7,849	\$ 673,248	\$ 378,206	\$ 287,384	\$ 9,334	\$ 674,924
Total expenses	294,762	257,967	82,994	635,723	332,453	241,647	272,500	846,600
Total other income (losses), net	(838)	-	665	(173)	9,831	-	411,342	421,173
<b>Income (loss) from operations before income taxes</b>	<b>\$ 63,701</b>	<b>\$ 48,131</b>	<b>\$ (74,480)</b>	<b>\$ 37,352</b>	<b>\$ 55,584</b>	<b>\$ 45,737</b>	<b>\$ 148,176</b>	<b>\$ 249,497</b>
Pre-tax adjustments:								
Non-cash (gains) losses related to equity investments, net	-	-	(996)	(996)	-	-	687	687
Allocations of net income and grant of exchangeability to limited partnership units and FPU's	-	-	60,264	60,264	-	-	145,718	145,718
Nasdaq earn-out income	18,032	-	-	18,032	7,787	-	-	7,787
(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, charitable contributions, and other non-cash, non-dilutive items, net	5,980	1,375	7,058	14,413	6,383	1,492	(310,479)	(302,604)
Total pre-tax adjustments	24,012	1,375	66,326	91,713	14,170	1,492	(164,074)	(148,412)
<b>Pre-tax distributable earnings</b>	<b>\$ 87,713</b>	<b>\$ 49,506</b>	<b>\$ (8,154)</b>	<b>\$ 129,065</b>	<b>\$ 69,754</b>	<b>\$ 47,229</b>	<b>\$ (15,898)</b>	<b>\$ 101,085</b>

# SEGMENT DISCLOSURE – FY 2016 VS FY 2015

## (IN THOUSANDS) (UNAUDITED)



	FY 2016				FY 2015			
	Financial Services	Real Estate Services	Corporate Items	Total	Financial Services	Real Estate Services	Corporate Items	Total
Total revenues	\$ 1,523,235	\$ 1,058,322	\$ 31,066	\$ 2,612,623	\$ 1,548,159	\$ 998,450	\$ 33,830	\$ 2,580,439
Total expenses	1,275,397	931,939	325,193	2,532,529	1,331,309	868,664	519,967	2,719,940
Total other income (losses), net	78,701	-	29,465	108,166	68,033	-	452,079	520,112
<b>Income (loss) from operations before income taxes</b>	<b>\$ 326,539</b>	<b>\$ 126,383</b>	<b>\$ (264,662)</b>	<b>\$ 188,260</b>	<b>\$ 284,883</b>	<b>\$ 129,786</b>	<b>\$ (34,058)</b>	<b>\$ 380,611</b>
Pre-tax adjustments:								
Non-cash (gains) losses related to equity investments, net	-	-	(3,543)	(3,543)	-	-	(2,597)	(2,597)
Allocations of net income and grant of exchangeability to limited partnership units and FPU's	-	-	192,934	192,934	-	-	259,639	259,639
Nasdaq earn-out income	849	-	-	849	(7,336)	-	-	(7,336)
(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, charitable contributions, and other non-cash, non-dilutive items, net	24,384	4,152	18,374	46,910	28,770	9,548	(308,330)	(270,012)
Total pre-tax adjustments	25,233	4,152	207,765	237,150	21,434	9,548	(51,288)	(20,306)
<b>Pre-tax distributable earnings</b>	<b>\$ 351,772</b>	<b>\$ 130,535</b>	<b>\$ (56,897)</b>	<b>\$ 425,410</b>	<b>\$ 306,317</b>	<b>\$ 139,334</b>	<b>\$ (85,346)</b>	<b>\$ 360,305</b>

# LIQUIDITY ANALYSIS

(IN THOUSANDS) (UNAUDITED)

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Cash and cash equivalents	\$ 502,024	\$ 462,134
Reverse repurchase agreements	54,659	-
Securities owned	35,357	32,361
Marketable securities (1) (2)	164,820	532,510
<b>Total</b>	<b><u>\$ 756,860</u></b>	<b><u>\$ 1,027,005</u></b>

(1) As of December 31, 2015, \$117.9 million of Marketable securities on our balance sheet had been lent out in a Securities Loaned transaction and therefore are not included in this Liquidity Analysis.

(2) The significant decrease in Marketable securities during the year ended December 31, 2016 was primarily due to selling a significant portion of our position in ICE.



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