



**BGC PARTNERS, INC.**

NASDAQ: BGCP

**Q3 2014 GENERAL INVESTOR PRESENTATION**

### **Discussion of Forward-Looking Statements by BGC Partners**

Statements in this document regarding BGC Partners' business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. Except as required by law, BGC undertakes no obligation to document any revisions to 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 our public filings, including our most recent Form 10-K and any updates to such risk factors contained in subsequent Form 10-Q or Form 8-K filings.

### **Note Regarding Financial Tables and Metrics**

Excel files with the Company's quarterly financial results and metrics from full year 2008 through second quarter 2014 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).

### **Distributable Earnings**

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 penultimate 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 Defined", "Differences Between Consolidated Results for Distributable Earnings and GAAP", and "Reconciliation of GAAP Income to Distributable Earnings", which are incorporated by reference, and available in the "Investor Relations" section of our website at <http://www.bgcpartners.com>.

### **Adjusted EBITDA**

See the sections of BGC's most recent financial results press release titled "Adjusted EBITDA Defined" and "Reconciliation of GAAP Income to Adjusted EBITDA (and Comparison to Pre-Tax Distributable Earnings)."

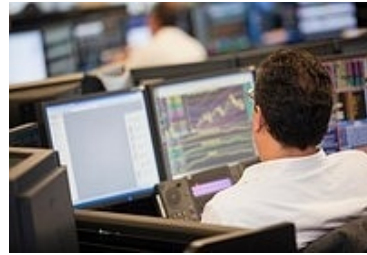
### **Other Items**

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

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



## GENERAL OVERVIEW





## SOLID BUSINESS WITH SIGNIFICANT OPPORTUNITIES

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- Two segments: Financial Services & Real Estate Services
- Diversified revenues by geography & product category
- Value of assets of the Company not fully understood by the market
- Accretively acquiring and selectively hiring while reducing overall expense base
- Growing fully electronic trading
- Intermediary-oriented, low-risk business model
- Deep and experienced management team with ability to attract and retain key talent
- Attractive  $\approx 6\%$  dividend yield; current dividend expected to be maintained for the foreseeable future.

Note: BGCP dividend yield calculated based on closing stock price at August 22, 2014

# 1 FIRM, 2 SEGMENTS, 3 BUSINESSES

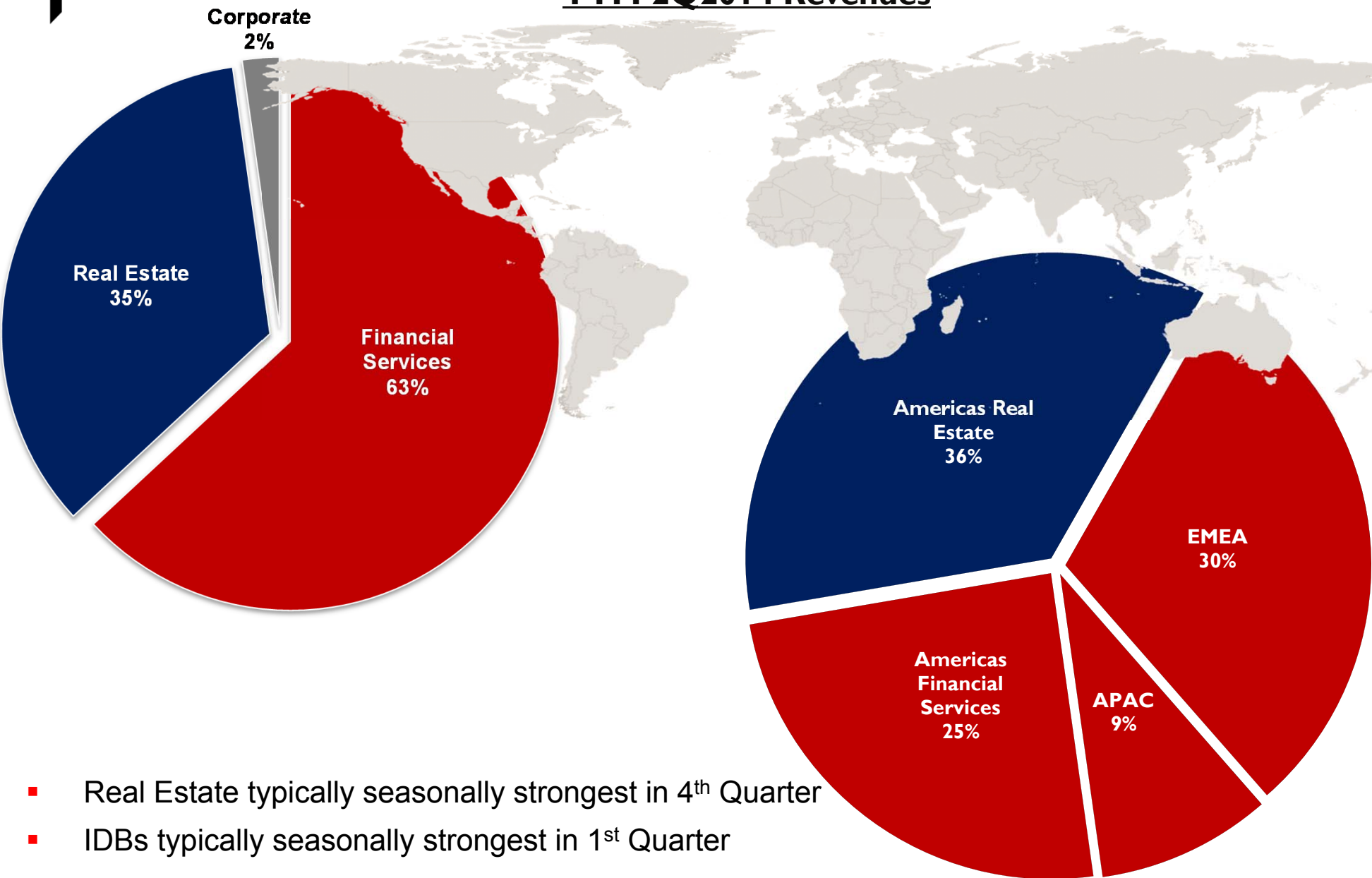


Financial Services		Real Estate Services
Voice/Hybrid	Fully Electronic	Commercial Real Estate
<p>→ Key products include:</p> <ul style="list-style-type: none"> <li>• Rates</li> <li>• Credit</li> <li>• Foreign Exchange (“FX”)</li> <li>• Equities</li> <li>• Energy &amp; Commodities</li> </ul> <p>→ 1,519 brokers &amp; salespeople</p> <p>→ ≈ 200 Financial desks</p> <p>→ In 20+ cities</p>	<p>→ Key products include:</p> <ul style="list-style-type: none"> <li>• Interest Rate Derivatives</li> <li>• Credit</li> <li>• FX</li> <li>• Off-the-Run UST</li> <li>• European &amp; Canadian Government Bonds</li> <li>• Market Data</li> <li>• Software Solutions</li> </ul> <p>→ Proprietary network connected to the global financial community</p> <p>→ Substantial investments in creating proprietary technology / network</p> <p>→ In 20+ cities</p>	<p>→ Key products include:</p> <ul style="list-style-type: none"> <li>• Sales</li> <li>• Leasing</li> <li>• Valuation</li> <li>• Property &amp; Facilities Management</li> <li>• Capital Raising</li> </ul> <p>→ 879 brokers &amp; salespeople</p> <p>→ In 50+ cities</p>
<p><b>TTM 2Q'14</b> Rev ≈ \$1,062MM Pre-Tax Margin ≈ 13%</p>	<p><b>TTM 2Q'14</b> Rev ≈ \$81 MM Pre-Tax Margin ≈ 50%</p>	<p><b>TTM 2Q'14</b> Rev ≈ \$624 MM Pre-Tax Margin ≈ 12%</p>

Note: Trailing twelve month (“TTM”) figures exclude Corporate revenues and pre-tax loss of \$37 million and \$52 million, respectively. Financial Services revenues & margins exclude eSpeed.

# DIVERSIFIED REVENUES BY BUSINESS & GEOGRAPHY

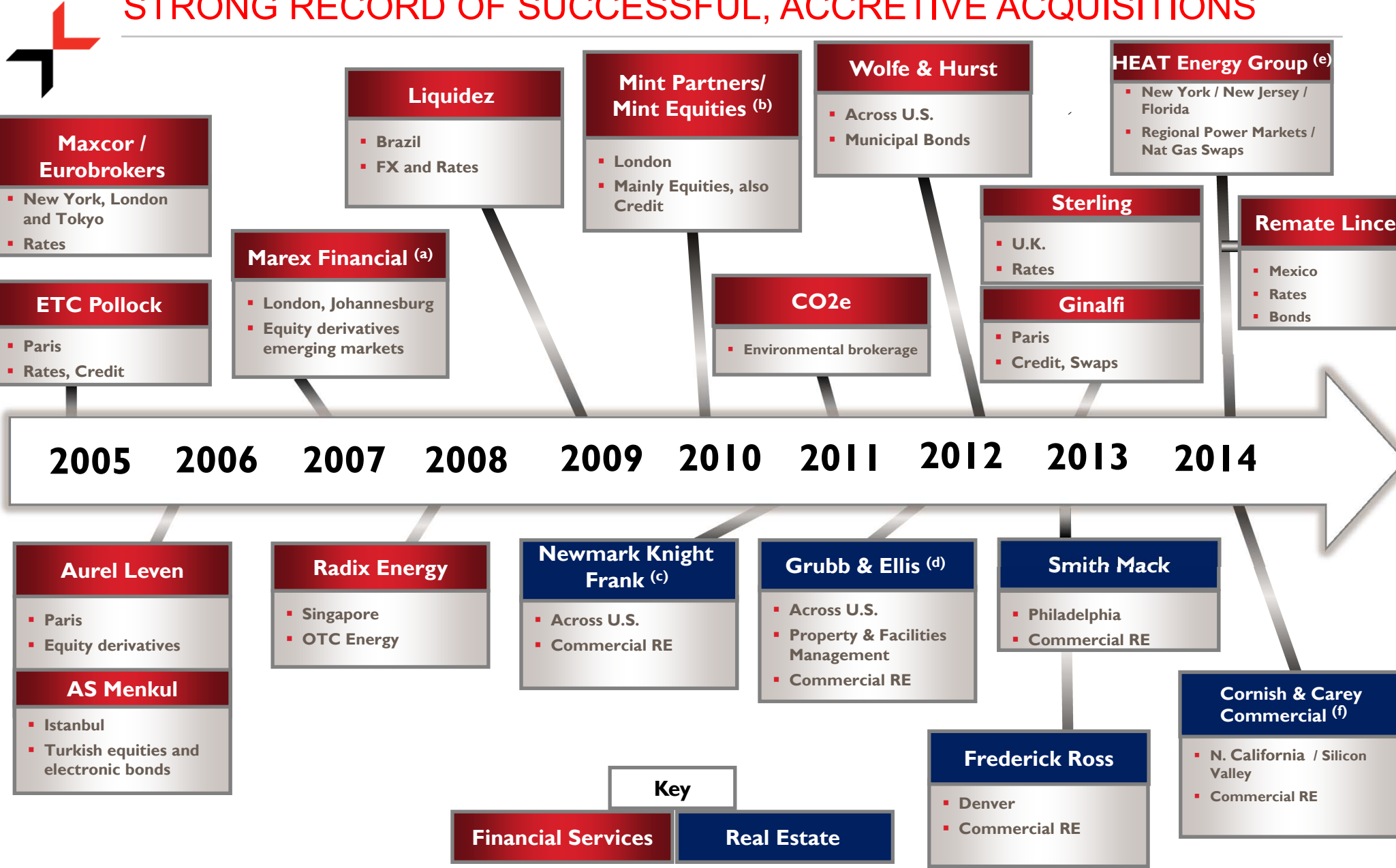
## TTM 2Q2014 Revenues



- Real Estate typically seasonally strongest in 4<sup>th</sup> Quarter
- IDBs typically seasonally strongest in 1<sup>st</sup> Quarter

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

# 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. (d) BGC acquired substantially all the assets of Grubb & Ellis. (e) BGC acquired the assets of HEAT Energy Group during Q1 2014. (f) Closed on 8-14-2014.

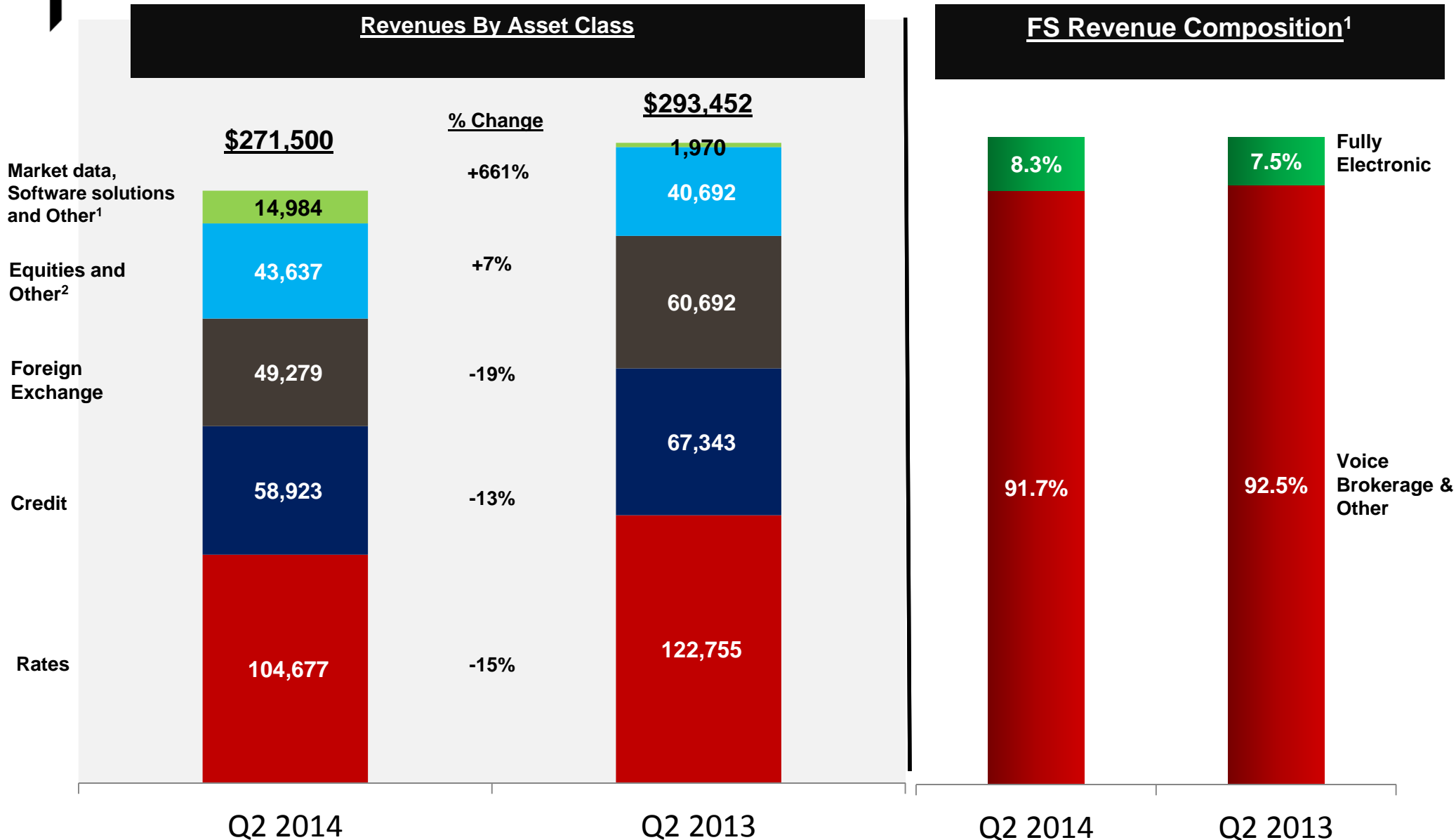


# FINANCIAL SERVICES SEGMENT OVERVIEW





# FINANCIAL SERVICES REVENUE BREAKOUT (EX ESPEED)

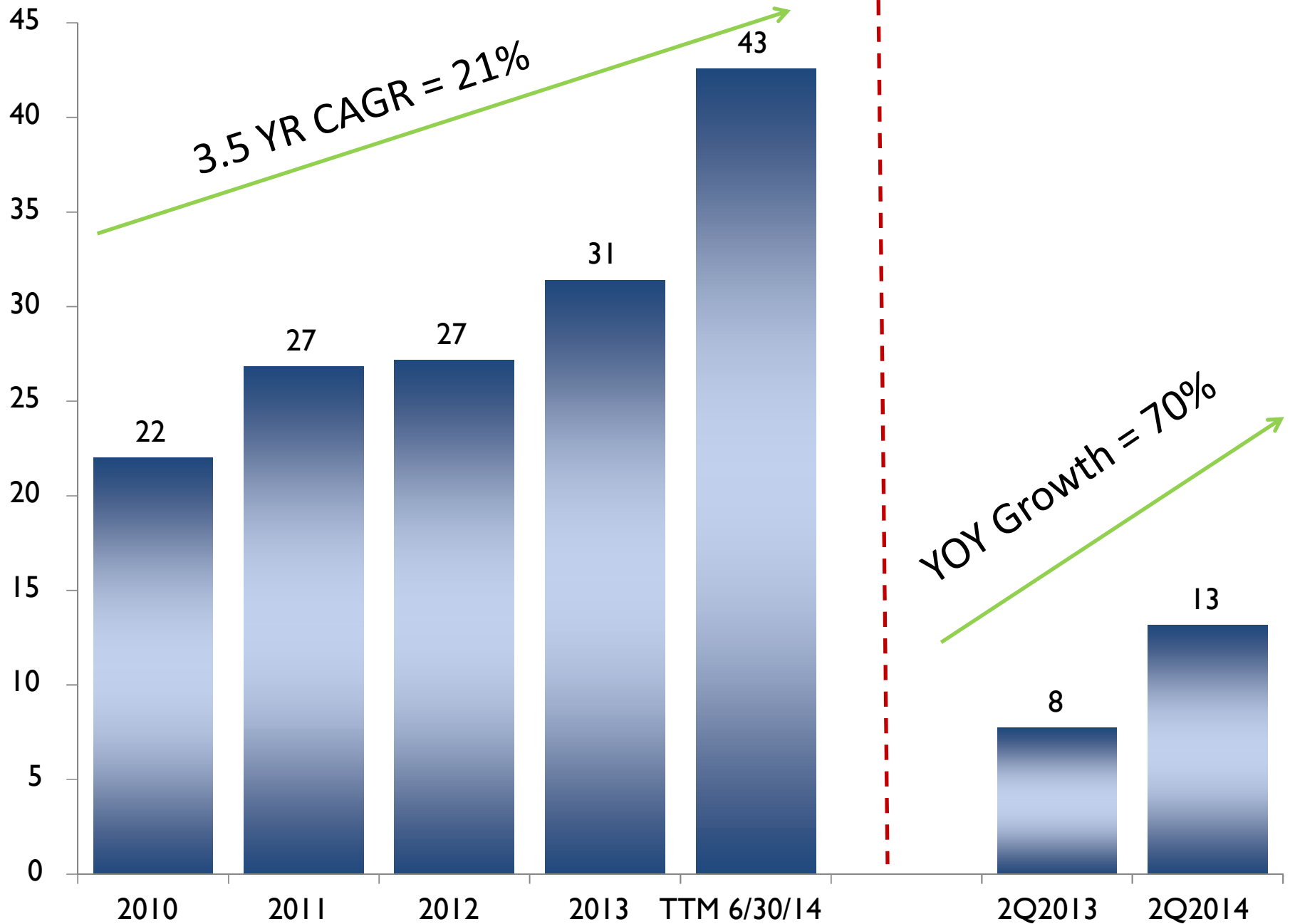


1. \$22.9MM of eSpeed revenues were excluded from Q2 2013 fully electronic revenues, including \$15.5MM from Rates and \$7.3MM from Market data, software solutions and other. 2Q'14 includes \$11.1MM related to the Nasdaq earnout.

2. Equities and Other includes revenues from energy & commodities .



# BGC ENERGY & COMMODITIES GROWTH



# AS OF 2Q2014, WELL OVER HALF OF BGC'S DESKS OFFER FULLY ELECTRONIC TRADING



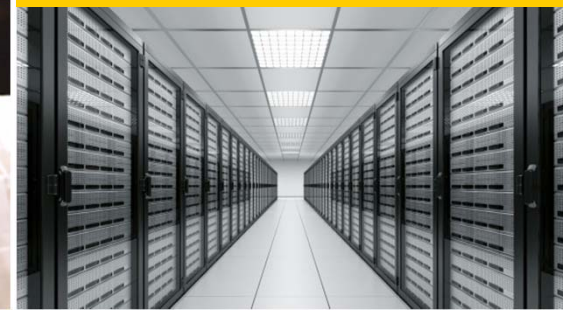
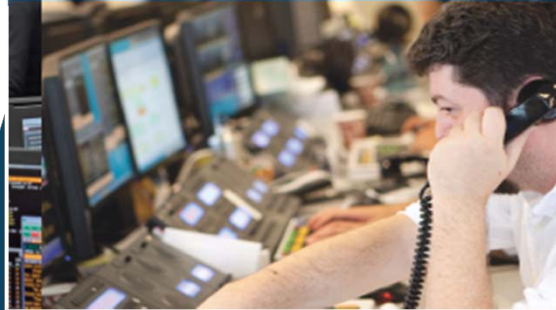
Phone Prices

Screen Prices and Streaming

**VOICE**

**HYBRID**

**FULLY ELECTRONIC**



NEW PRODUCTS

- ♦ Money Markets
- ♦ Property Derivatives
- ♦ Exotic IR & FX Options
- ♦ Commodity Derivatives
- ♦ Shipping
- ♦ Commodities
- ♦ USD & EUR Sovereigns
- ♦ New Issue Securities
- ♦ Commercial Real Estate
- ♦ European Power
- ♦ Precious Metal ETFs

- ♦ Cash Equities
- ♦ Basis Swaps
- ♦ Floating Rate Notes
- ♦ Base Metals
- ♦ Covered Bonds

- ♦ UST Curve Swaps
- ♦ UST Off-the-Runs
- ♦ Equity Derivatives (Global)
- ♦ Emerging Market Bonds
- ♦ Japanese Corporates
- ♦ Convertible Bonds
- ♦ US Cash Bonds
- ♦ Asset Backed Securities

- ♦ TIPS and Inflation Swaps
- ♦ Repos
- ♦ FX Options
- ♦ Corporates (EU & Aust.)
- ♦ APAC Sovereigns
- ♦ Single-Name CDS (Global)
- ♦ IRS (multiple currencies)
- ♦ IR Options (multiple currencies)
- ♦ Non-deliverable Forwards
- ♦ Metals Options
- ♦ European Govt Bonds

- ♦ Spot FX
- ♦ Canadian Sovereigns
- ♦ Sovereign CDS
- ♦ CDS Indices (Global)

VOLUME GROWTH

**bgc broker**

**bgc trader**

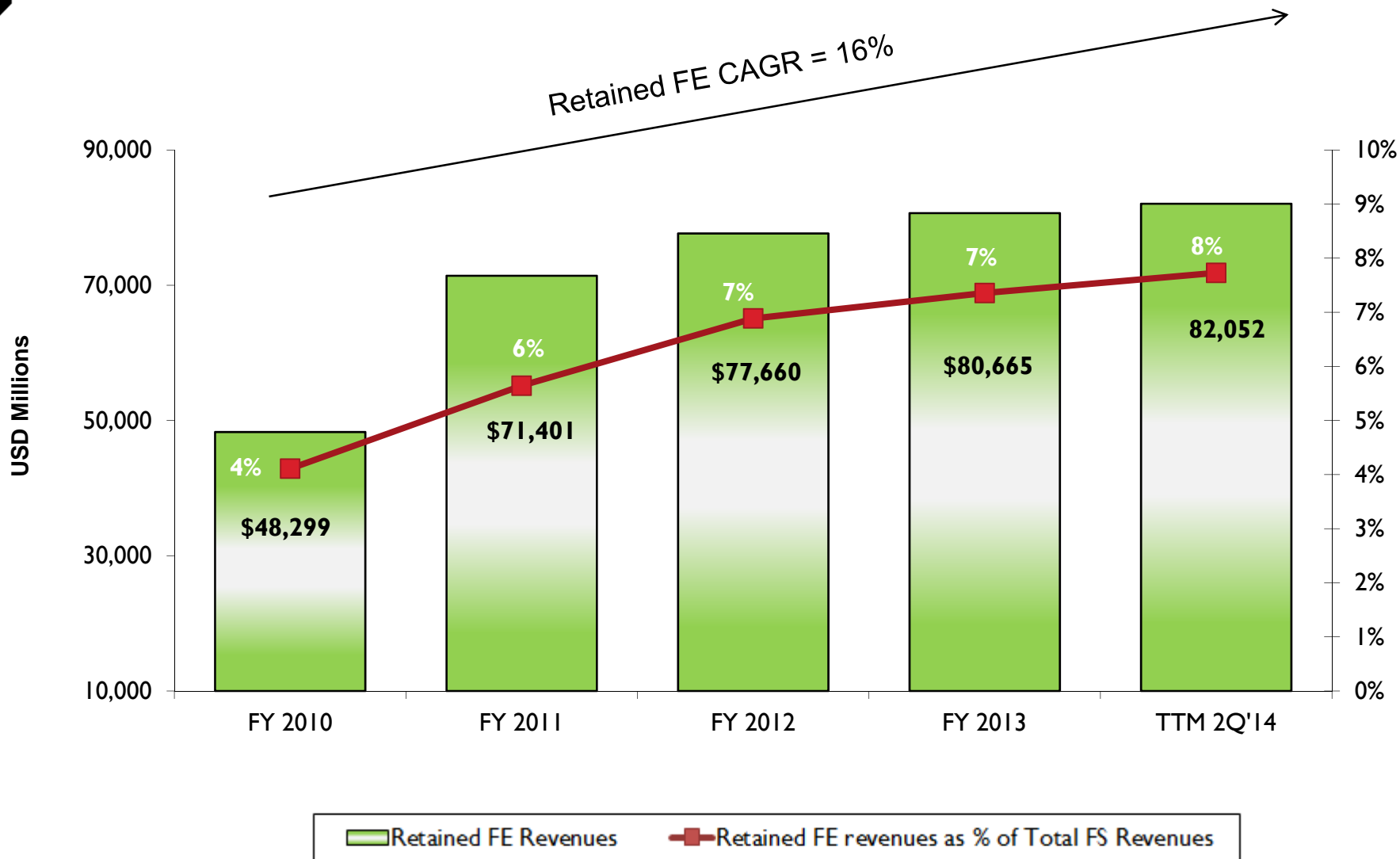
**volumeMatch**



**bgc fx**

Note: The above is only a partial list.

# RETAINED FULLY ELECTRONIC (FE) REVENUE GROWTH HAS OUTPACED OVERALL FINANCIAL SERVICES, AIDING MARGINS



- Fully electronic pre-tax margin  $\approx$  50% for TTM ended 6/30/2014

\* This includes fees captured in both the "total brokerage revenues" and "fees from related party" line items related to fully electronic trading

Note: All amounts above are exclusive of prior period results from eSpeed

# FULLY ELECTRONIC BUSINESSES HAVE SIGNIFICANTLY HIGHER MARGINS THAN VOICE/HYBRID



	<u>Q2 2014</u>			<u>Q2 2013</u>		
	Fully Electronic (ex. eSpeed)	Financial Services Voice / Hybrid	Financial Services Total	Fully Electronic (incl. eSpeed)	Financial Services Voice / Hybrid	Financial Services Total
<b>Revenue</b>	\$23	\$249	\$272	\$45	\$272	\$316
<b>Pre-Tax DE</b>	\$12	\$38	\$50	\$23	\$33	\$56
<b>Pre-tax DE Margin</b>	55%	13%	18%	52%	12%	18%
	<u>FY2013</u>			<u>FY2012</u>		
	Fully Electronic (incl. eSpeed)	Financial Services Voice / Hybrid	Financial Services Total	Fully Electronic (incl. eSpeed)	Financial Services Voice / Hybrid	Financial Services Total
<b>Revenue</b>	\$127	\$1,016	\$1,143	\$171	\$1,050	\$1,221
<b>Pre-Tax DE</b>	\$65	\$118	\$183	\$84	\$130	\$214
<b>Pre-tax DE Margin</b>	51%	12%	16%	49%	12%	18%

Revenue and Pre-Tax DE amounts denoted in USD millions (numbers may not sum due to rounding)

**Note:** For all periods, “Technology-Based” revenues include fully electronic trading in the “total brokerage revenues” GAAP income statement line item, the portion of “fees from related parties” line item related to fully electronic trading, all “market data” revenues, and all “software solutions” revenues. All of the aforementioned are reported within the Financial Services segment. “Voice/Hybrid” and “Other” from “Financial Services” segment, and also includes \$11.1 million and \$18.5 million from the NASDAQ OMX stock earn-out for Q2’14 and FY13, respectively. Prior periods include eSpeed which had pre-tax margins of ~60%.



# REAL ESTATE OVERVIEW

Newmark Grubb  
Knight Frank



# BUSINESS OVERVIEW: REAL ESTATE SERVICES

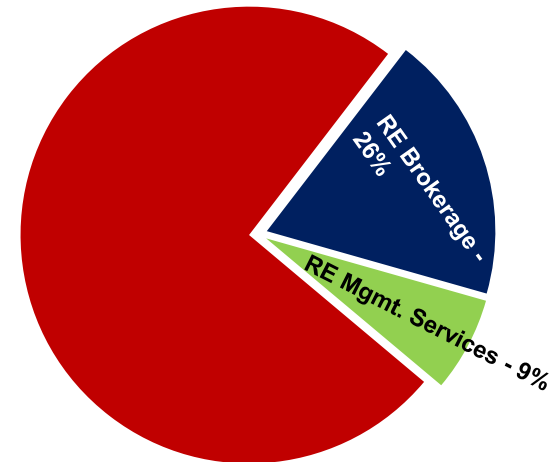
## NGKF Highlights

- Real Estate Services pre-tax distributable earnings increased by 39% as compared to last year
- Pre-tax margins up 270 bps year-over-year
- Brokerage revenues up 6% year-over-year
- Improved efficiencies from successful integrations of prior period acquisitions

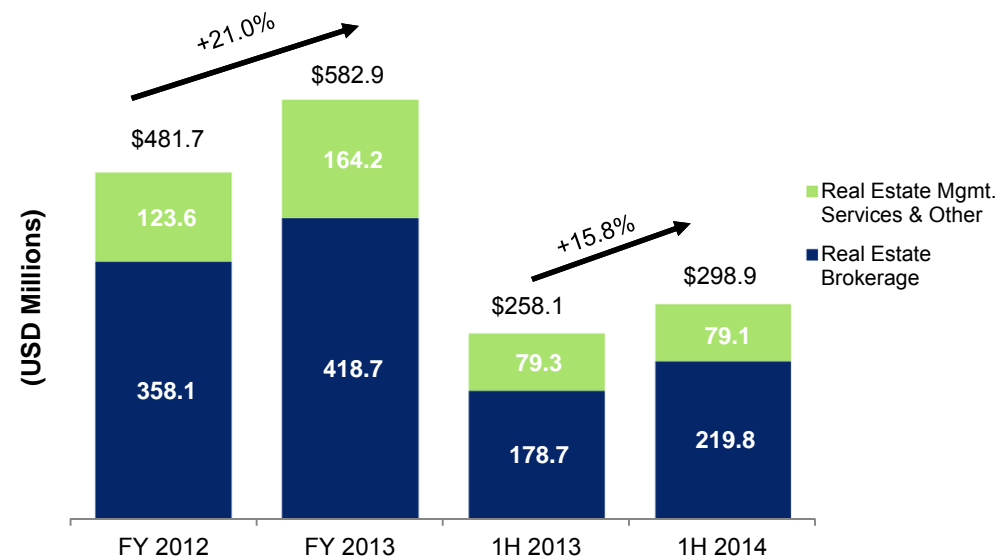
## Industry Drivers

- Superior yields in low interest rate environment continue to make Real Estate an attractive investment class
- Strengthening U.S. economy and accommodative monetary policy aids the Real Estate recovery
- Positive industry trends in sales and volumes and net absorption

## % of Q2 2014 Total Distributable Earnings Revenue

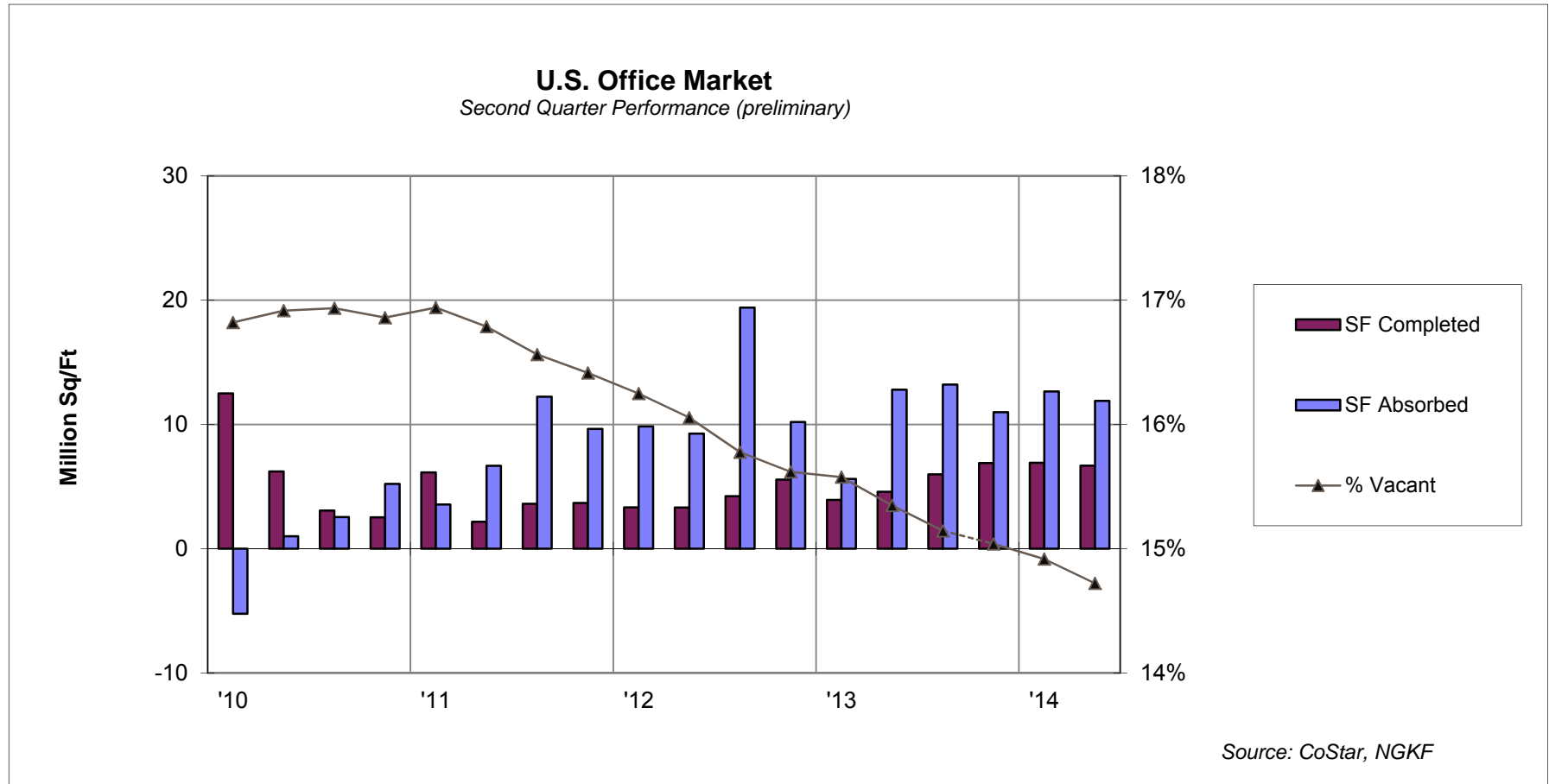


## Real Estate Services Revenue





# REAL ESTATE LEASING TRENDS CONTINUE TO GAIN MOMENTUM



- 13<sup>th</sup> consecutive quarter of positive net absorption in U.S. office market
- Desire for new commercial space remains strong in core markets such as New York City, Houston and Dallas
- Net absorption for the three major property types (office, retail and industrial) increased to 369.5 million square feet Q2 2014 YTD. This represented a 1.6% increase from the same period a year ago.

Source: NGKF Research and CoStar

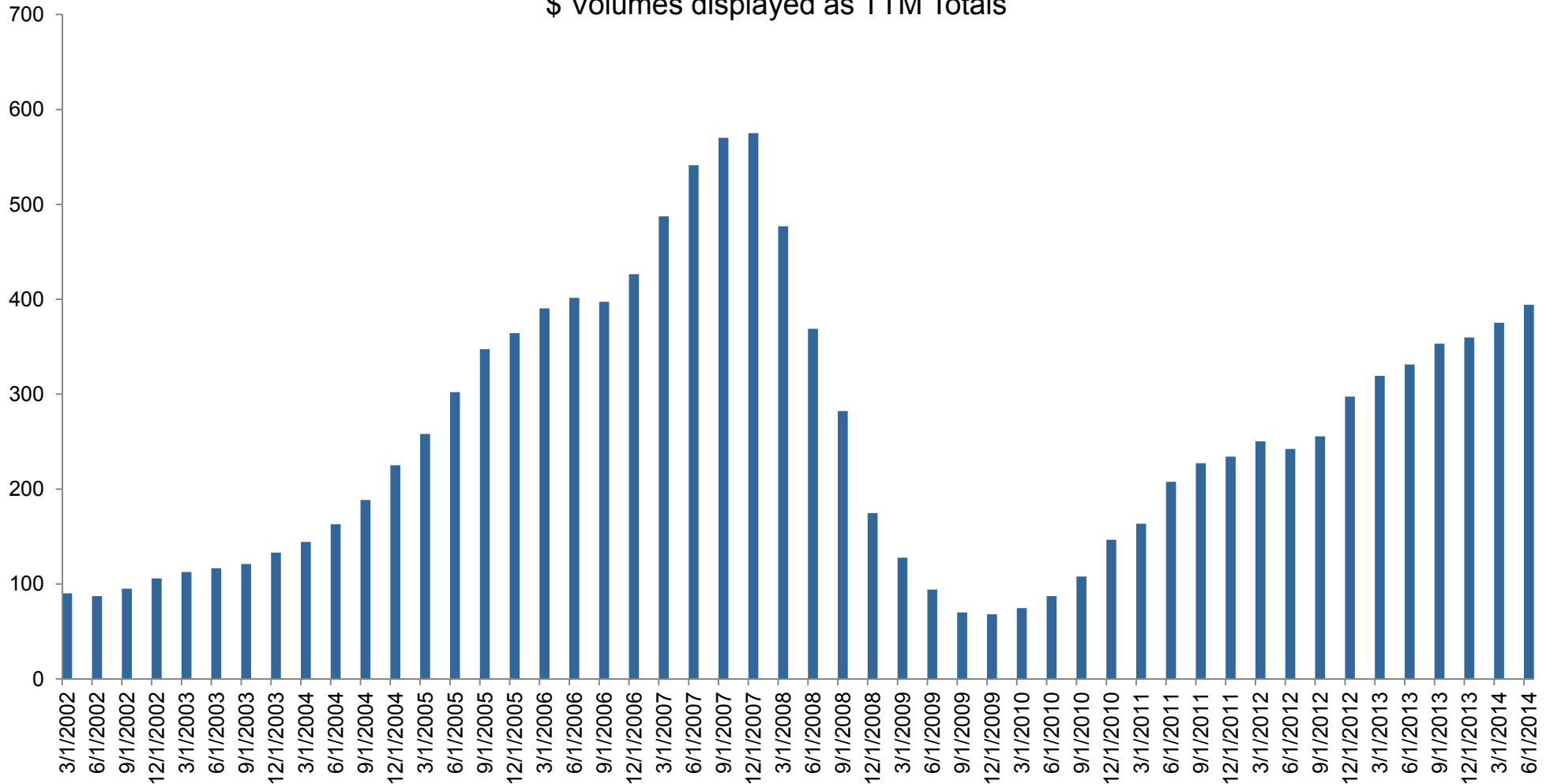


# U.S. COMMERCIAL REAL ESTATE SALES CONTINUE POSITIVE TRENDS INTO 2Q'14



## US All Property Types Volume (\$ billions)

\$ Volumes displayed as TTM Totals



- Commercial RE sales in the U.S. have exhibited strong growth trends since recession lows
- H1 Sales of significant commercial properties (>\$2.5MM) totaled \$184.1, up 23% y/y

Source: Real Capital Analytics



# CONCLUSION



**Our goal is to continue focusing on the following in order to increase profitability and grow our top line:**

- Accretive acquisitions with returns above our cost of capital across both businesses
- Profitably and selectively adding to front office staff
- Investing in and expanding our hybrid and fully-electronic trading platform as well as market data and software solutions in Financial Services
- Continuing to grow in energy/commodities, and gaining market share in this growing multi-billion dollar asset class
- Continuing to grow our SEF business, while potentially expanding our customer base
- Growing higher-margin Global Corporate Services (consulting) and Capital Markets at NGKF
- Reducing expenses, particularly in our Financial Services business
- BGC's assets and businesses have significant value

## BGC'S ASSETS AND BUSINESSES HAVE SIGNIFICANT VALUE



- Cash position as of 6/30/2014 = >\$640MM; Debt = \$409MM
- Expected to receive 13.9MM NDAQ shares ratably over next 14 years, ≈595MM (as of August 22, 2014)
- The Company retains fast growing and profitable assets, including NGKF and BGC's higher margin retained fully electronic businesses, in addition to profitable \$1B+ voice/hybrid business

(\$ in millions)

	<b>TTM 2Q'14 Revenue</b>	<b>TTM 2Q'14 Pre-Tax Margin</b>	<b>Average Peer TTM P/S</b>	<b>Average Peer 2013 P/E</b>
<b>Retained Fully Electronic</b>	\$81	≈50%	≈8.6x	≈25.0x
<b>Financial Services Voice</b>	\$1,062	≈13%	≈0.9x	≈12.4x
<b>Real Estate Segment</b>	\$624	≈12%	≈2.0x	≈23.8x

Note: BGC currently expects a 15% Tax Rate for Distributable Earnings

Notes: \$ in millions. "TTM" = trailing twelve months ended 6-30-2014. P/S = Price to Sales ratio. "Retained Tech" excludes eSpeed revenues for applicable periods. Data for NDAQ stock price and for peer multiples is from Bloomberg as of 8-21-2014 market close. Tech peers = BVMF3 BZ, CBOE US, CME US, DB1 GR, 388 HK (HKEX), ICE US, ITG US, KCG US, LSE LN, MKTX US, & NDAQ US. Voice peer tickers: IAP LN, CFT SW, & TLPN LN. GFIG US is included for voice P/S, but not P/E. For ICAP, FY ended 3/31/2014 used. Real Estate Peers = CBG US, FSV CN, HF US, JLL US & SVS LN. These segment/business line pre-tax distributable earnings figures are before corporate allocations. For the TTM ended 6/30/2014, BGC's corporate items generated revenues of \$37MM and a pre-tax loss of \$52MM. The Company's cash position includes "cash and cash equivalents", "marketable securities", and unencumbered "securities owned" held for liquidity purposes. All BGC figures exclude revenues and/or earnings from eSpeed.



## BGC'S REASONING BEHIND TENDER OFFER FOR GFI GROUP, INC.

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- GFI is an excellent set of businesses representing a compelling strategic fit for BGC
- Despite our outreach, including our letter to the GFI board on July 29, the board decided to enter into a transaction with CME that we believe deprives GFI shareholders of the opportunity to maximize the value of their investment
- We are a 13.5%<sup>1</sup> shareholder of GFI and we have great confidence in the business.
- Our \$5.25 all cash offer represents a 15% premium to the CME's all stock offer and a 69% premium to the price of GFI on July 29, the day before the CME transaction was announced.
- On a combined basis, BGC and GFI is expected to become one of the world's leading financial services brokers, with greatly enhanced global reach and capabilities across the energy, commodity, rates, equities, credit, and foreign exchange markets
- We believe that GFI's customers and brokers would benefit from GFI being part of a larger, better capitalized and more technologically capable company as we speed the process of converting to fully electronic trading
- We believe that the proposed transaction will lead to significant cost savings and other synergies, which would substantially enhance value for both BGC stockholders

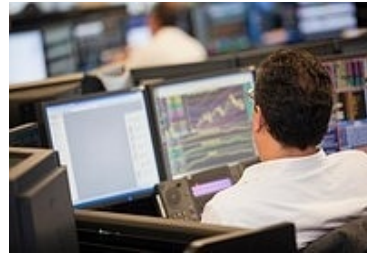
1. BGC's ownership percentage as of 9/8/2014



Q&A



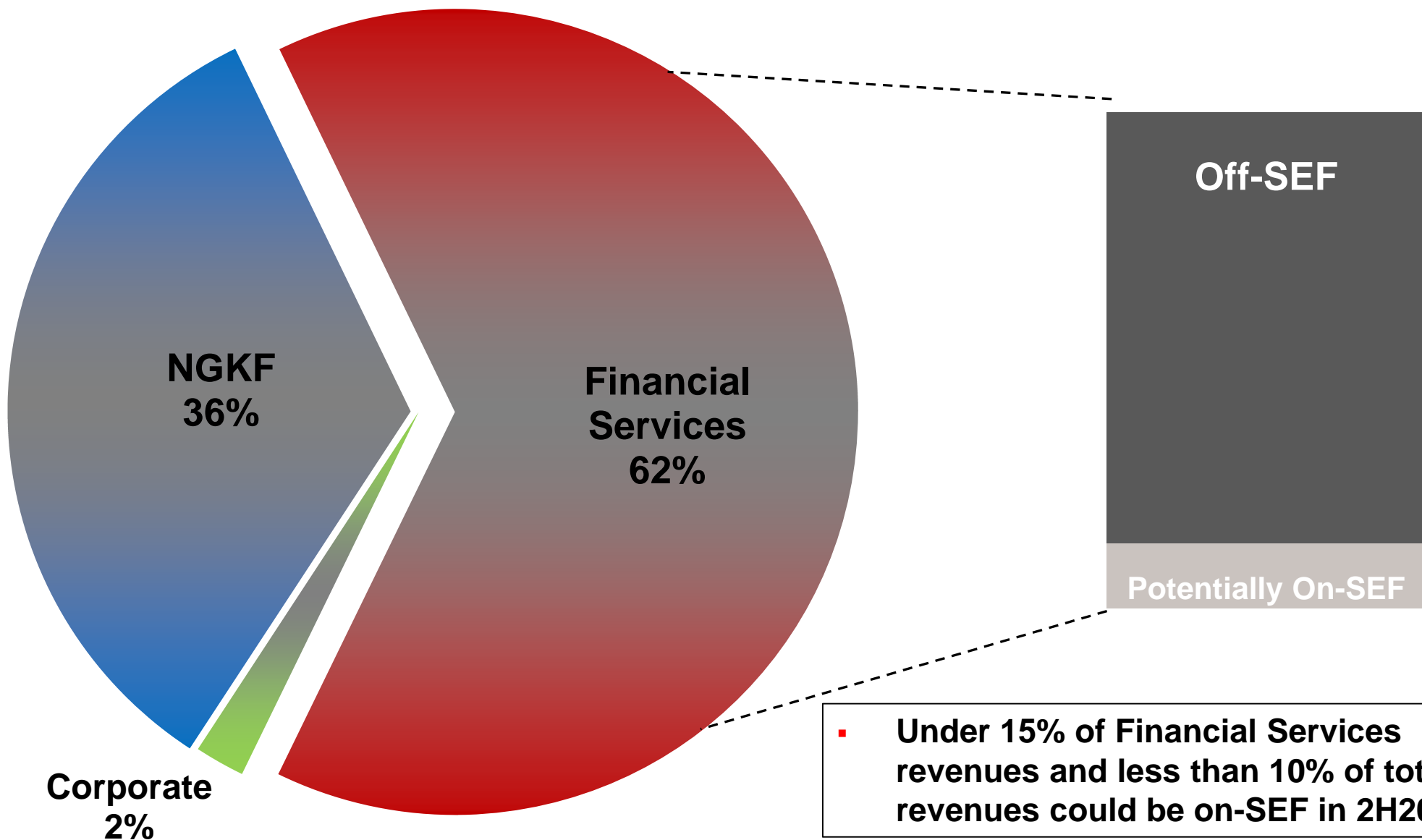
## APPENDIX



# SMALL PERCENTAGE OF REVENUES EXPECTED TO BE IMPACTED BY SEF TRADING IN 2014



**TTM 2Q'14 DE Revenues = \$1,724MM**

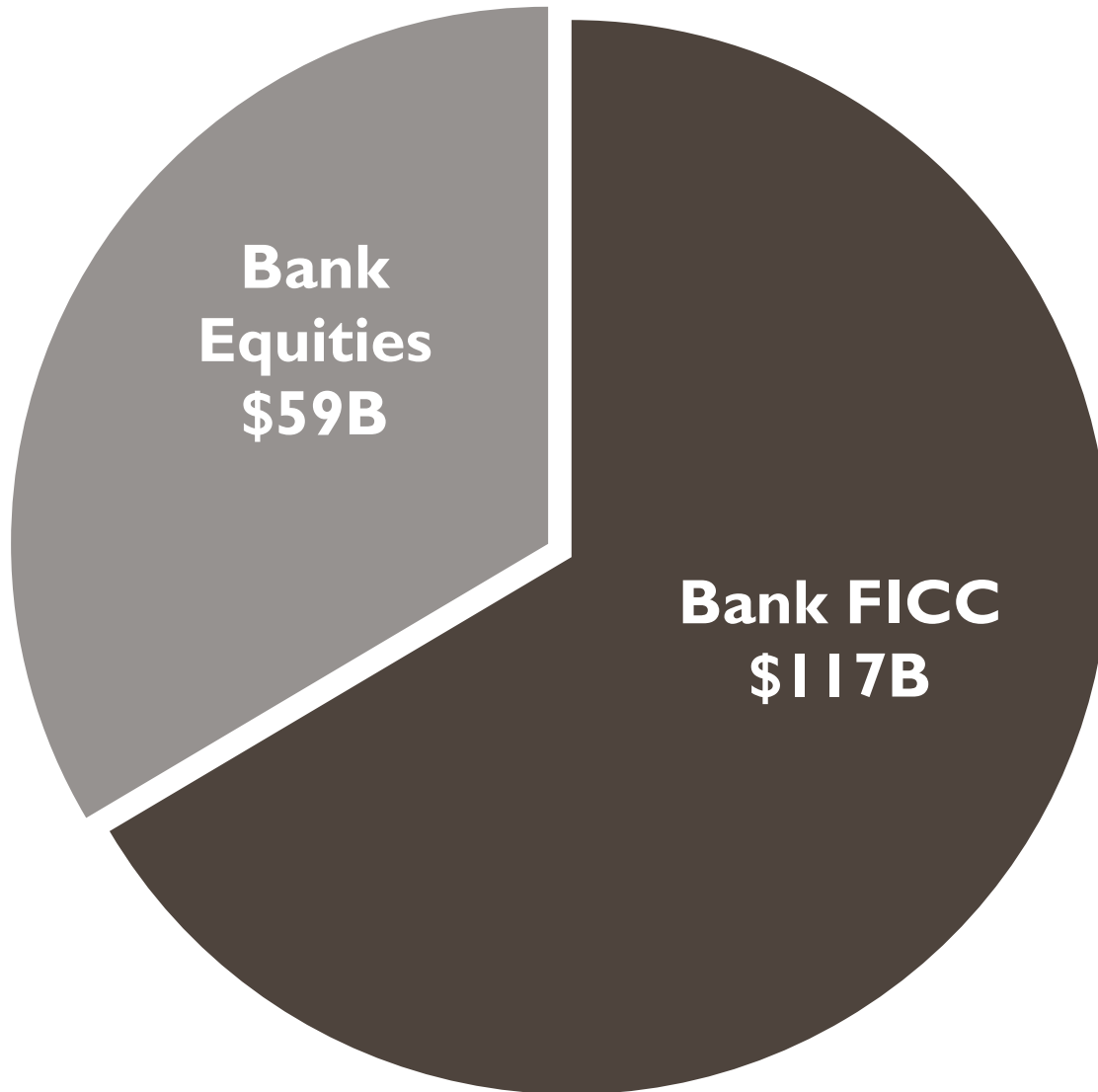


**Note:** Amounts exclude revenues generated from eSpeed in prior periods

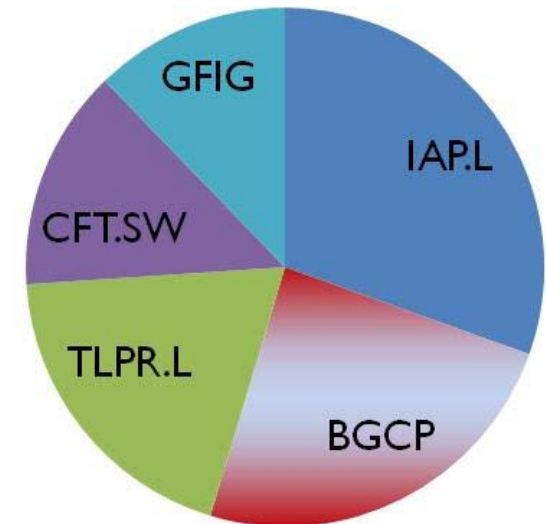


SMALL SLICE FROM BANKS = SIGNIFICANT POTENTIAL OPPORTUNITY FOR BGC

\$176B Global Bank Sales & Trading Revenues in 2013

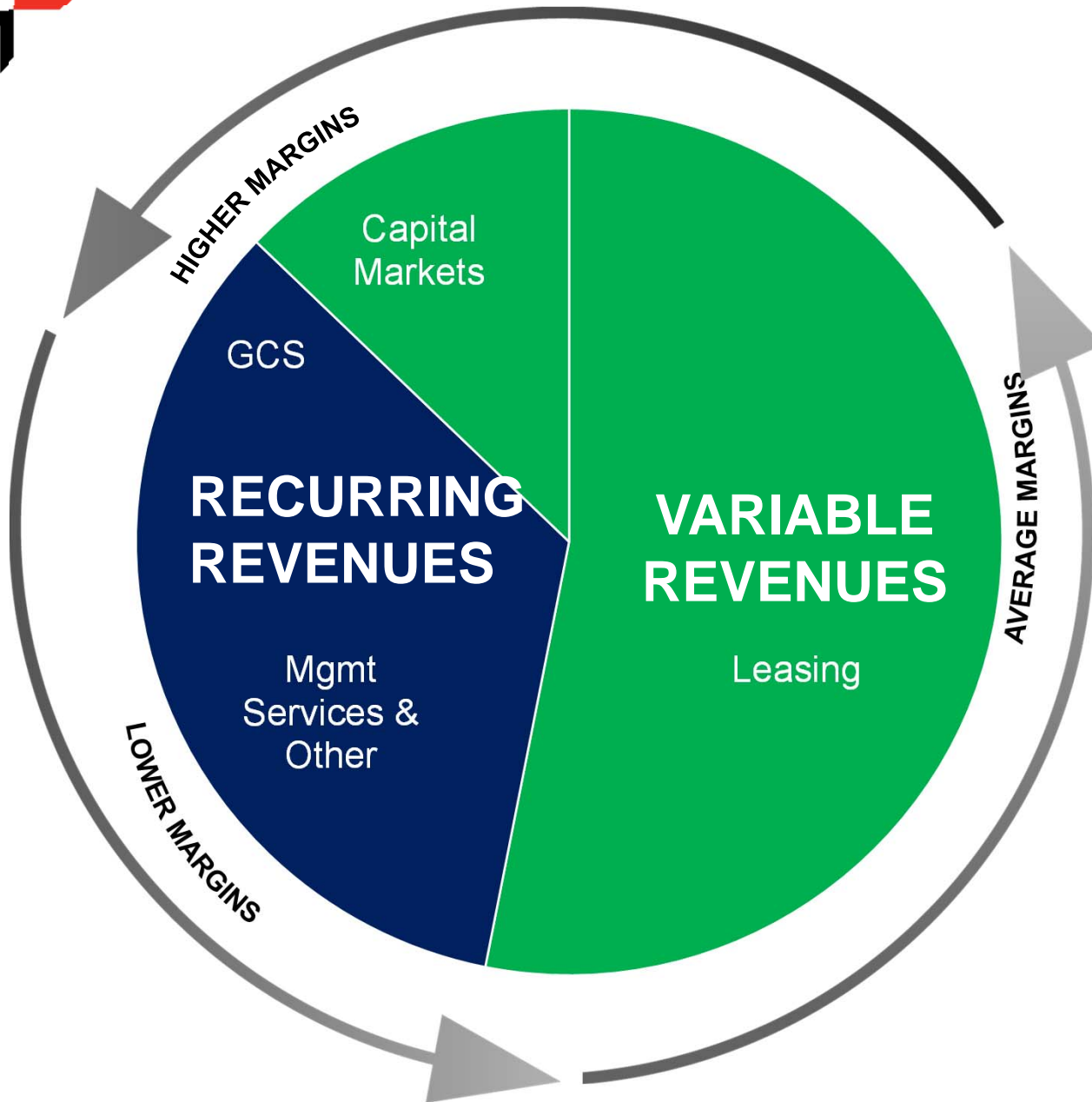


\$8.1B Global Revenues Public IDBs



Sources: Bank revenues from Morgan Stanley Research and Oliver Wyman, March 2014. IDB Revenues are from Bloomberg for actual FY13 revenues for CFT.SW, TLPR.L, and GFIG and FY14 (ending 3/31/14) for IAP.L, all adjusted to historically appropriate \$USD exchange rates. BGCP = FY13 DE revenues.

# NGKF REVENUES ARE DIVERSIFIED AND SIGNIFICANTLY RECURRING



- Nearly 40% of NGKF's revenues are from relatively predictable and recurring sources
- Capital markets generally has highest margins for commercial real estate services firms
- Real Estate segment had overall margins >10% in Q2'14

Note: Recurring revenue includes Global Corporate Services, Property Management, Facilities Management. Sources: NGKF, Goldman Sachs, Real Capital Analytics, Moody's and CoStar.

# NEWMARK GRUBB KNIGHT FRANK 2Q14 BUSINESS HIGHLIGHTS



## NEW OFFICES

- Expands into **South America**, adding 50 senior-level advisors in **Argentina, Brazil, Chile, Colombia and Peru**
- Opens an **office in Raleigh, N.C.**, well known as a hub for life sciences, pharmaceutical, technology and research and development companies, along with major university medical centers

## AWARDS

- Completed 5 of the top 10 office leasing deals and the #1 deal in Manhattan** - *Crain's New York*
- Cornish & Carey has been named **Largest Bay Area Commercial Brokerage Firm and Most Active Brokerage Firm** - *San Francisco Business Times*
- Top 10 in sales volume** based upon Real Capital Analytics Survey
- Ranked #4 Most Powerful Brokerage Firm and #7 Top Property Manager** - *Commercial Property Executive*
- Ranked #4 "Top 25 Brokers"**, with a 19% increase from last year - *National Real Estate Investor*

**THE LIST**  
CoStar's Top Manhattan Office Leases

Rank	Lease	Lease Type	Lease Value	Lease Term	Lease Start	Lease End	Lease Status
1	100 Wall Street	Office	\$100,000,000	10	2014	2019	Leased
2	100 Wall Street	Office	\$100,000,000	10	2014	2019	Leased
3	100 Wall Street	Office	\$100,000,000	10	2014	2019	Leased

**SAN FRANCISCO BUSINESS TIMES**  
LARGEST FIRM IN THE VALLEY AND #1 IN 2013 TRANSACTIONS

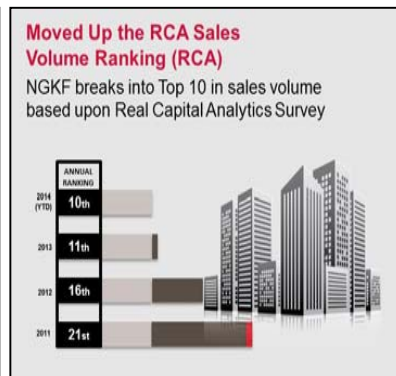
Rank	Firm	Transactions
1	Newmark Grubb Knight Frank	10
2	Compass	8
3	RE/MAX	7

**SAN FRANCISCO BUSINESS TIMES**  
MOST ACTIVE BROKERAGE FIRM IN THE BAY AREA

In 2013, Cornish & Carey Commercial Newmark Knight Frank was recognized as the Most Active Brokerage Firm on behalf of the tenant, based on number of deals.

Some of our clients include:

- Google
- Facebook
- Disney
- LinkedIn
- AOL
- Intel
- Microsoft



**2014 Top Property Managers**

Rank	Firm	Revenue
1	CBRE	\$10.1B
2	Colliers	\$4.5B
3	Parsons Brinckerhoff	\$3.2B

**2014 Most Powerful Brokerage Firms**

Rank	Firm	Revenue
1	Compass	\$1.7B
2	RE/MAX	\$1.5B
3	Century 21	\$1.4B

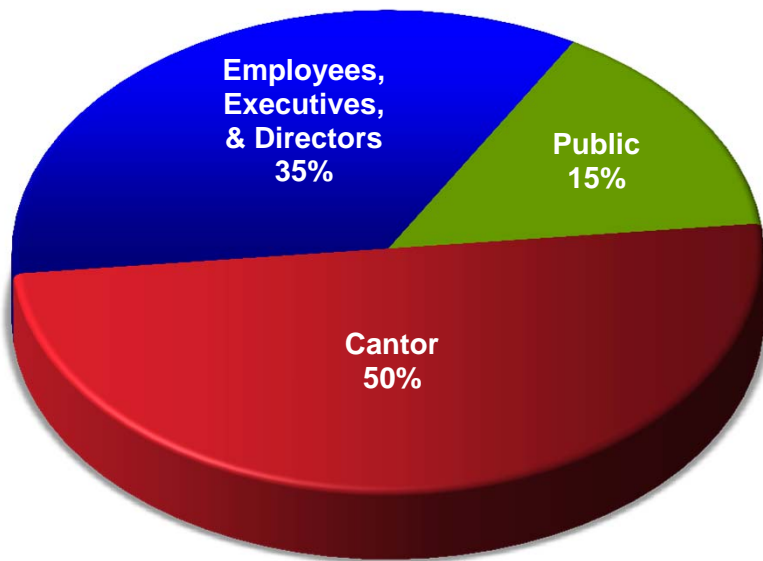
**NATIONAL REAL ESTATE INVESTOR**  
Moved Up the NREI Ranking  
NGKF moves up a notch from #5, with a 19% increase.

**#4**  
Brokerage (2014)  
"Top 25 Brokers"

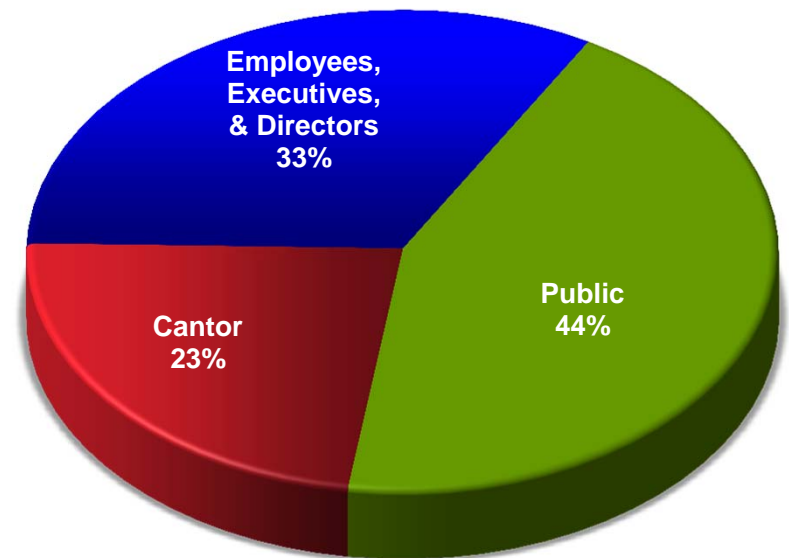
## BGC'S ABILITY TO ATTRACT AND RETAIN KEY TALENT

- Structure is tax efficient for both employees and public shareholders
- Fundamentally aligns employees' interests with shareholders'
- Structure 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 ( $\approx 33\%$  of fully diluted shares\*)
- Structure combines best aspects of private partnership with public ownership

Ownership Q2 2008



Q2 2014

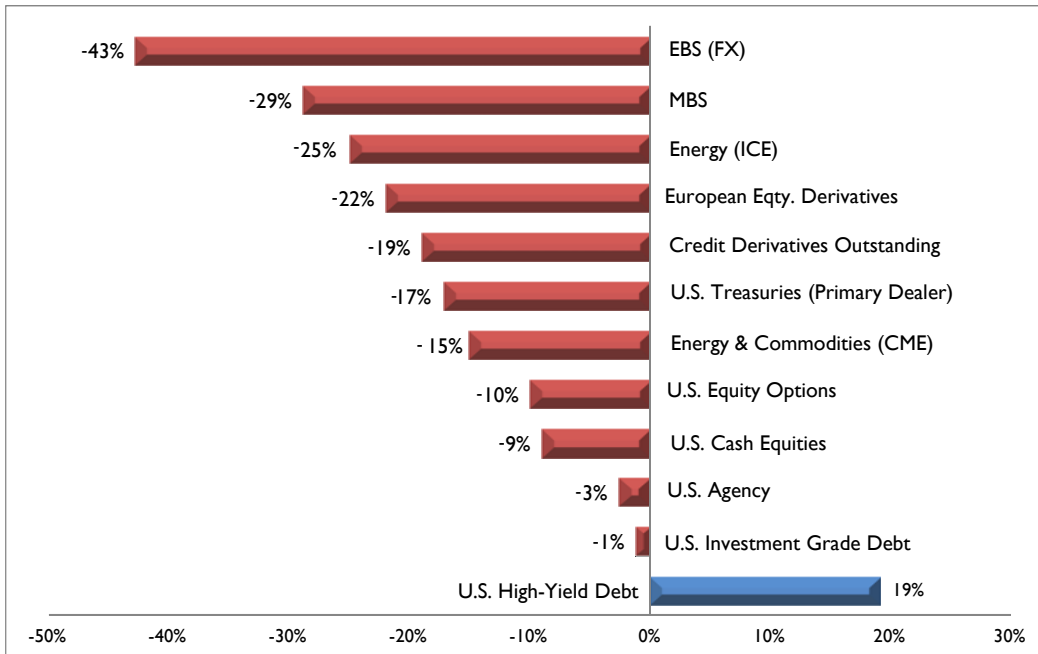


Note: Employees, Executives, and Directors ownership figure attributes all units (PSUs, FPU, RSUs, etc.) and distribution rights to founding partners & employees and also includes all restricted A shares owned by BGC employees, executives and directors. Cantor ownership includes all A and B shares owned by Cantor as well as all Cantor exchangeable units and certain distribution rights. The above chart excludes shares related to convertible debt.

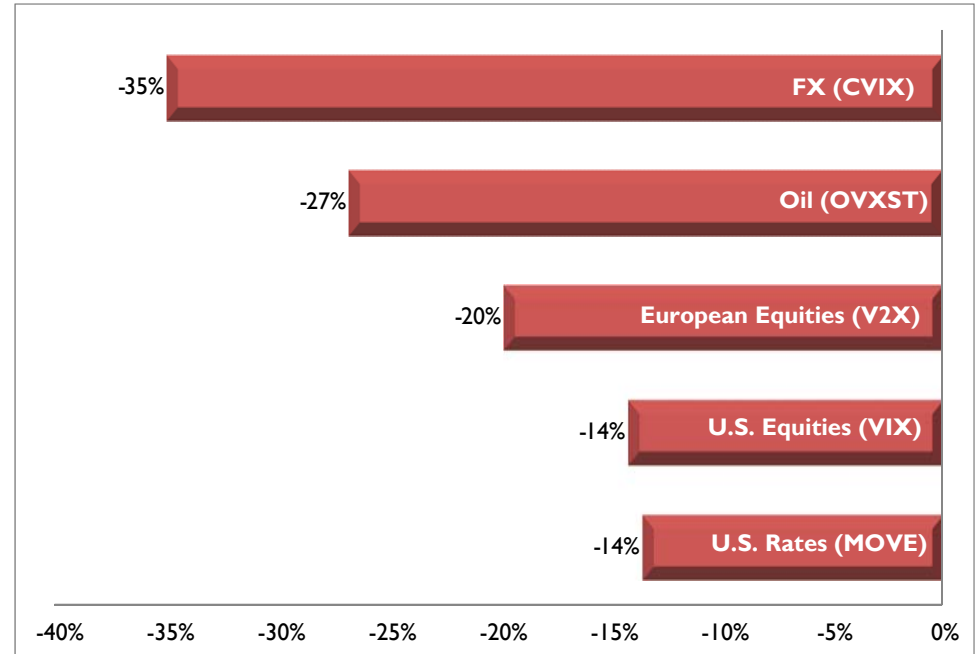


# INDUSTRY VOLUMES AND VOLATILITY REMAINED CHALLENGING IN 2Q'14

**Year-over-Year Change in Capital Markets Activity**  
(ADV, except credit derivatives outstanding)



**Year-over-Year Change in Avg. Daily Volatility**



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

- BGC's Financial Service revenues have historically been correlated with industry-wide volumes and volatility levels
- Generally, increased price volatility increases demand for hedging instruments, including for many of the cash and derivative products that BGC brokers
- With the exception of U.S. high-yield debt, trading volumes and volatility levels were down across all asset classes year-over-year and well below historical levels



# 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 reflect 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 do 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. Revenues for distributable earnings include the collection of receivables which would have been recognized for GAAP other than for the effect of acquisition accounting. Revenues for distributable earnings also exclude certain one-time or unusual gains that are recognized under GAAP, because the Company does not believe such gains are reflective of its ongoing, ordinary operations.

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, 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 limited partnership units, including REUs, RPUs, PSUs, LPUs, and PSIs. Non-cash asset impairment charges, if any.

Distributable earnings calculations also exclude charges related to purchases, cancellations or redemptions of partnership interests and certain unusual, one-time or non-recurring items, if any.

"Compensation and employee benefits" expense for distributable earnings will also include broker commission payouts relating to the aforementioned collection of receivables.

BGC's definition of distributable earnings also excludes certain gains and charges with respect to acquisitions, dispositions, or resolutions of litigation. This exclusion pertains to the one-time gain related to the NASDAQ OMX transaction. Management believes that excluding these gains and charges best reflects the operating performance of BGC. However, because NASDAQ OMX is expected to pay BGC in an equal amount of stock on a regular basis for 15 years as part of the transaction, the payments associated with BGC's receipt of such stock are expected to be included in the Company's calculation of distributable earnings. To make quarter-to-quarter comparisons more meaningful, one-quarter of the annual contingent earn-out amount will be included in the Company's calculation of distributable earnings each quarter as "other revenues."

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.

BGC's distributable earnings per share calculations assume either that: The fully diluted share count includes the shares related to the 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.

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 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, including REUs, RPUs, LPUs, PSUs and PSIs, and to Cantor for its non-controlling 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 GAAP net income (loss). 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 tables in this document entitled "Reconciliation of Revenues Under GAAP and Distributable Earnings," and "Reconciliation of GAAP Income to Distributable Earnings" which provide 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.



## ADJUSTED EBITDA

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BGC also provides an additional non-GAAP financial measure, “adjusted EBITDA,” which it defines as GAAP income from operations before income taxes, adjusted to add back interest expense as well as the following non-cash items:

- Employee loan amortization;
- Fixed asset depreciation and intangible asset amortization;
- Non-cash impairment charges;
- Charges relating to grants of exchangeability to limited partnership interests;
- Charges related to redemption of units;
- Charges related to issuance of restricted shares; and
- Non-cash earnings or losses related to BGC’s equity investments, such as in Aqua Securities, L.P. and ELX Futures, L.P., and its holding company general partner, ELX Futures Holdings LLC.

The Company’s management believes that this measure is useful in evaluating BGC’s operating performance compared to that of its competitors, because the calculation of adjusted EBITDA 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, when analyzing BGC’s operating performance, investors should use adjusted EBITDA in addition to GAAP measures of net income. 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, because adjusted EBITDA does not consider certain cash requirements such as tax and debt service payments

For a reconciliation of adjusted EBITDA to GAAP income from operations before income taxes, the most comparable financial measure calculated and presented in accordance with GAAP, see the section of this document titled “Reconciliation of GAAP Income to Adjusted EBITDA (and Comparison to Pre-Tax Distributable Earnings.)”



# ADJUSTED EBITDA

**BGC Partners, Inc**  
**Reconciliation of GAAP Income to Adjusted EBITDA**  
**(and Comparison to Pre-Tax Distributable Earnings)**  
**(in thousands) (unaudited)**

	<u>Q2 2014</u>	<u>Q2 2013</u>
<b>GAAP Income from continuing operations before income taxes</b>	<b>\$ 14,915</b>	<b>\$ 208,251</b>
<b>Add back:</b>		
Employee loan amortization	7,194	10,223
Interest expense	9,230	9,989
Fixed asset depreciation and intangible asset amortization	10,789	12,284
Impairment of fixed assets	474	351
Exchangeability charges (1)	20,041	12,900
Redemption of partnership units, issuance of restricted shares and compensation related partnership loans	-	464,594
Losses on equity investments	1,288	1,224
<b>Adjusted EBITDA</b>	<b><u>\$ 63,931</u></b>	<b><u>\$ 719,816</u></b>
<b>Pre-Tax distributable earnings</b>	<b><u>\$ 52,997</u></b>	<b><u>\$ 53,835</u></b>

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





# RECONCILIATION OF INCOME UNDER GAAP TO DISTRIBUTABLE EARNINGS

**BGC Partners, Inc.**  
**RECONCILIATION OF GAAP INCOME TO DISTRIBUTABLE EARNINGS**  
(in thousands, except per share data)  
(unaudited)

	Q2 2014	Q2 2013
GAAP income before income taxes	\$ 14,915	\$ 208,251
Pre-tax adjustments:		
Non-cash losses related to equity investments, net	1,288	1,224
Real Estate purchased revenue, net of compensation and other expenses (a)	2,206	1,895
Redemption of partnership units, issuance of restricted shares and compensation - related partnership loans	-	464,594
Allocations of net income and grant of exchangeability to limited partnership units and FPU's	22,402	58,984
NASDAQ OMX earn-out revenue (b)	9,389	-
Gains and charges with respect to acquisitions, dispositions and / or resolutions of litigation, charitable contributions and other non-cash, non-dilutive, non-economic items	2,798	(681,114)
Total pre-tax adjustments	38,083	(154,416)
<b>Pre-tax distributable earnings</b>	<b>\$ 52,997</b>	<b>\$ 53,835</b>
GAAP net income available to common stockholders	\$ 7,601	\$ 34,466
Allocation of net income to Cantor's noncontrolling interest in subsidiaries	2,174	93,984
Total pre-tax adjustments (from above)	38,083	(154,416)
Income tax adjustment to reflect effective tax rate	(4,350)	70,905
<b>Post-tax distributable earnings</b>	<b>\$ 43,508</b>	<b>\$ 44,939</b>
Pre-tax distributable earnings per share (c)	\$ 0.16	\$ 0.16
Post-tax distributable earnings per share (c)	\$ 0.13	\$ 0.13
Fully diluted weighted-average shares of common stock outstanding	366,674	378,092

**Notes and Assumptions.**

- (a) Represents revenues related to the collection of receivables, net of compensation, and non-cash charges on acquired receivables, which would have been recognized for GAAP other than for the effect of acquisition accounting.
- (b) Distributable earnings for the second quarter of 2014 includes \$9.4 million of adjustments associated with the NASDAQ OMX transaction. BGC recognized \$1.7 million for GAAP and \$11.1 million for distributable earnings for the quarter ended June 30, 2014.
- (c) On April 1, 2010, BGC Partners issued \$150 million in 8.75 percent Convertible Senior Notes due 2015. On July 29, 2011, BGC Partners issued \$160 million in 4.50 percent Convertible Senior Notes due 2016. The distributable earnings per share calculations for the quarters ended June 30, 2014 and 2013 include an additional 40.1 million and 39.8 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 REVENUES UNDER GAAP AND DISTRIBUTABLE EARNINGS

### BGC Partners, Inc.

### RECONCILIATION OF REVENUES UNDER GAAP AND DISTRIBUTABLE EARNINGS

(in thousands)

(unaudited)

	<u>Q2 2014</u>	<u>Q2 2013</u>
<b>GAAP Revenue</b>	\$ 417,581	\$ 1,193,167
Adjustments:		
Gain on divestiture	-	(723,147)
NASDAQ OMX Earn-out Revenue (1)	9,389	-
Other revenue with respect to acquisitions, dispositions, and resolutions of litigation	-	(950)
Non-cash losses related to equity investments	1,288	1,224
Real Estate purchased revenue	2,053	808
<b>Distributable Earnings Revenue</b>	<u>\$ 430,311</u>	<u>\$ 471,102</u>

(1) \$1.7 million recognized in Q2 2014 for GAAP and \$11.1 million recognized for distributable earnings