



**voice  *electronic brokerage***

**Howard Lutnick, Chairman & CEO**

**KBW Securities Brokerage & Market Structure Conference**

**November 30, 2011**

# Notes & Disclaimers

## Discussion of Forward-Looking Statements by BGC Partners

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward looking statements include statements about the outlook and prospects for the Company and for its industry as well as statements about its future financial and operating performance. Such statements are based upon current expectations that involve risks and uncertainties. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied because of a number of risks and uncertainties that include, but are not limited to, the risks and uncertainties identified in BGC Partners' filings with the U.S. Securities and Exchange Commission. The Company believes that all forward-looking statements are based upon reasonable assumptions when made. However, BGC Partners cautions that it is impossible to predict actual results or outcomes or the effects of risks, uncertainties or other factors on anticipated results or outcomes and that accordingly you should not place undue reliance on these statements. Forward-looking statements speak only as of the date when made, and the Company undertakes no obligation to update these statements in light of subsequent events or developments. Please refer to the complete disclaimer with respect to forward-looking statements and the risk factors set forth in BGC Partners' most recent public filings on Forms 8-K, 10-K and/or 10-Q, which are incorporated into this document by reference.

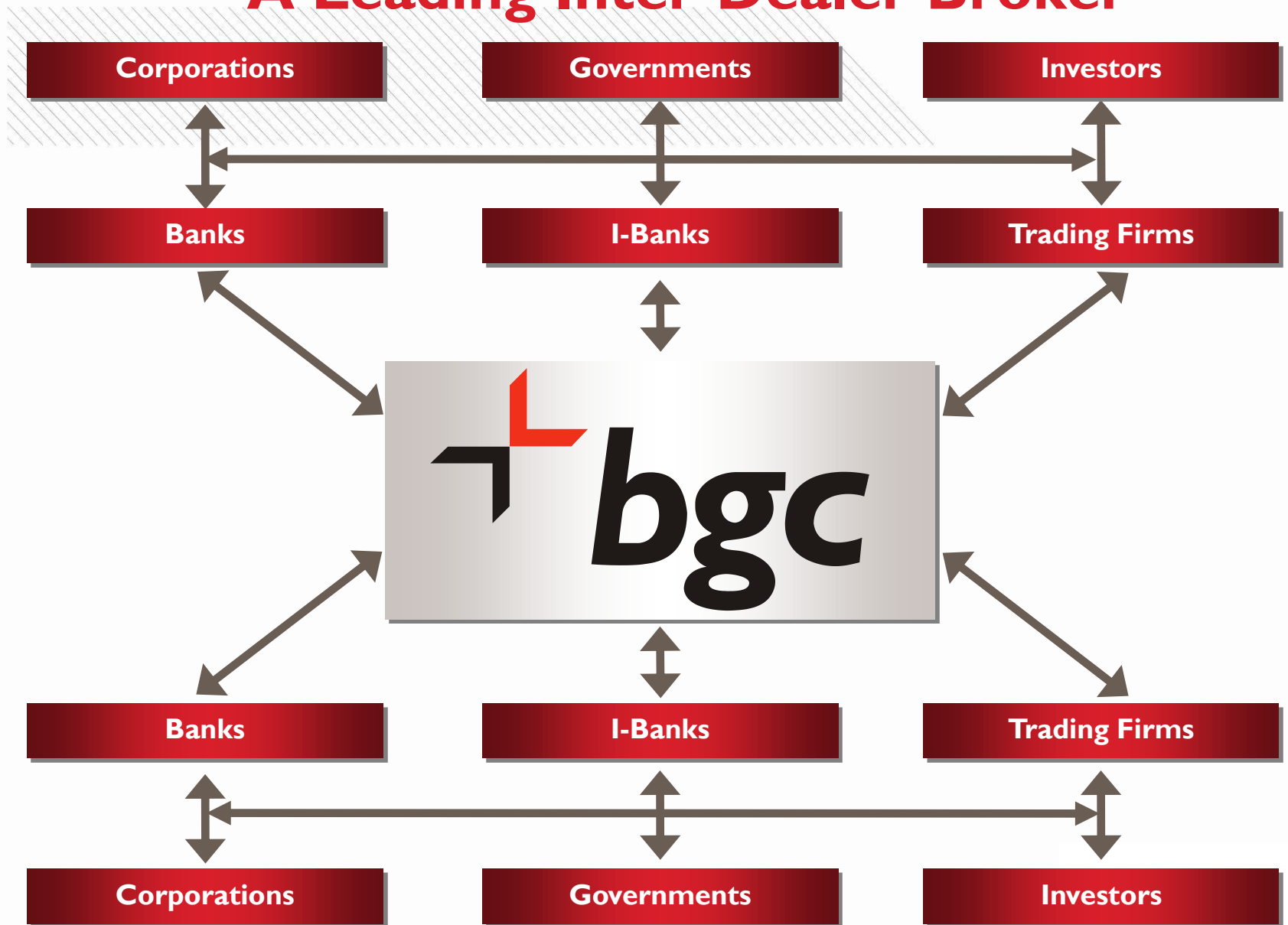
## Note Regarding Financial Tables and Metrics

Excel files with the Company's quarterly financial results and metrics from full year 2009 through 3Q2011 are accessible at the "Investor Relations" section of <http://www.bgcpartners.com>. They are also available directly at <http://www.bgcpartners.com/ir-news>.

## Distributable Earnings Compared with GAAP Results

This presentation should be read in conjunction with BGC's most recent financial results press release. Unless otherwise stated, throughout this presentation we refer to our results only on a distributable earnings basis. For a complete description of this term and how, when and why management uses it, see the second to last page of this presentation. For both this description and a reconciliation to GAAP, see the sections of BGC's most recent financial results press release entitled "Distributable Earnings," "Distributable Earnings Results Compared with GAAP Results", and "Reconciliation of GAAP Income to Distributable Earnings", which are incorporated by reference, and available in the "Financial News" section of our "Investor Relations" website at <http://phx.corporate-ir.net/phoenix.zhtml?c=209058&p=irol-newsArticle&ID=1622211&highlight=> For the tabular form of the reconciliation to GAAP results click "Click Here for Tables – (XLS)" or "Printer Friendly Version – (PDF)".

# A Leading Inter-Dealer Broker



# Business Overview

## Voice / Hybrid Broking

- Key products include:
  - Rates
  - Credit
  - Foreign Exchange
  - Equities
  - Real Estate
- ≈2,200 brokers & salespeople
- 220 + desks
- In 35+ cities



## Electronic Broking

- Key products include:
  - Interest Rate Derivatives
  - Credit
  - FX
  - European & Canadian Government Bonds
- Proprietary network connected to the global financial community
- Substantial investments in creating proprietary technology / network



## Market Data/ Software Solutions

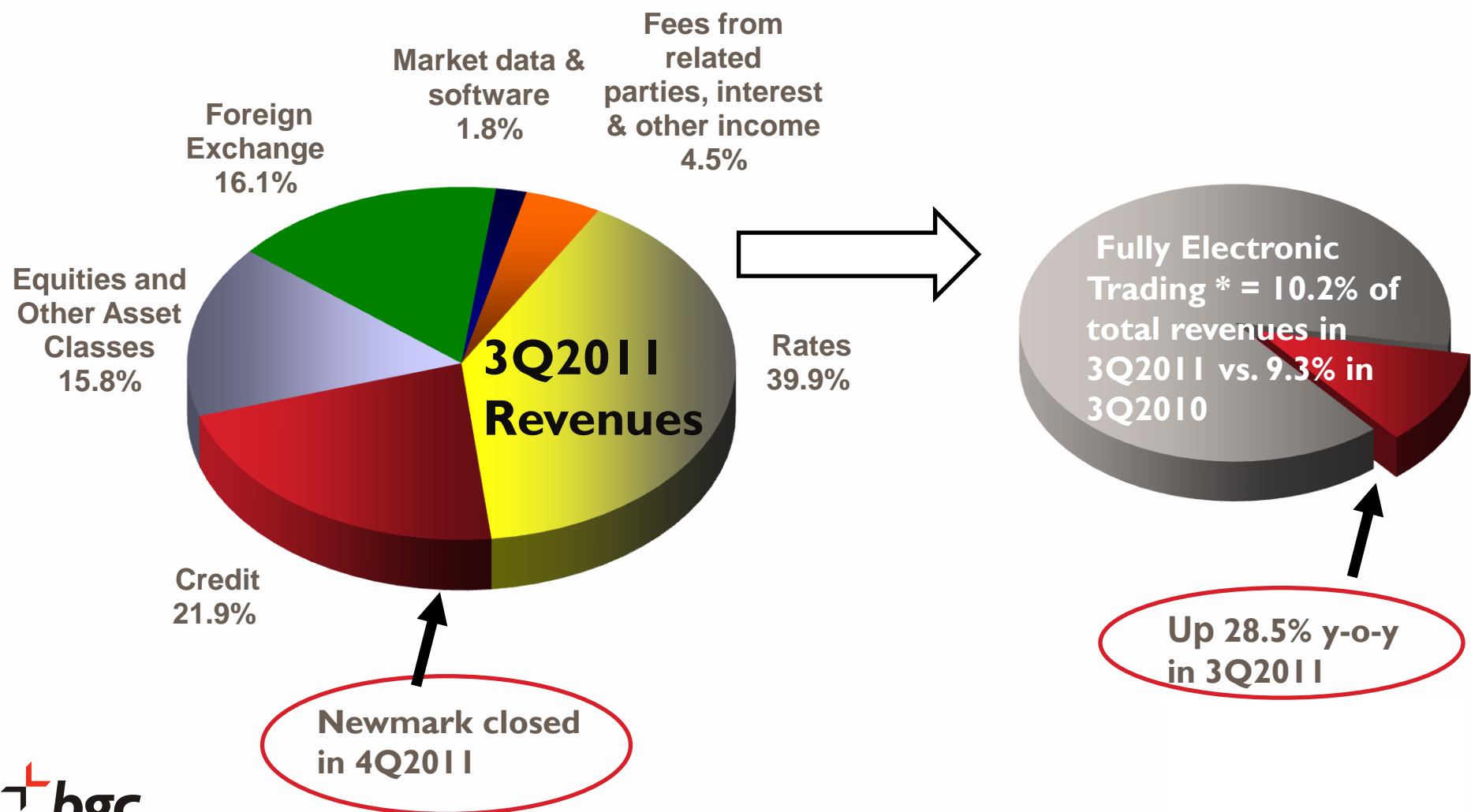
- Develops and markets real-time proprietary pricing data
- Provider of customized screen-based solutions which enable clients to develop electronic marketplaces
- Co-location services



# Solid Business with Significant Opportunities

- Diversified revenues by geography & product category
- Well positioned to take advantage of current market dynamics
- Accretively hiring and acquiring
- Investing for broker productivity & fully electronic trading
- Intermediary-oriented, low-risk business model
- Deep and experienced management team with ability to attract and retain key talent
- Attractive dividend yield

# Diversified Revenue by Product

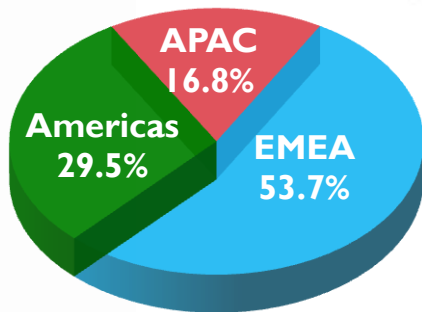


\* This includes fees captured in both the "total brokerage revenues" and "fees from related party" line items related to fully electronic trading. Note: percentages may not sum to 100% due to rounding.

# A Growing Global Presence...



## 3Q2011 Revenues



- Europe, Middle East & Africa Revenue up 23.4% y-o-y
- Americas Revenue flat y-o-y
- Asia Pacific Revenue up 30.3% y-o-y



# Significant Leverage Through Scale and Technology

## Pre-Tax Distributable Earnings Contribution

30%  
Incremental  
Margin

**Hybrid Brokerage:  
Hire and Acquire**

45-75%  
Incremental  
Margin

**Fully Electronic:  
Convert**

60%  
or More  
Incremental  
Margin

**Market Data & Software:  
Distribute**



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Note: Incremental margin estimates based on BGC's historical financial performance.





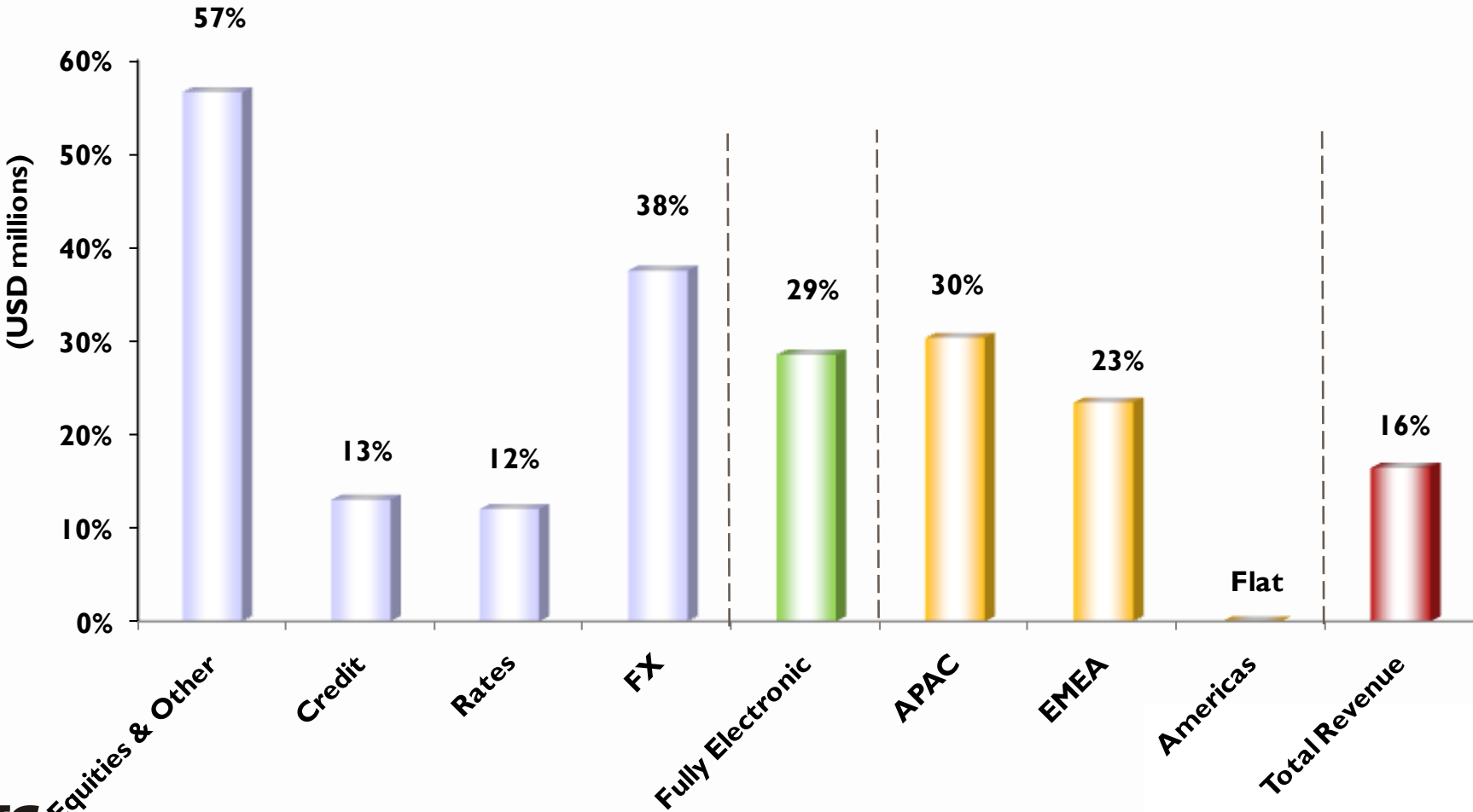
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**Strong Performance from  
Risk-Averse Business Model**



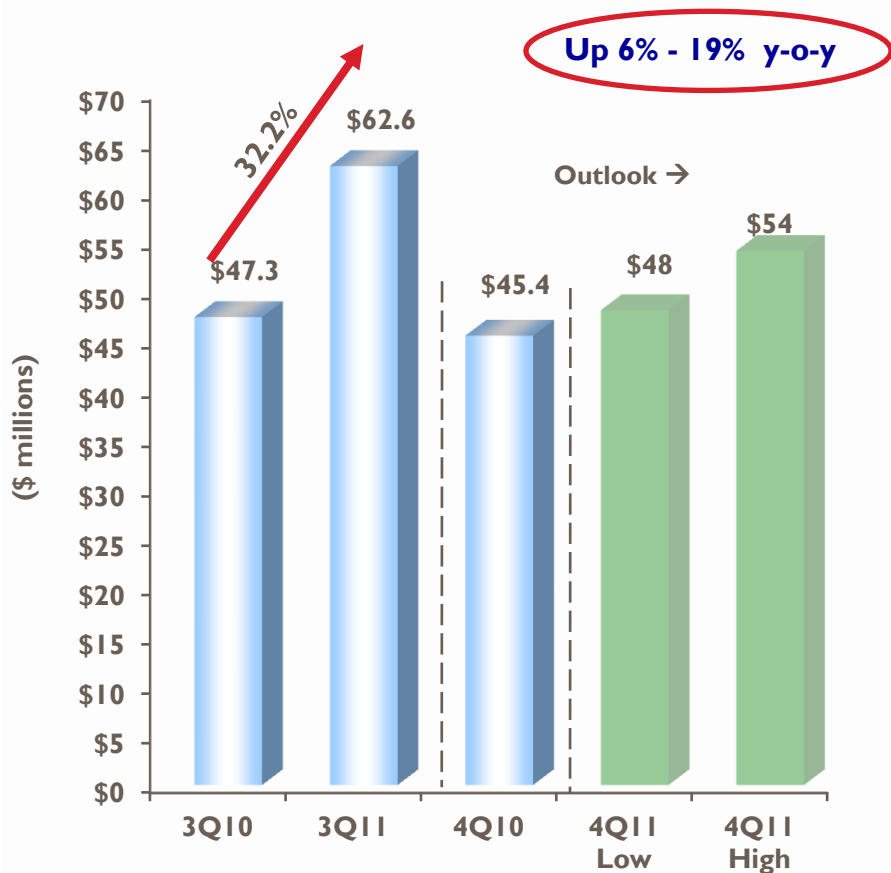
# Strong Growth Across Most Businesses & Geographies

## 3Q11 Y-O-Y Revenue Growth



# Solid Distributable Earnings Growth

## Pre-tax Distributable Earnings Growth

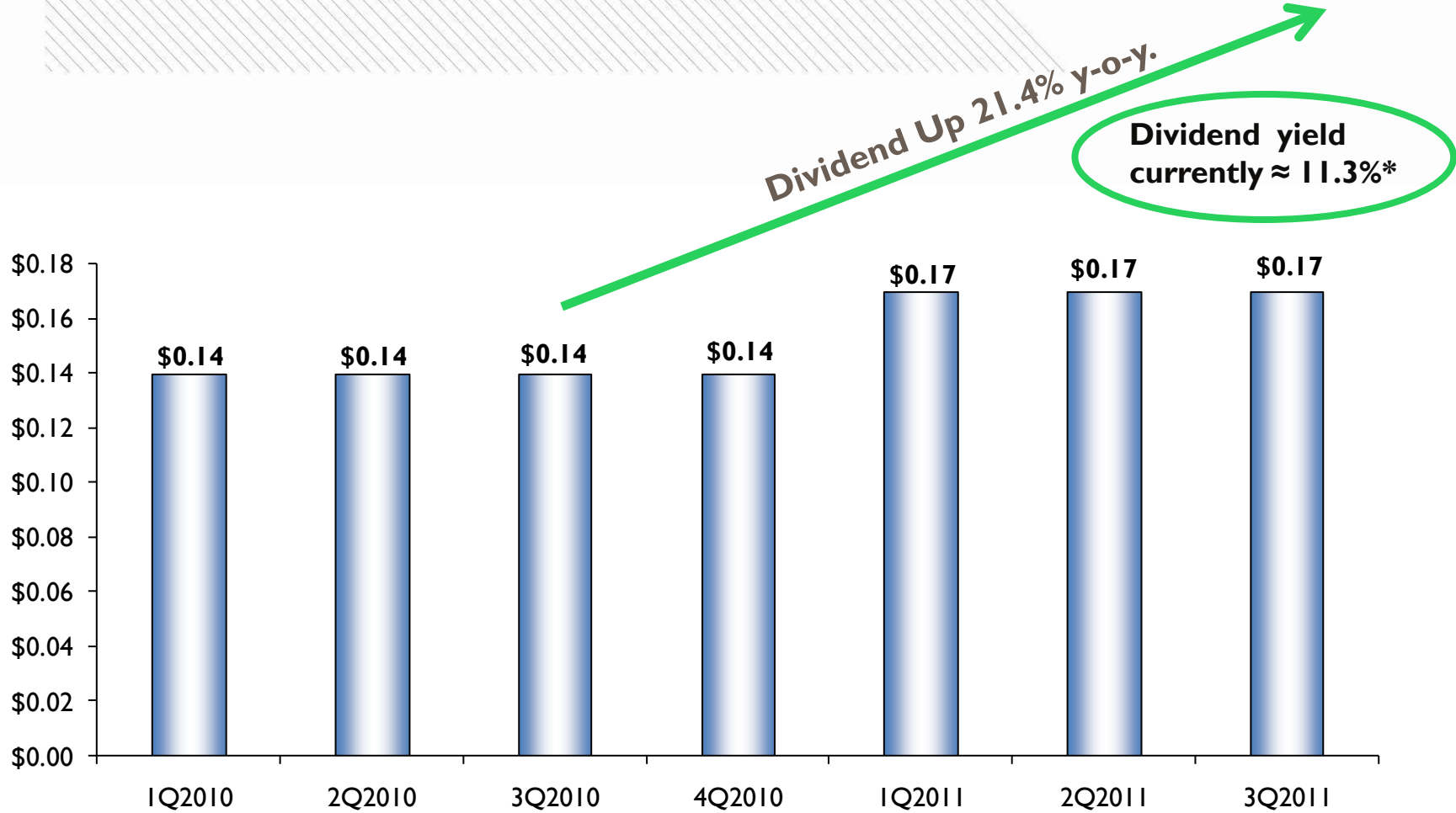


## Post-tax Distributable Earnings Growth



- Third quarter post-tax distributable earnings per fully diluted share were up 19.4% y-o-y
- BGC Partners anticipates its effective tax rate for distributable earnings to be approximately 15 percent in 4Q11 versus 10.9 percent in 4Q10

# Dividend Growth and Attractive Yield



\* Based on stock price as of 11/28/11 close.

# Risk-Averse Business Model

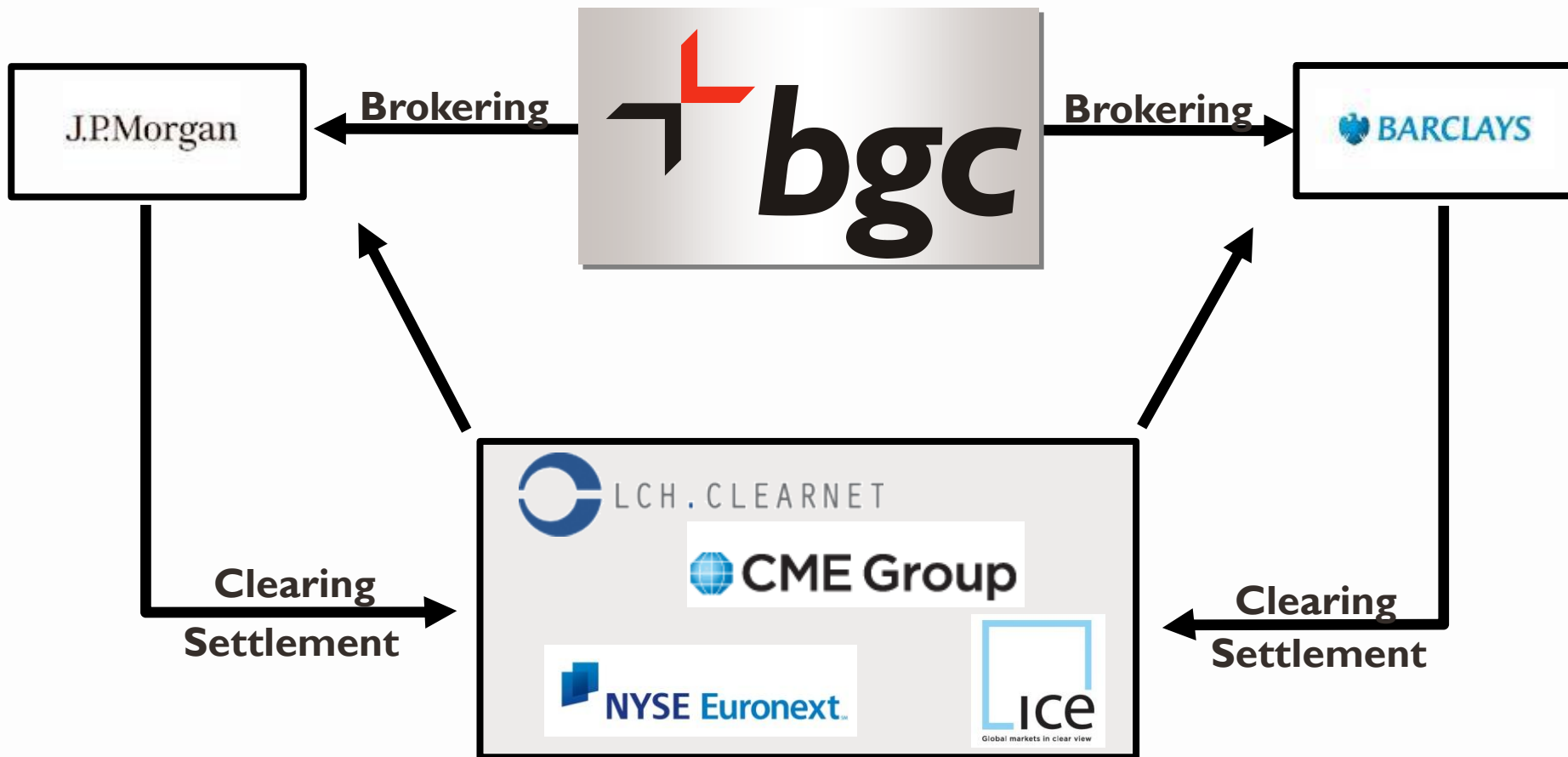
- Simple balance sheet with low leverage
- Transactions are either “name-give-up”, or “matched principal”
- We generally do not engage in proprietary trading, have margin accounts with customers, or otherwise use balance sheet for trading purposes
- No hidden or material off balance sheet exposures
- Unlike banks, BGC has minimal “mark to market” or “bid-ask spread” risk
- Our market dynamics, like exchanges, are almost entirely volume-driven
- BGC can and has grown regardless of bank trading results

# Bi-lateral Brokerage (“Commissions”) - Low Risk For BGC



- Banks settle and clear with each other
- In general, BGC takes no position and has no inventory or market risk

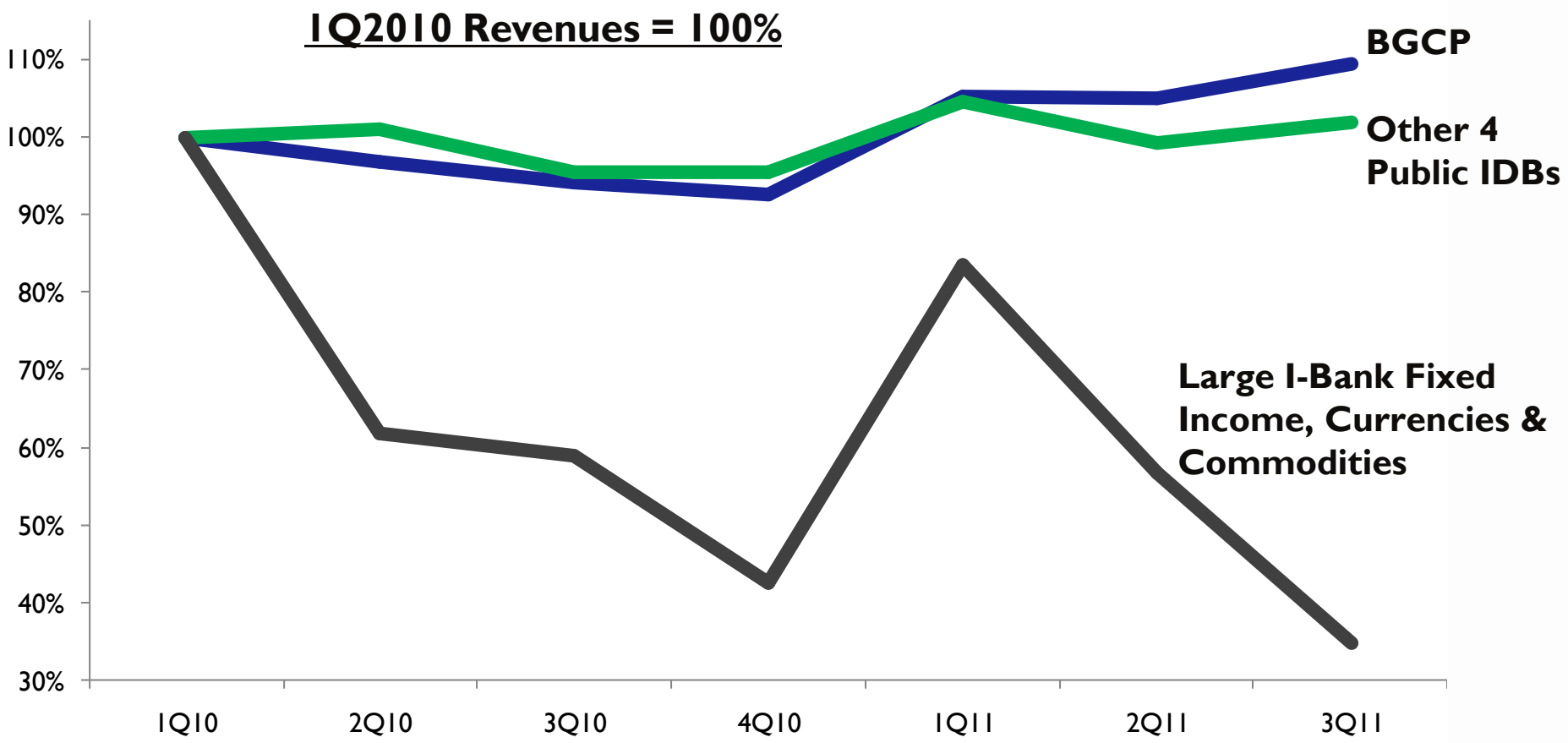
# Matched Principal Brokerage (“Principal Transactions”)



- Transactions novated via Central Counter Party
- In general, BGC takes no position and has no inventory or market risk



# Low Correlation with Bank Trading Revenues



→ Large bank FICC revenues had a correlation of only 0.35 with an r-squared of just 0.12 versus revenues for the five public IDBs from 1Q2010 through 3Q2011



Note: Fixed Income, Currency, and Commodities “Clean Revenues” in \$US as per Credit Suisse Research for Bank of America, Barclays, BNP, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Morgan Stanley, RBS, Societe Generale, & UBS. BGC revenues = GAAP revenues. “Other 4 Public IDBs” = \$US revenues for GFIG, CFT.SW, IAP.L, and TLPR.L per Bloomberg or company reports, adjusted for historically appropriate exchange rates. For IAP.L and TLPR.L, we further assume an equal split in half-year period revenues to guesstimate quarterly revenues.

# Growth Drivers: Positive Momentum

Diversified opportunities for growth, regardless of market conditions

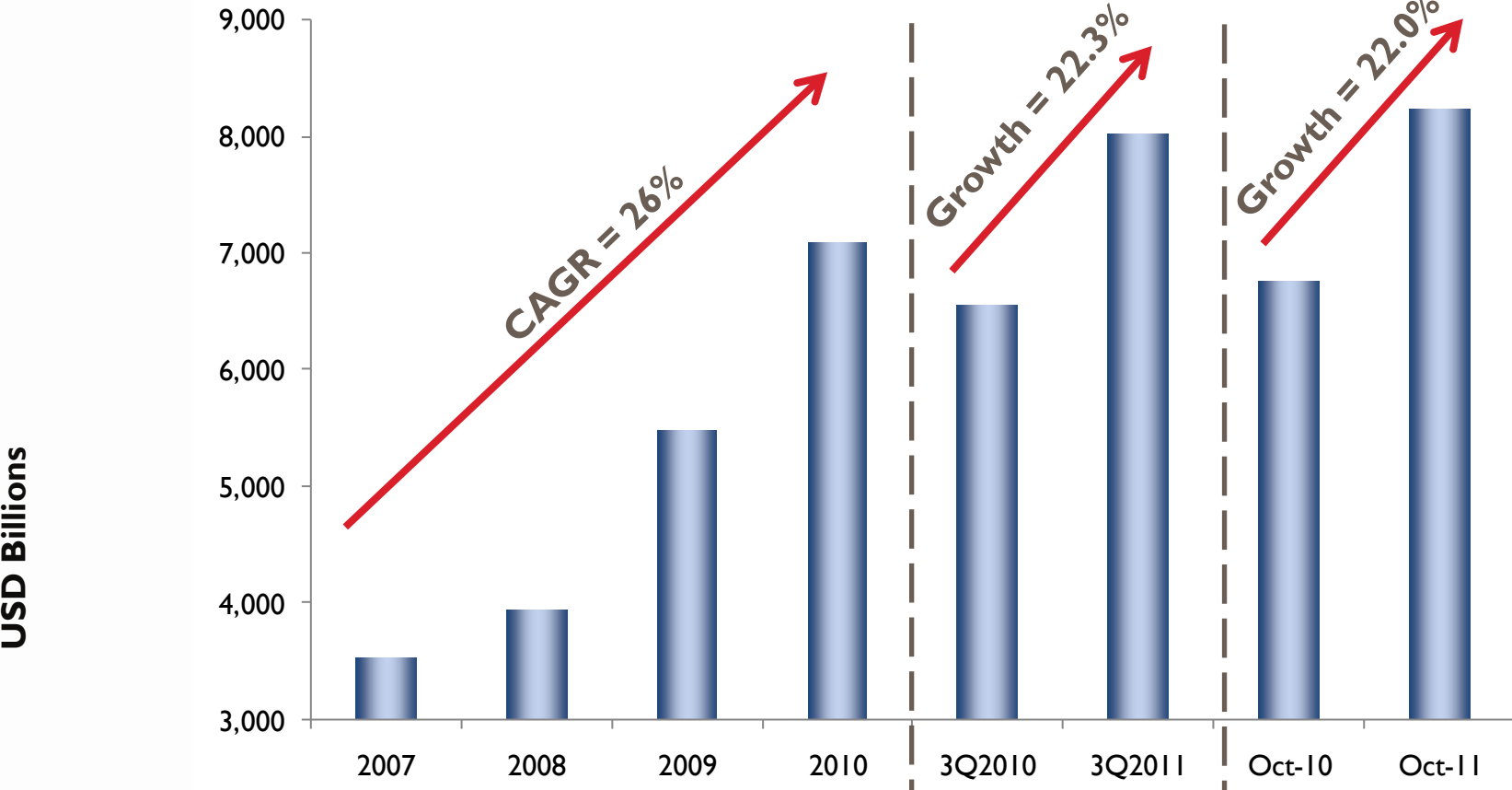
**MASSIVE  
SOVERIEGN  
ISSUANCE**

**HEADCOUNT  
GROWTH  
&  
MARKET  
SHARE  
GAINS**

**FULLY  
ELECTRONIC  
TRADING**

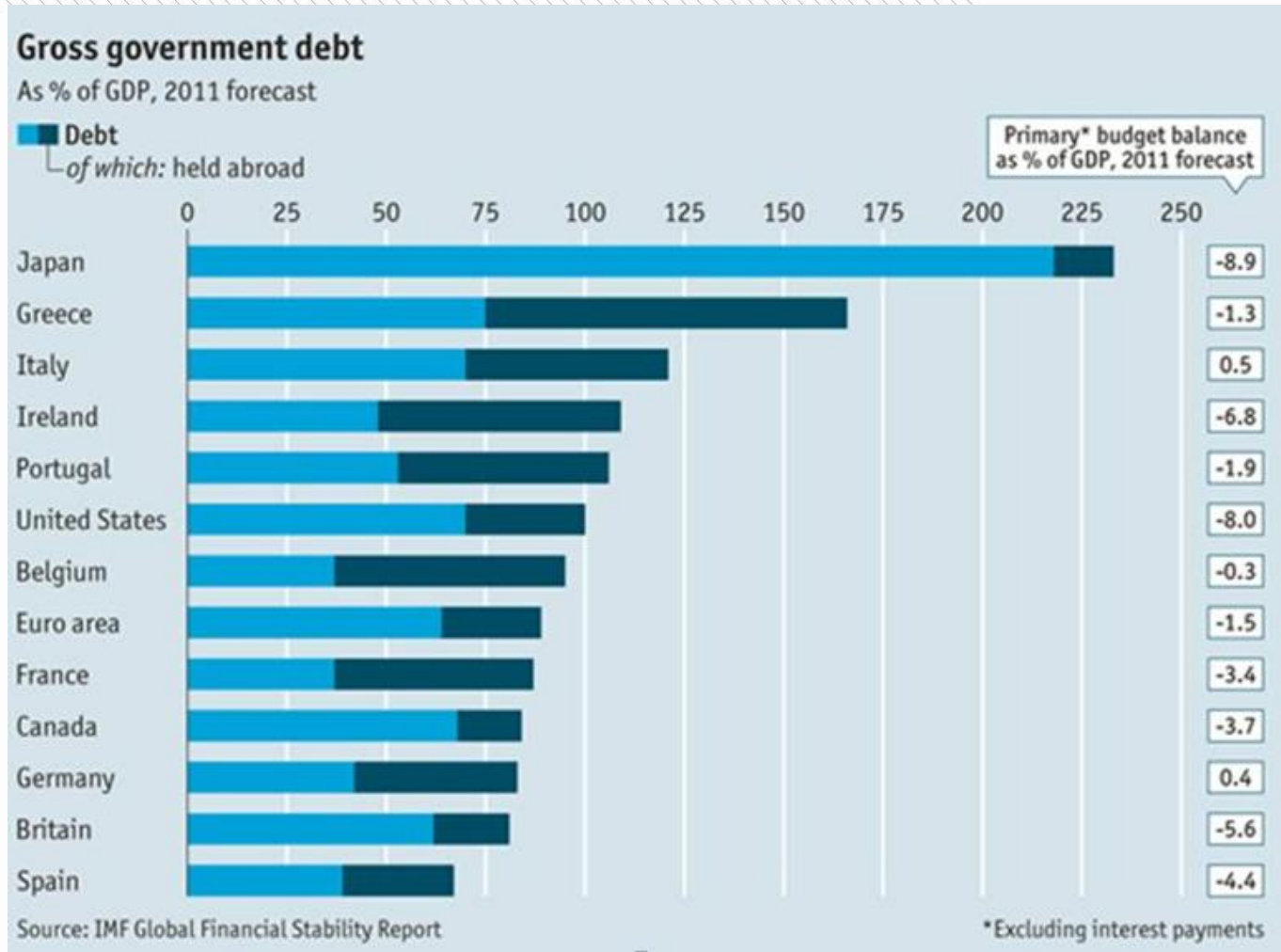
# Sovereign Debt Drives BGC's Rates Desks In the US...

## US Treasuries Outstanding Excluding Bills



Source: treasurydirect.gov. Note: US Treasuries outstanding = total marketable US government debt less treasury bills.

# ... and Globally



Source: The Economist

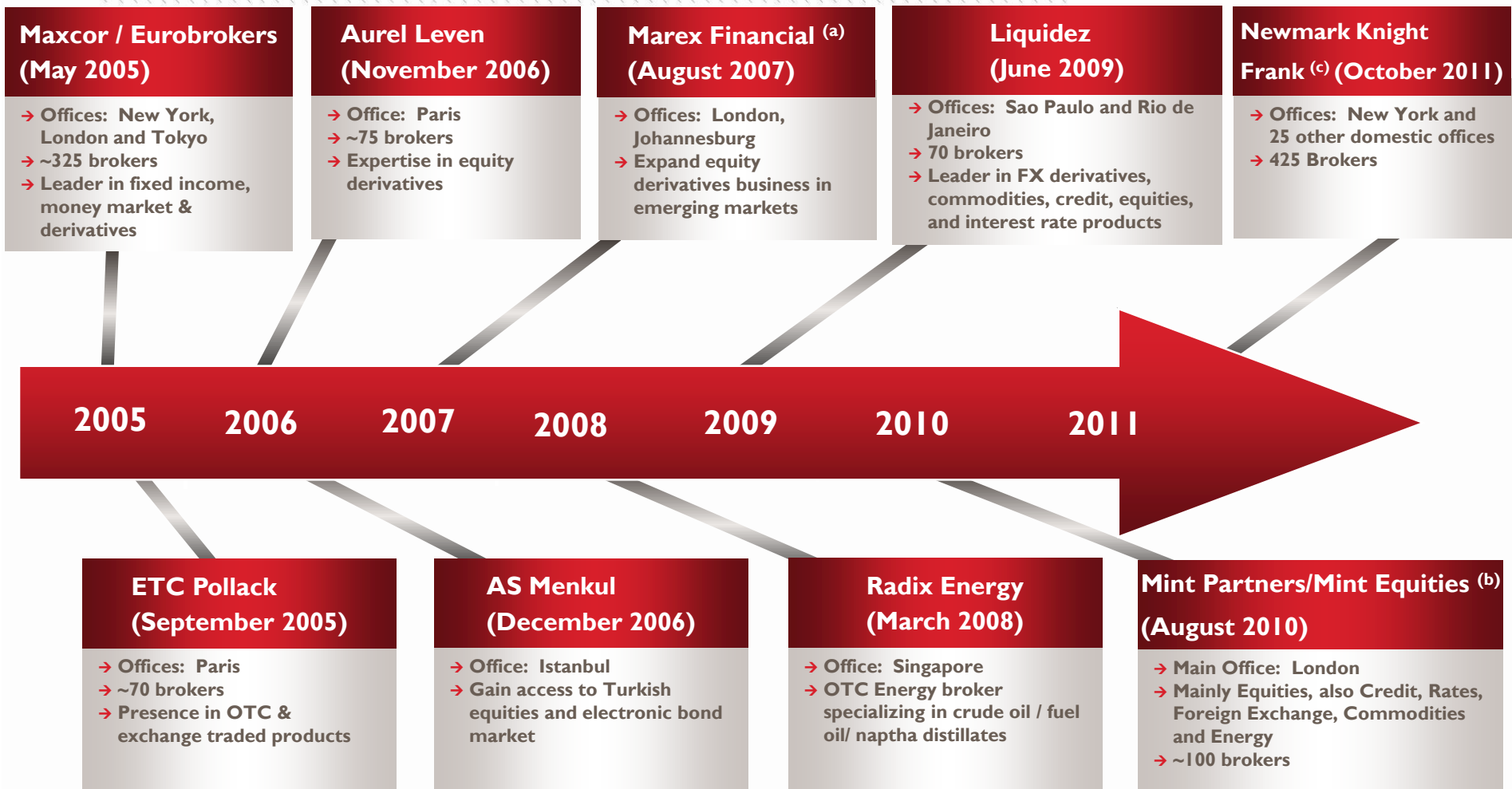
# BGC's Ability to Attract and Retain Key Talent

- Partnership structure tax efficient for both partners and public shareholders
- Fundamentally aligns employees' interests with shareholders'
- Partnership is a key tool in attracting and retaining top producers
- Unlike peers, large number of key employees have sizable and mostly restricted equity or unit stakes ( $\approx 37\%$  of fully diluted shares\*)
- Structure combines best aspects of private partnership with public ownership





# Strong Record of Successful, Accretive Acquisitions

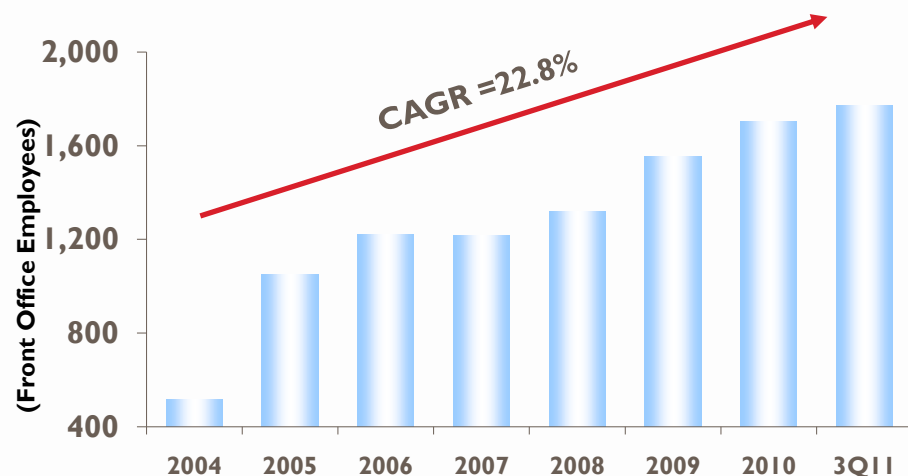
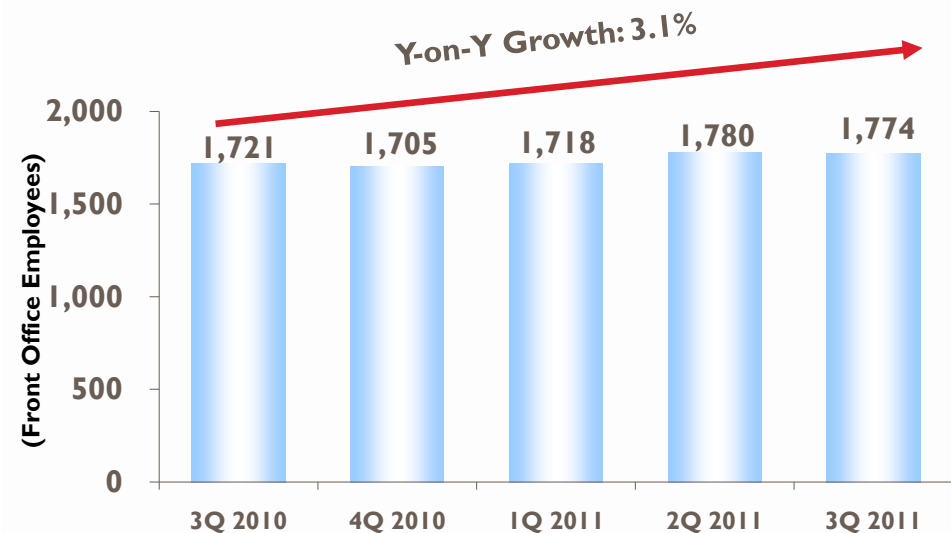


(a) BGC acquired Marex Financial’s emerging markets business. (b) BGC acquired various assets and businesses of Mint Partners and Mint Equities. (c) BGC acquired all of the outstanding shares of Newmark & Company Real Estate, Inc., which operates as “Newmark Knight Frank” in the United States and is associated with London-based Knight Frank.

# BGC's Front Office Employee Growth

## Front Office Headcount Since 3Q2010

## Front Office Growth Since 2004



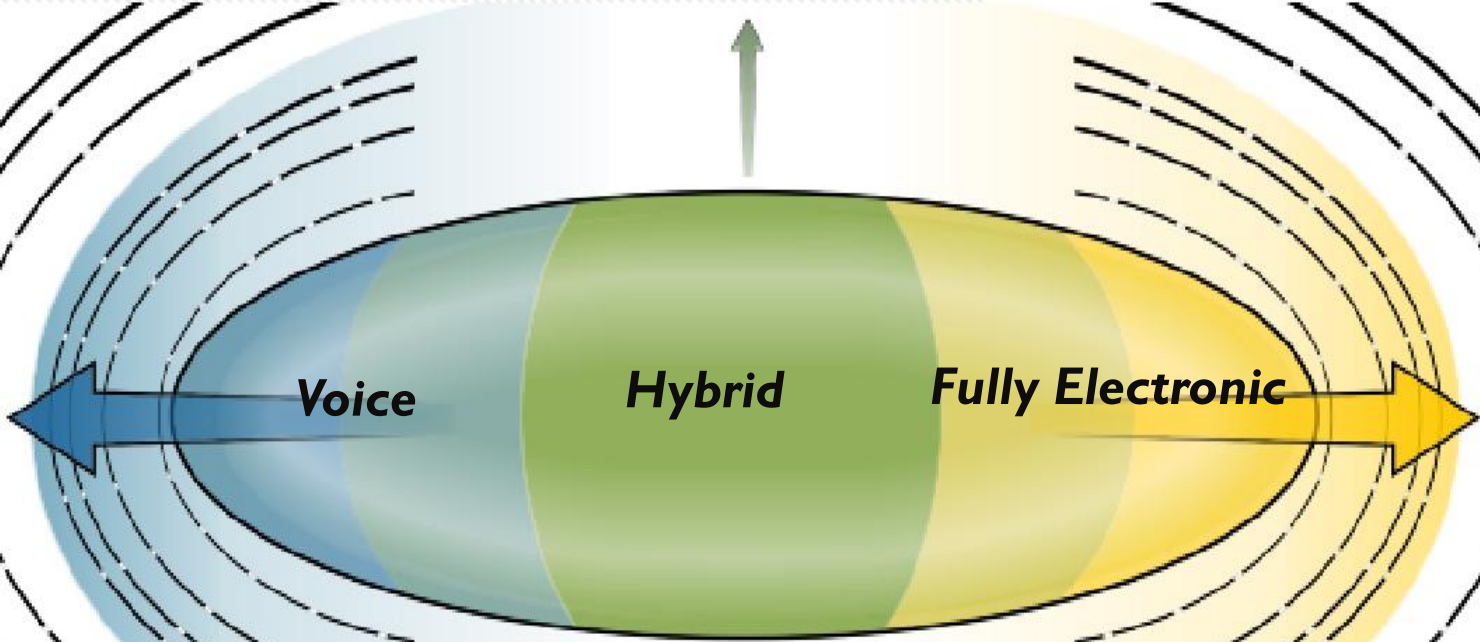
→ Front office productivity increased 14.4% y-o-y in 3Q 11



# Over 80 Products Offer Fully Electronic Trading

**New Products**

**Volume Growth**



- Money Markets
- Property Derivatives
- Exotic IR & FX Options
- Commodity Derivatives
- Shipping
- Commodities
- USD & EUR Sovereigns
- New Issue Securities

- Interest Rate Derivatives
- Cash Equities
- Basis Swaps
- Inflation Swaps
- Floating Rate Notes
- Base Metals
- Asset Backed Securities
- Convertible Bonds
- Covered Bonds

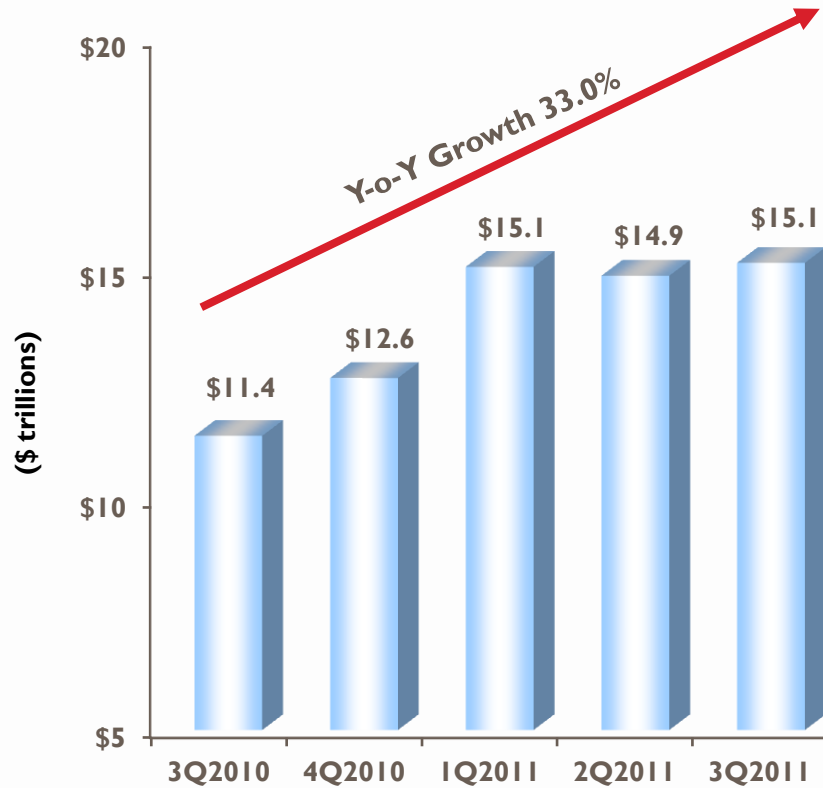
- UST Curve Swaps
- UST Off-the-Runs
- European Gov't Bonds
- Equity Derivatives (Global)
- UK Gilts
- Emerging Market Bonds

- FX Options
- European Corporates
- Single-Name CDS (Global)
- CDS Indices (Global)
- Sovereign CDS
- Euro Interest Rate Swaps
- US Dollar IRS
- SGD IRS and INR IRS
- Asian Convertible Bonds
- US Dollar IR Options
- Yen IR Options
- Non-deliverable Forwards
- Base Metals Options
- Precious Metals Options
- Liquidez DMA
- & Others...**

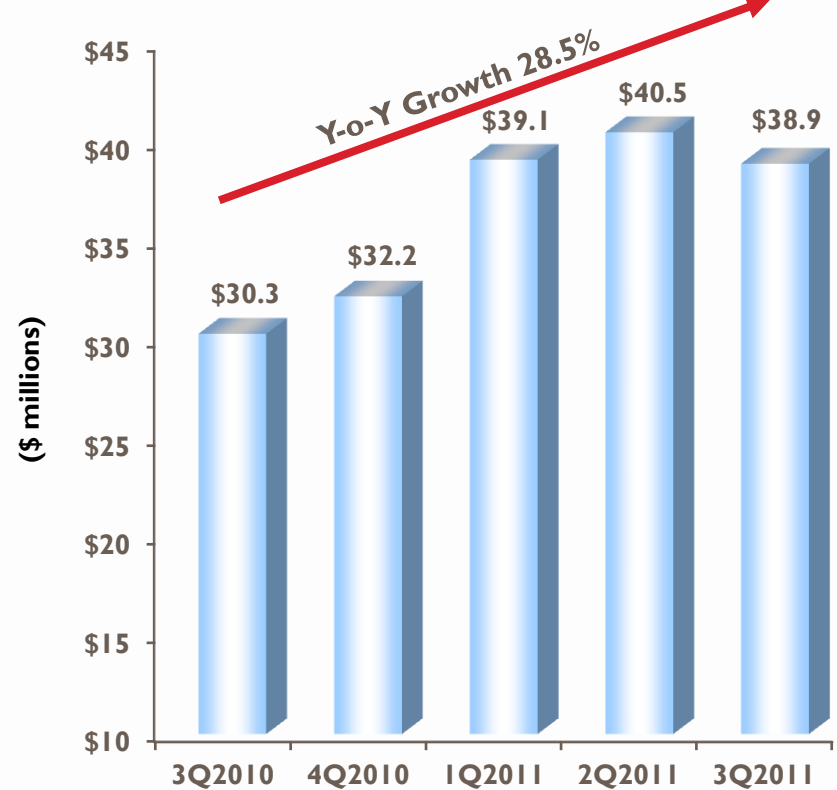
- US Treasuries
- Spot FX
- ELX-CME Basis Swaps
- Futures Routing
- Canadian Sovereigns

# BGC's Fully Electronic Growth

## Fully Electronic Volumes (in trillions)



## Fully Electronic Revenues (in millions)\*



→ Over time, higher fully electronic revenues has = improved margins



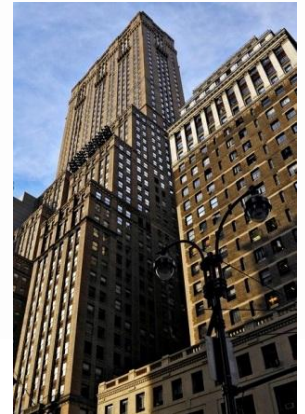
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# Discussion of Newmark Knight Frank



# Excited About Newmark Knight Frank Acquisition

- Founded in Manhattan in 1929
- One of the fastest growing commercial real estate brokerage companies
- Includes US business & does not involve any offices outside US
- For  $\approx$  \$63 mm in cash & 339,000 shares of BGC's Class A common stock + potential earn-out of up to  $\approx$  4.8 mm additional shares over 5 years
- Expected to be accretive to BGC in first year
- NKF led by CEO Barry Gosin & President Jimmy Kuhn



Note: On October 14, 2011, BGC Partners, Inc. acquired all of the outstanding shares of Newmark & Company Real Estate, Inc., which operates as "Newmark Knight Frank" in the United States and is associated with London-based Knight Frank.



# Newmark Knight Frank Acquisition (Continued)

- Opportunity to recreate the success we have had at BGC
- 425 brokers; with Knight Frank are part of 7,000 + person global network
- BGC will apply its powerful technology, expertise with inferential pricing to grow NKF
- Synergies between BGC's and NKF's financial services clients
- Bespoke property derivatives will enable brokers to help their clients hedge against changes in real estate prices







# Conclusion



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# BGC's Performance Goals

## Goals in 2007

- 56% Comp Ratio
- 13% Pretax Margin
- 10% Post-tax Margin
- Increase fully electronic trading
- Increase front office

## 9mos Sept 2011 Actual Results

- 53.6% Comp Ratio
- 17.0% Pretax Margin
- 14.3% Post-tax Margin
- 10.7% of total revenues related to e-broking (from traditional IDB products – Rates, Credit, FX, Equities, Energy, Commodities)
- Front office up by  $\approx$  600 or 50%

## Current Goals

- 52-57% Comp Ratio
- 20% + Pre-tax Margin
- 17% + Post-tax Margin
- Increase percentage of e-broking revenues to 20% of revenues related to traditional IDB products
- Grow front office in traditional IDB products by at least another 750
- Grow new categories' front office by at least another 500 (Shipping, Commercial Real Estate, etc.)
- Grow revenues by \$1Bn

***BGC has met its past performance goals and has set new targets for increased revenue and profitability***



# BGC: Solid Business with Significant Opportunities

- Diversified revenues by geography & product category
- Well positioned to take advantage of current market dynamics
- Accretively hiring and acquiring
- Investing for broker productivity & fully electronic trading
- Intermediary-oriented, low-risk business model
- Deep and experienced management team with ability to attract and retain key talent
- Attractive dividend yield





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## Appendix



# Brokerage Overview: Rates

## Example of Products

- Interest rate derivatives
- US Treasuries
- Global Government Bonds
- Agencies
- Futures
- Dollar derivatives
- Repurchase agreements
- Non-deliverable swaps
- Interest rate swaps & options

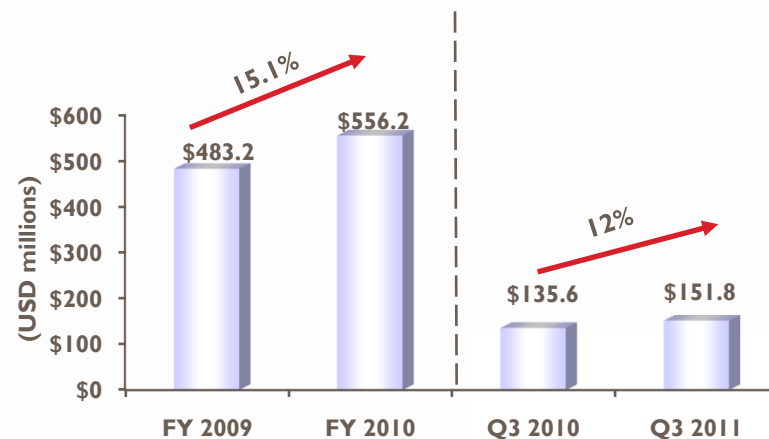
## Drivers

- Ongoing global sovereign debt issues and economic uncertainty increase volatility
- Strength in BGC's e-broking of interest rate derivatives and USTs
- Nearly 40% YoY growth in fully electronic rates revenue
- Particular strength in electronic brokerage of UST's

## % of 3Q2011 Total Distributable Earnings Revenue



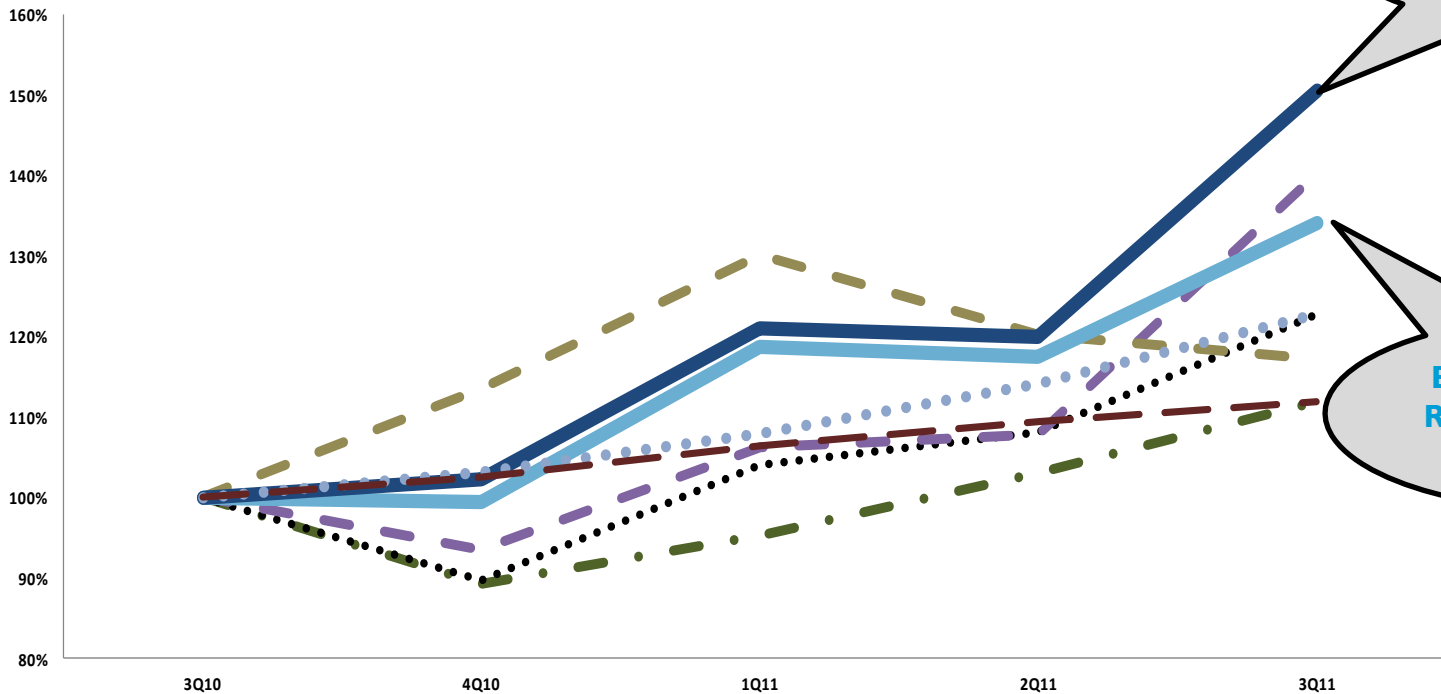
## Rates Revenue Growth





# BGC Fully Electronic Rate Volumes Outpace Industry

Rates Volume % Change (YoY; 3Q2010 = 100)



BGC fully electronic Rates transaction up 51% in 3Q11

BGC fully electronic Rates volume up 34% in 3Q11

— EUREX - Bond Contracts Volume

— CME - Euro \$ Contracts

— BGC Fully Electronic Rates\* (Notional Vol US \$B)

••• ICAP Fixed Income

••• CBOT - US Treasury Contracts

— Fed UST Volume (Billions)

— BGC Fully Electronic Rates\* (Transaction Count Trillions - Right Axis)

— \*TriOptima Interest Rate Swaps Turnover

Source: CME/Eurex/CBOT - Futures Industry Association - Monthly Volume Report - ([www.cme.com](http://www.cme.com), [www.eurexchange.com](http://www.eurexchange.com)), ICAP Volume Report ([www.icap.com](http://www.icap.com)), Fed US-T Volume ([www.newyorkfed.org/markets/statrel.html](http://www.newyorkfed.org/markets/statrel.html) - Federal Reserve Bank ).

\*TriOptima is shown as transaction volumes for the last week of each quarter.

# Brokerage Overview: Credit

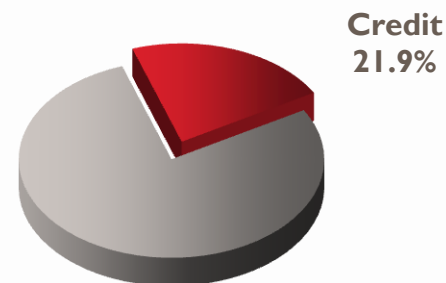
## Example of Products

- Credit derivatives
- Asset-backed securities
- Convertibles
- Corporate bonds
- High yield bonds
- Emerging market bonds

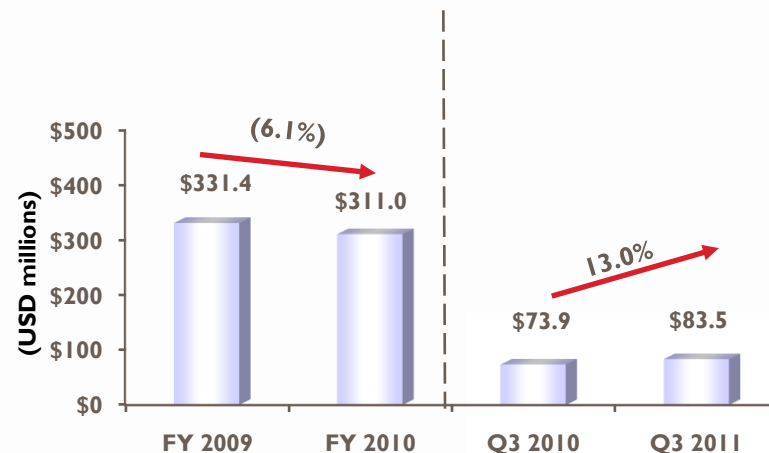
## Drivers

- Ongoing global sovereign debt issues and economic uncertainty increase volatility
- Over 50% YoY growth in BGC's e-brokered products
- BGC grew despite generally lower y-o-y industry-wide volumes for corporate bonds

## % of 3Q2011 Total Distributable Earnings Revenue

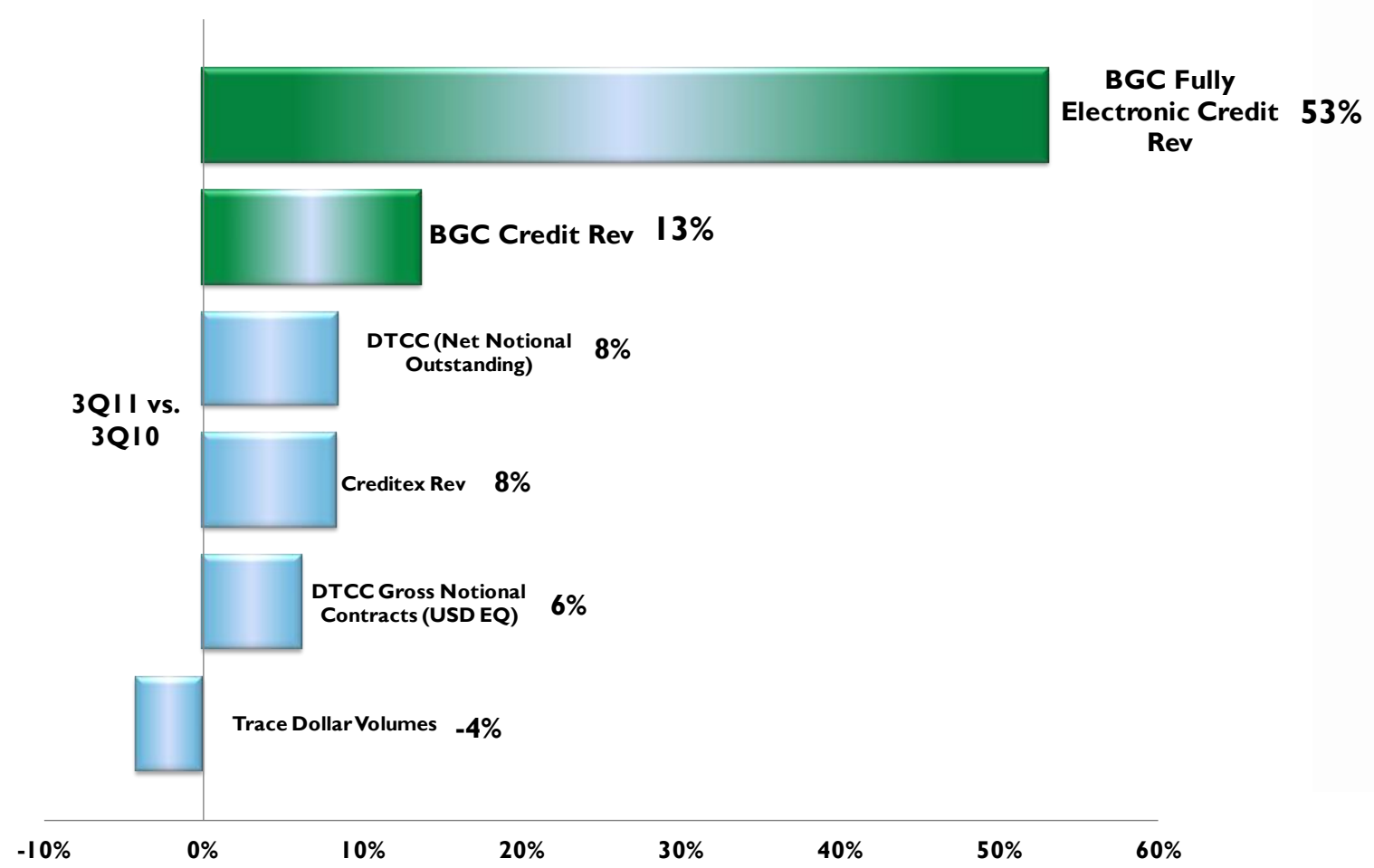


## Credit Revenue Growth



# BGC's Credit Performance Eclipsed Overall Industry

**3Q 2011 Y-O-Y Growth**



Sources: The Depository Trust and Clearing Corporation, "DTCC" data as of Sept month end 2011 vs. Sept month end 2010, Company websites, "TRACE" (Trade Reporting and Compliance Engine).



# Brokerage Overview: Foreign Exchange

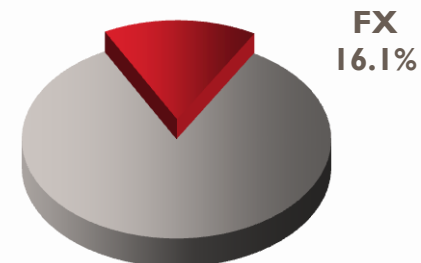
## Example of Products

- Foreign exchange options
- G-10
- Emerging markets
- Cross currencies
- Exotic options
- Spot FX
- Emerging market FX options
- Exotic FX options
- Non-deliverable forwards

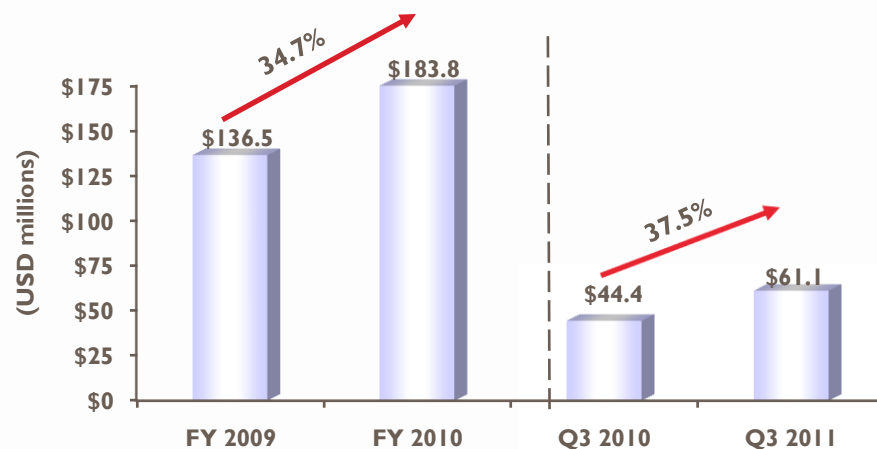
## Drivers

- Ongoing global sovereign debt issues and economic uncertainty increase volatility
- Growth in BGC's market share
- Particular strength in emerging markets

## % of 3Q2011 Total Distributable Earnings Revenue

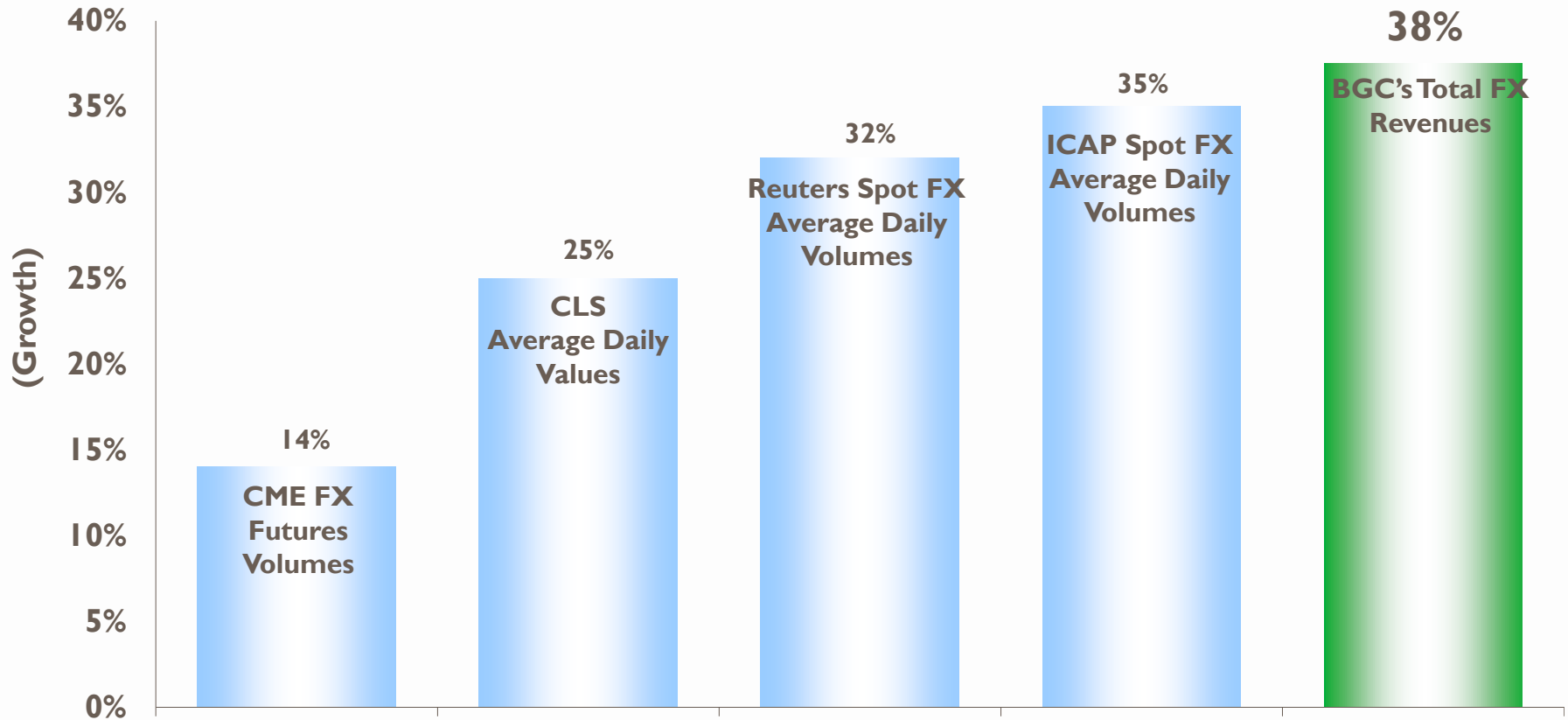


## Foreign Exchange Revenue Growth



# BGC's FX Business Continues to Gain Market Share

3Q 2011 Y-O-Y Growth



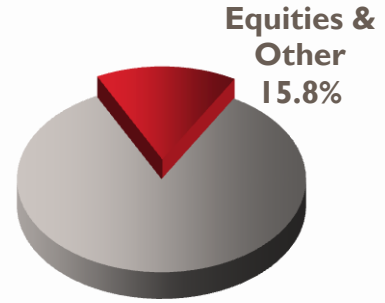
Source: ICAP, CME, CLS, Reuters websites. CME FX Futures growth based on average daily volume, ICAP Spot FX and Reuters Spot FX based on average daily volume. CLS Bank. Data includes FX spot, swap and outright forward products. Values are the total value of settlement instructions submitted to CLS on trade date. The values should be divided by two for spot and forward values and by four for swap values to equate to the values reported in the BIS tri-annual surveys. All Growth Percentages Based on Average Daily volumes in USD.

# Brokerage Overview: Equities & Other Asset Classes

## Example of Products

- Equity derivatives
- Cash Equities
- Index futures
- Commodities
- Energy derivatives
- Other derivatives and futures

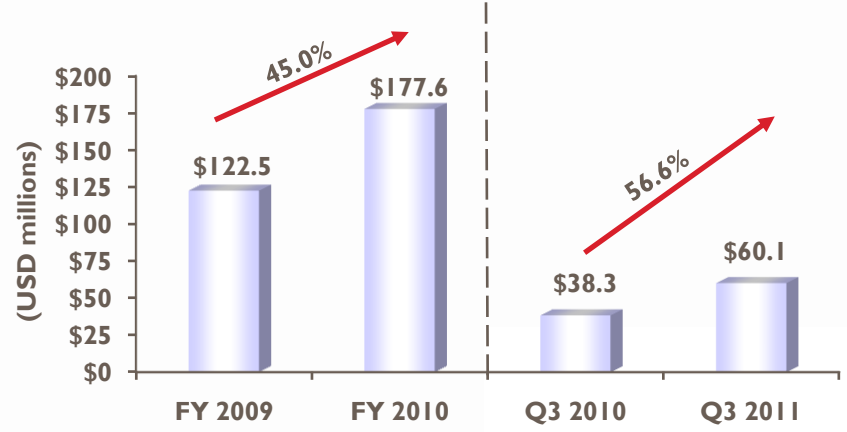
## % of 3Q2011 Total Distributable Earnings Revenue



## Drivers

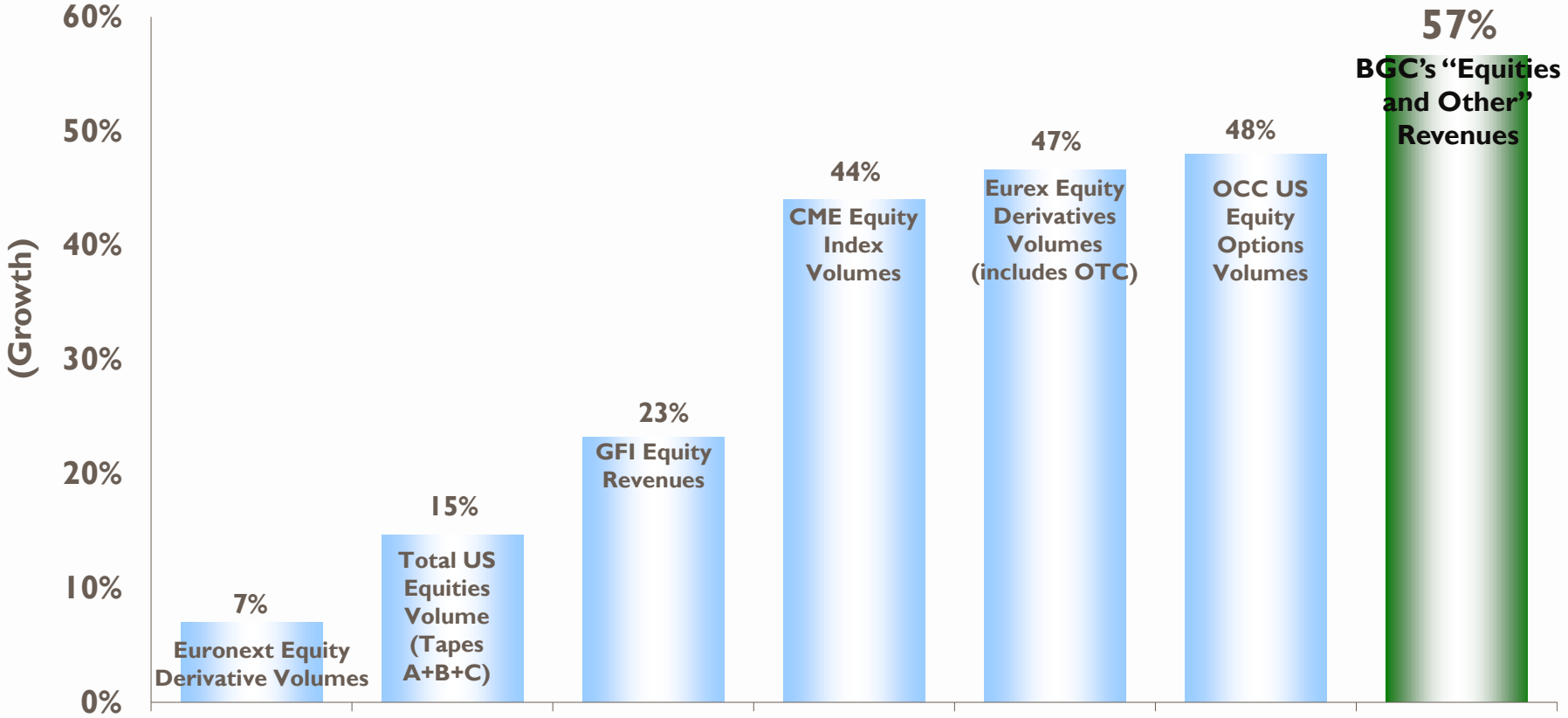
- Ongoing global sovereign debt issues and economic uncertainty increase volatility
- The addition of assets from Mint
- BGC benefited from generally higher y-o-y industry-wide volumes for cash and derivatives

## Equities & Other Asset Classes Revenue Growth



# BGC's "Equities and Other" Desks Outpace Market

## 3Q 2011 Y-O-Y Growth



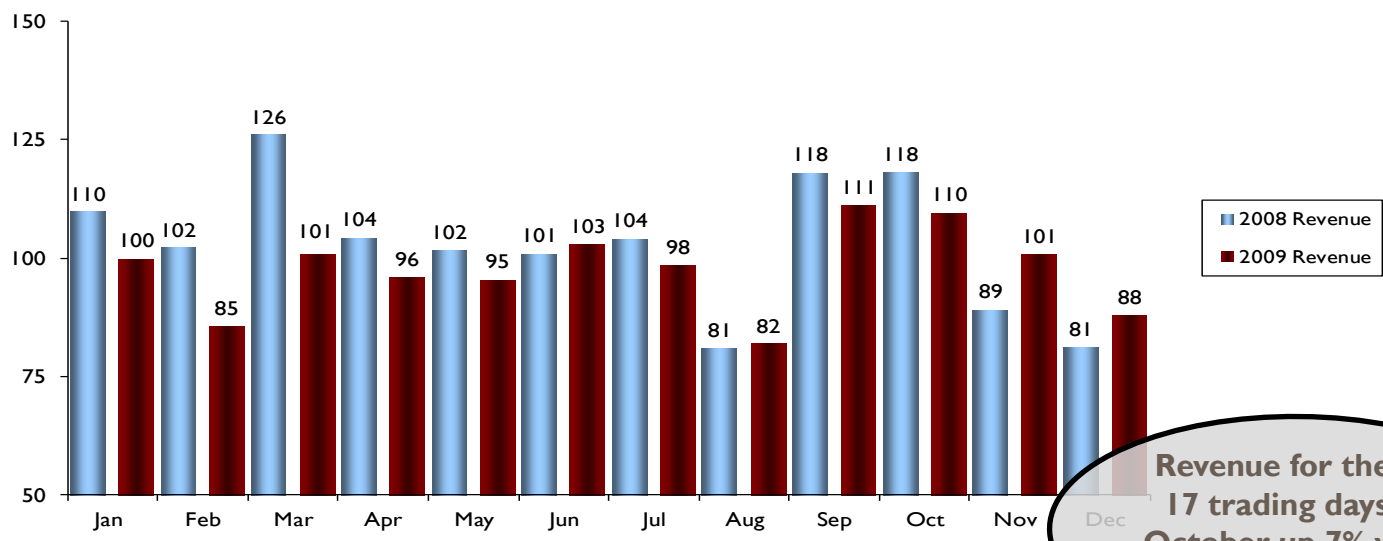
Note: Cash equities growth percentages based on average daily shares traded for US exchanges. Equity derivatives based on equity option average daily volume from OCC, Eurex, and Euronext. CME growth is based on average daily volume. For Eurex, growth is based on average daily total equity derivatives volume which includes single name and index. For Euronext, growth is based on total European equity derivative product volume. Sources: erdesk.com for US equities volumes, OCC for US Equity option volumes, Credit Suisse research for Eurex and Euronext volumes, company press releases for CME volumes and Knight volumes.

# BGC Should Benefit from Proposed OTC Changes

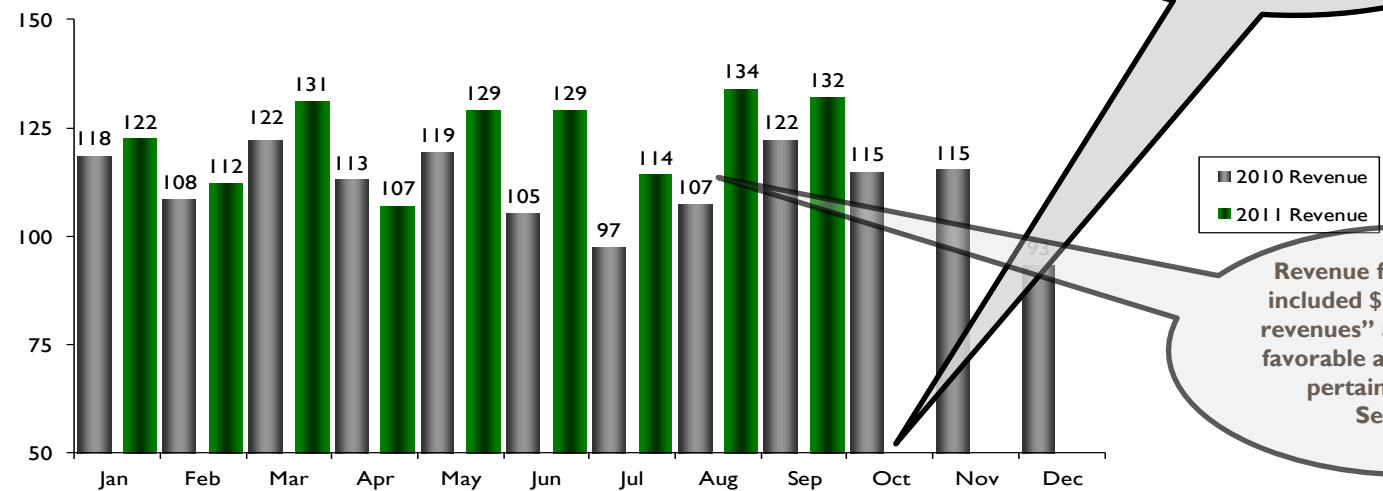
- We profitably broker OTC and exchange traded, centrally cleared products
- We strongly favor open and non-discriminatory central clearing
- We are generally paid significantly faster by central clearing organizations
- Central clearing may lead to higher OTC volumes in certain markets
- BGC has competitive advantage versus IDB peers if hybrid or electronic trading is encouraged and/or required
- BGC should qualify as a "swap execution facility" and other equivalent terms

# Monthly Revenue Performance (\$MM)

BGC Monthly Distributable Earnings Revenues (\$MM)



Revenue for the 1<sup>st</sup> 17 trading days of October up 7% y-o-y to ≈\$98 mm



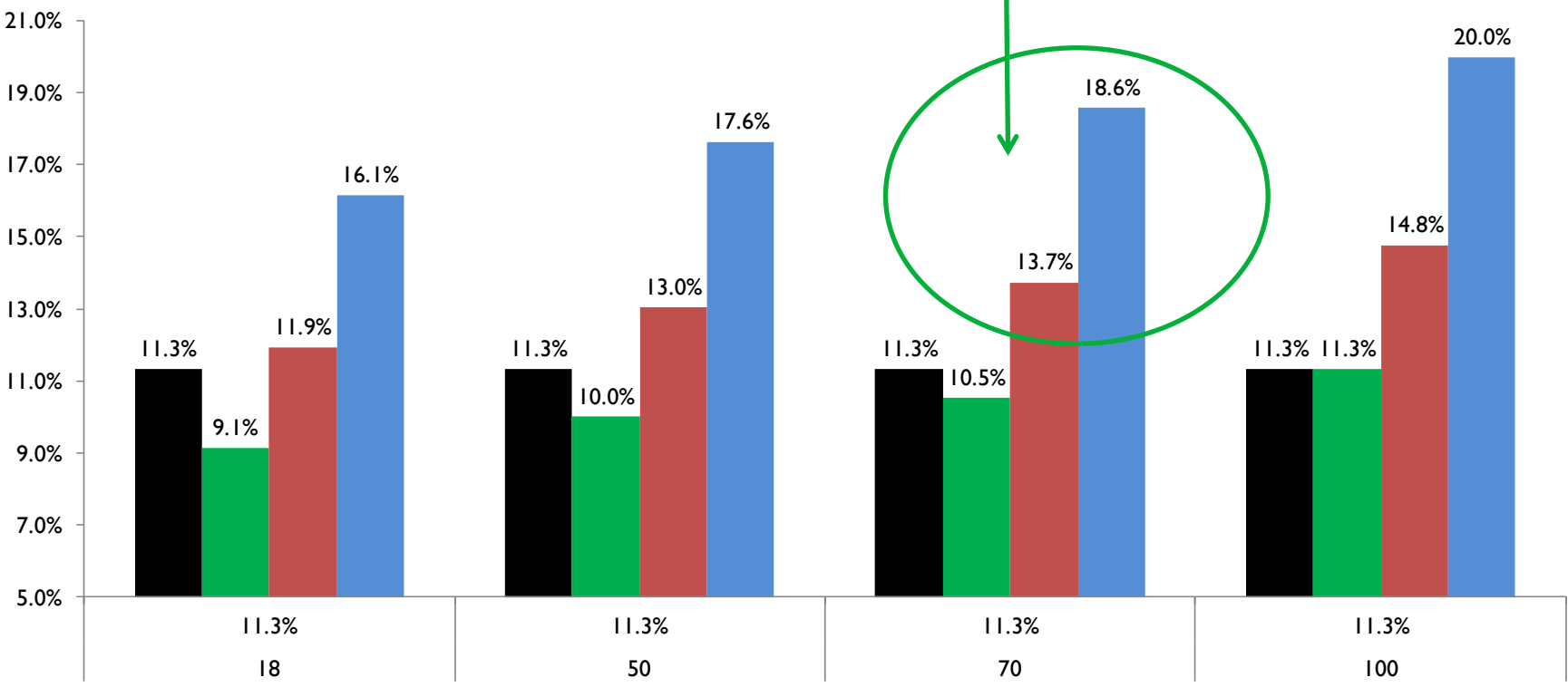
Revenue for August 2010 included \$11.6M in "other revenues" as the result of a favorable arbitration ruling pertaining to Refco Securities.



Note: October 2011 revenue number is preliminary. The Newmark acquisition closed as of October 14, 2011. Monthly revenue prior to 2008 is available in the 2010 earnings presentations at [www.bgcpartners.com/ir](http://www.bgcpartners.com/ir).

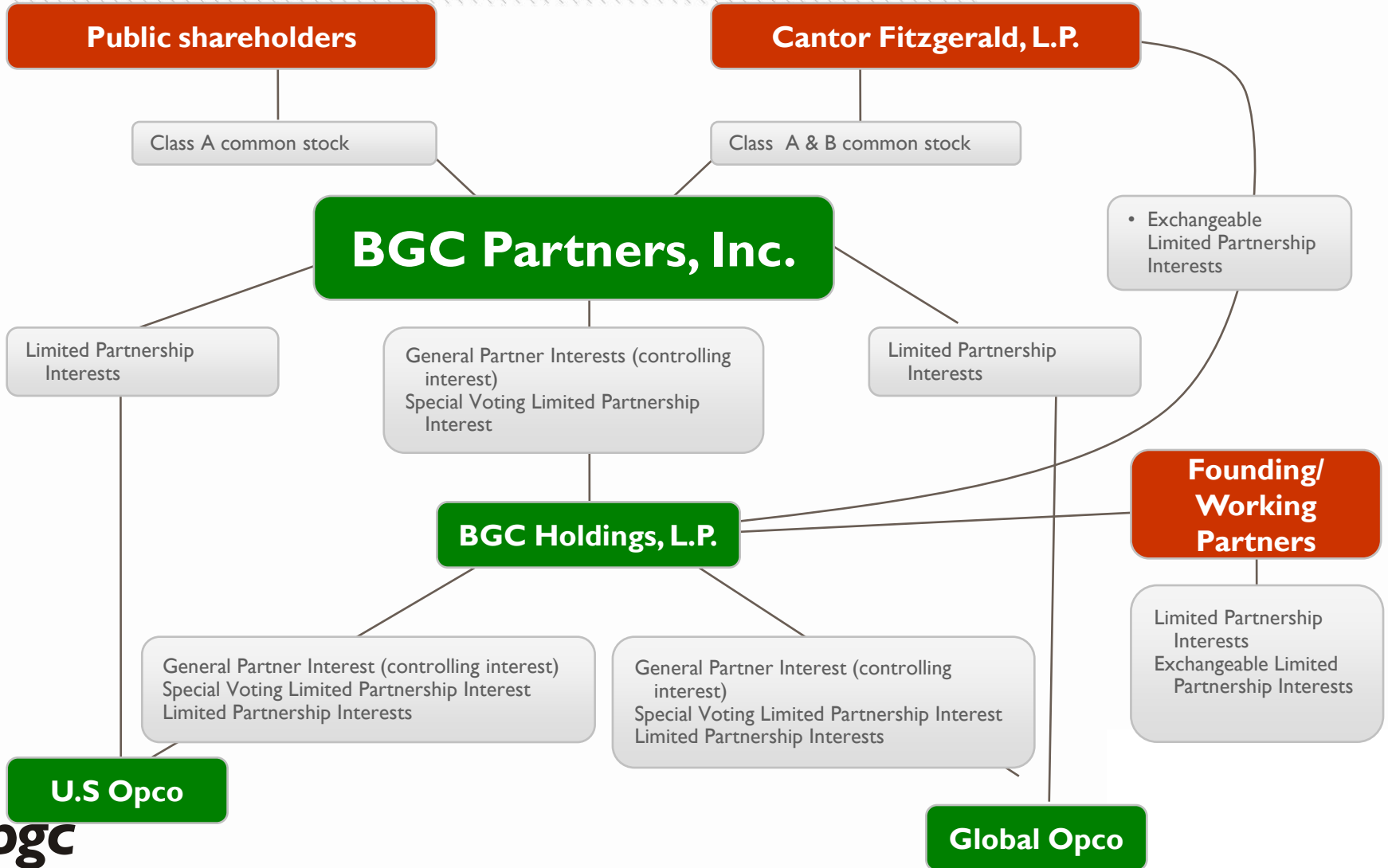
# Current Tax Equivalent Yield Analysis (Continued)

In 2011, a fully taxable qualified dividend would need to be 15% higher or \$0.78 per share for investors to receive the same after-tax income as from a \$0.68 per share BGCP dividend; a fully taxable dividend or distribution would need to be \$1.06 or 56% higher per share or unit.



- BGC Pre-tax Yield
- BGC After-Tax Yield
- Required Pre-Tax Yield Qualified Dividend
- Required Pre-Tax Yield Taxable Ordinary Income

# Structure Creates Employee Retention and Lower Effective Tax Rate





# Newmark Knight Frank Awards

**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

AWARDS  
IN THE  
LAST  
**9**  
YEARS

## “MOST INGENUOUS DEAL OF THE YEAR”

**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

**Sale of 13 West 15th Street**  
42,000 RSF loft building  
incl. 122,000 SF of air rights

**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

**SEIU-32BJ**  
620 Avenue of the Americas  
247,000 RSF

**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

**Ropes & Gray**  
1211 Avenue of the Americas  
250,000 RSF

**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

**Hasbro/Home Depot**  
28-40 West 23rd Street  
120,000 RSF (Retail)

**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

**NYU/Trader Joe's**  
140 East 14th Street  
15,000 RSF (Retail)

**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

**Lincoln Square Synagogue**  
Land Swap  
180 Amsterdam Avenue

**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

**Bloomingdales**  
504 Broadway  
80,000 RSF (Retail)

**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

**Walgreens**  
1 Times Square  
17,000 RSF (Retail)

**REBNY**<sup>®</sup>  
REAL ESTATE BOARD OF NEW YORK

**Guitar Center**  
25 West 14th Street  
35,000 RSF (Retail)

# Newmark Knight Frank Awards (Continued)



#3

Most Powerful Brokerage Firms (2011)



500

Masters of Technology (2011)



#3

Top Brokerage Houses in New York (2011)



9

Awards in the Last 9 Years

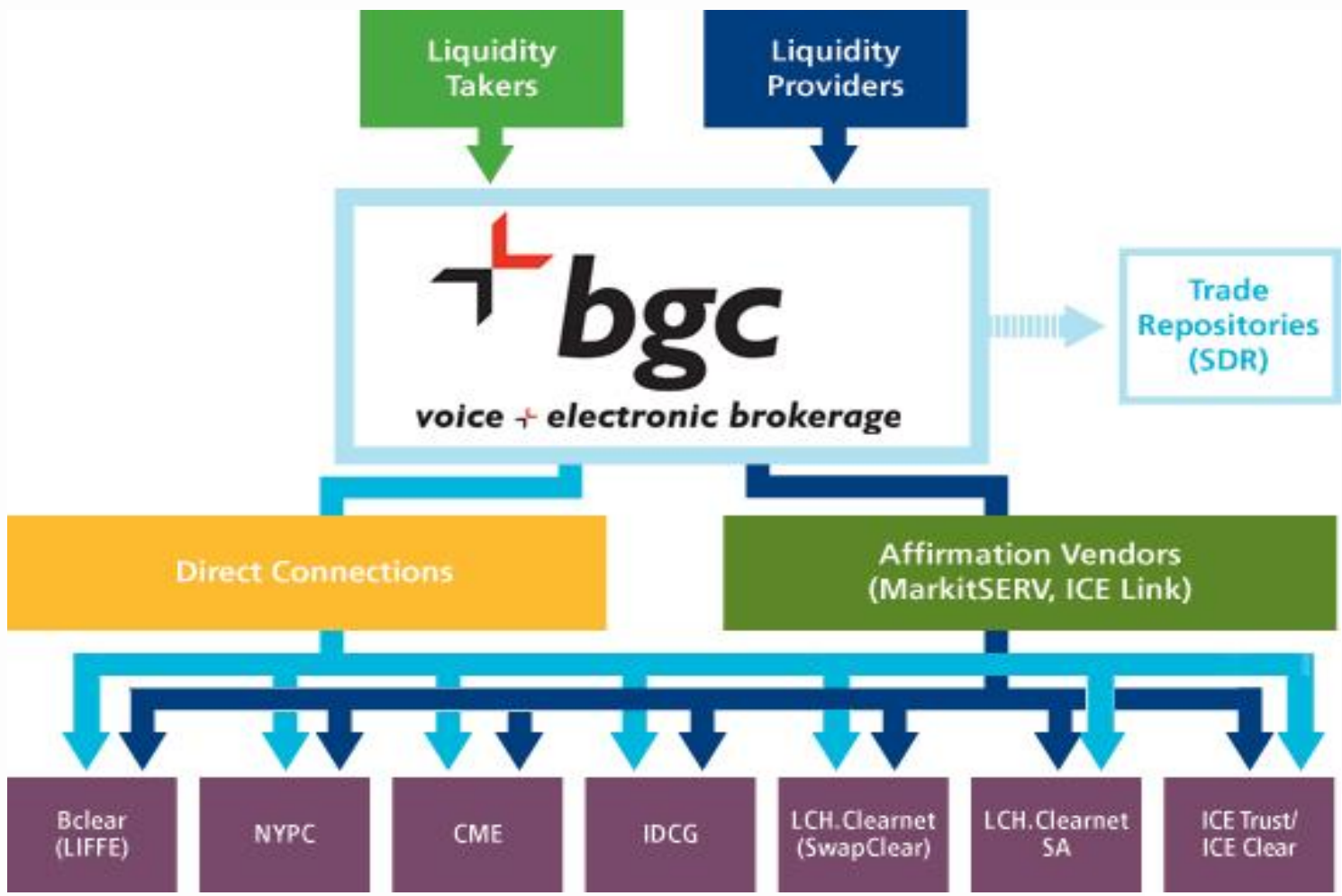


#4

New York's Largest Commercial Property Managers (2010)



# BGC Already Offers Many Electronic Central Clearing and Settlement Options



# ELX Update

- Offers US Treasury futures, Eurodollar Futures
- Announced record 3Q 2011 results with strong YoY ADV growth:
  - The 30-year bond volume in the third quarter exceeded 1 million contracts for the first time, with 1,167,171 contracts traded, surpassing the second quarter 2011 record of 964,534 contracts and bringing the total traded since launch to nearly 5 million.
  - The average daily volume for the quarter was a record 18,237 contracts, with market share during the quarter rising to a record 4.3%.
- Plans to add competitive interest-rate products vs. NYSE Liffe and Eurex
  - Short Sterling Futures
  - Euribor Futures
  - German interest rate futures - Bund, Bobl, Schatz
- Partners include nearly all the largest FCMs\* and most active futures trading firms: Bank of America Merrill Lynch, Barclays, Breakwater, Citi, Credit Suisse, Deutsche Bank Securities, GETCO, Goldman Sachs, JPMorgan, Morgan Stanley, PEAK6 and The Royal Bank of Scotland
- Partners recently participated in capital raise



# Distributable Earnings

BGC Partners uses non-GAAP financial measures including "Revenues for distributable earnings," "pre-tax distributable earnings" and "post-tax distributable earnings," which are supplemental measures of operating performance that are used by management to evaluate the financial performance of the Company and its subsidiaries. BGC Partners believes that distributable earnings best reflects the operating earnings generated by the Company on a consolidated basis and are the earnings which management considers available for 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," "net income (loss) for fully diluted shares," and "fully diluted earnings (loss) per share," all prepared in accordance with GAAP, distributable earnings calculations primarily exclude certain non-cash compensation and other expenses which generally do not involve the receipt or outlay of cash by the Company, which do not dilute existing stockholders, and which do not have economic consequences, as described below. In addition, distributable earnings calculations exclude certain gains and charges that management believes does not best reflect the ordinary operating results of BGC. Revenues for distributable earnings are defined as GAAP revenues excluding the impact of BGC Partners, Inc.'s non-cash earnings or losses related to its equity investments, such as in Aqua Securities, L.P. and ELX Futures, L.P., and its holding company general partner, ELX Futures Holdings LLC. Pre-tax distributable earnings are defined as GAAP income (loss) from operations before income taxes excluding items that are primarily non-cash, non-dilutive, and non-economic items, such as: Non-cash stock-based equity compensation charges for REUs granted or issued prior to the merger of BGC Partners, Inc. with and into eSpeed, as well as post-merger non-cash, non-dilutive equity-based compensation related to partnership unit exchange or conversion; Allocations of net income to founding/working partner and other units, including REUs, RPU, PSUs and PSIs; and Non-cash asset impairment charges, if any. Distributable earnings calculations also exclude charges related to purchases, cancellations or redemptions of partnership interests and certain one-time or non-recurring items, if any. Beginning with the second quarter of 2011, BGC's definition of distributable earnings has been revised to exclude certain gains and charges with respect to acquisitions, dispositions, and resolutions of litigation. This change in the definition of distributable earnings is not reflected in, nor does it affect the Company's presentation of prior periods. Management believes that excluding these gains and charges best reflects the operating performance of BGC. Since distributable earnings are calculated on a pre-tax basis, management intends to also report "post-tax distributable earnings" and "post-tax distributable earnings per fully diluted share": "Post-tax distributable earnings" are defined as pre-tax distributable earnings adjusted to assume that all pre-tax distributable earnings were taxed at the same effective rate. "Post-tax distributable earnings per fully diluted share" are defined as post-tax distributable earnings divided by the weighted-average number of fully diluted shares for the period. In the event that there is a GAAP loss but positive distributable earnings, the distributable earnings per share calculation will include all fully diluted shares that would be excluded under GAAP to avoid anti-dilution, but will exclude quarterly interest expense, net of tax, associated with the Senior Convertible Notes. Each quarter, the dividend to common stockholders is expected to be determined by the Company's Board of Directors with reference to post-tax distributable earnings per 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 units, including REUs, RPU, PSUs and PSIs, and to Cantor for its noncontrolling interest. The amount of all of these payments is expected to be determined using the above definition of pre-tax distributable earnings per share. Certain employees who are holders of RSUs are granted pro-rata payments equivalent to the amount of dividends paid to common stockholders. Under GAAP, a portion of the dividend equivalents on RSUs is required to be taken as a compensation charge in the period paid. However, to the extent that they represent cash payments made from the prior period's distributable earnings, they do not dilute existing stockholders and are therefore excluded from the calculation of distributable earnings. Distributable earnings is not meant to be an exact measure of cash generated by operations and available for distribution, nor should it be considered in isolation or as an alternative to cash flow from operations or income (loss) for fully diluted shares. The Company views distributable earnings as a metric that is not necessarily indicative of liquidity or the cash available to fund its operations. 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. Management does not anticipate providing an outlook for GAAP "revenues", "income (loss) from operations before income taxes", "net income (loss) for fully diluted shares," and "fully diluted earnings (loss) per share", because the items previously identified as excluded from pre-tax distributable earnings and post-tax distributable earnings are difficult to forecast. Management will instead provide its outlook only as it relates to revenues for distributable earnings, pre-tax distributable earnings and post-tax distributable earnings. For more information on this topic, please see the table in BGC's most recent financial results release entitled "Reconciliation of GAAP Income to Non-GAAP Distributable Earnings", which provides a summary reconciliation between pre- and post-tax distributable earnings and the corresponding GAAP measures for the Company in the periods discussed in this document.