



# BGC PARTNERS, INC.

Earnings Presentation 1Q 2018

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, which could cause actual results to differ from those contained in the forward-looking statements. 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

BGC’s financial results consolidate those of the Company’s publicly traded and majority-owned subsidiary, Newmark Group, Inc. (NASDAQ: NMRK) (“Newmark”). Newmark is a leading commercial real estate advisory firm that completed its initial public offering (“IPO”) on December 19, 2017, and unless otherwise stated, its results are recorded for the purposes of this document as BGC’s “Real Estate Services” segment. Newmark reports its stand-alone results separately.

Newmark operates as “Newmark Knight Frank”, “Newmark”, “NKF”, or derivations of these names. Our discussion of financial results for Real Estate Services reflects only those businesses owned by us or our affiliates and subsidiaries and does not include the results for Knight Frank or for the independently-owned offices that use some variation of the Newmark name in their branding or marketing. Berkeley Point Financial LLC, and its wholly owned subsidiary Berkeley Point Capital LLC may together be referred to as “Berkeley Point” or “BPF”. For its consolidated results, BGC classifies certain Newmark stand-alone expenses as Corporate Items and calculates certain revenue items slightly differently than Newmark. Newmark’s stand-alone revenues and pre-tax earnings will therefore differ in certain respects from those recorded in BGC’s Real Estate Services segment. Please see “Reconciliation of BGC Real Estate Segment to Newmark Group, Inc. Stand-Alone for Revenues”, “Reconciliation of BGC Real Estate Segment to Newmark Group, Inc. Stand-Alone for GAAP Income (Loss) From Operations before Income Taxes” and “Reconciliation of BGC Real Estate Segment to Newmark Group, Inc. Stand-Alone for Pre-Tax Adjusted Earnings” tables later in this presentation.

On June 28, 2013, BGC sold eSpeed to Nasdaq, Inc. (“Nasdaq”). The purchase consideration consisted of \$750 million in cash paid upon closing, plus an expected payment of up to 14.9 million shares of Nasdaq common stock to be paid ratably over 15 years beginning in 2013, assuming that Nasdaq, as a whole, generates at least \$25 million in gross revenues each of these years. “Payments” may be used interchangeably with the Nasdaq share “earn-out”.

Consistent with Newmark’s methodology of recognizing income related to the receipt of Nasdaq payments in the third quarter under GAAP, BGC recognizes the receipt of Nasdaq earn-out payments when earned in the third quarter for Adjusted Earnings instead of the previous practice of pro-rating the payments over the following four quarters in its consolidated results. This GAAP methodology will lead to earlier recognition of the Nasdaq income. BGC’s consolidated results for Adjusted Earnings have been recast to incorporate this change in Nasdaq earn-out methodology in other income from 2017 onward.

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"). 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.

BGC's financial statements are presented to include the results of Berkeley Point and Lucera for all periods in this document because these transactions involved reorganizations of entities under common control. On September 8, 2017, BGC acquired Berkeley Point Financial LLC, including its wholly owned subsidiary Berkeley Point Capital LLC, which together are referred to as "Berkeley Point" or "BPF". On November 4, 2016, BGC acquired the 80 percent of the LFI Holdings, LLC ("Lucera") not already owned by the Company.

Throughout this document the "GSE" may refer to a government-sponsored enterprise ("GSE") such as Fannie Mae or Freddie Mac, "FHA" is used to refer to the Federal Housing Administration.

BGC, BGC Trader, GFI, Fenics, Fenics.com, Capitalab, Swaptioniser, ColleX, Newmark, Grubb & Ellis, ARA, Computerized Facility Integration, Berkeley Point, Landauer, Lucera, Excess Space, and Excess Space Retail Services, Inc. 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.

Certain reclassifications may have been made to previously reported amounts to conform to the current presentation and to show results on a consistent basis across periods. Any such changes would have had no impact on consolidated revenues or earnings for GAAP and would either leave essentially unchanged or increase pre- and post-tax Adjusted Earnings for the prior periods, all else being equal. Certain numbers in the tables throughout this document may not sum due to rounding. Rounding may have also impacted the presentation of certain and year-on-year percentage changes. See the tables towards the end of this document titled "Segment Disclosure" for additional information about both Real Estate Services and Financial Services, as well as about Corporate Items, which are shown separately from the following segment results.

## **Adjusted Earnings and Adjusted EBITDA**

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 an Adjusted Earnings basis. BGC may also refer to "Adjusted EBITDA". For a complete and revised description of these non-GAAP terms and how, when, and why management uses them, see the "Adjusted Earnings Defined" and "Adjusted EBITDA 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 "Adjusted Earnings Defined", "Differences Between Consolidated Results for Adjusted Earnings and GAAP", "Reconciliation of GAAP Income (Loss) to Adjusted Earnings", "Adjusted EBITDA Defined", and "Reconciliation of GAAP Income (Loss) to Adjusted EBITDA". These reconciliations can also be found in the "Appendix" section of this presentation. On the next page, 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.

# DISCLAIMER (CONTINUED)

Highlights of Consolidated Results (USD millions)	1Q18	1Q17	Change
Revenues	\$956.6	\$783.2	22.1%
Income from operations before income taxes under U.S. Generally Accepted Accounting Principles ("GAAP")	133.2	57.8	130.5%
GAAP net income for fully diluted shares	88.8	56.6	56.7%
Pre-tax Adjusted Earnings before noncontrolling interest in subsidiaries and taxes	184.7	119.3	54.8%
Post-tax Adjusted Earnings	154.3	103.1	49.7%
Adjusted EBITDA	236.9	141.4	67.6%
Adjusted EBITDA before allocations to units	245.9	150.8	63.1%

Per Share Results	1Q18	1Q17	Change
GAAP net income per fully diluted share	\$0.19	\$0.13	46.2%
Post-tax Adjusted Earnings per share	\$0.32	\$0.23	39.1%

## 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 plus marketable securities that have not been financed, reverse repurchase agreements, and securities owned, less securities loaned and repurchase agreements. 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.

A discussion of Adjusted 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.bgcpartners.com/Investors/default.aspx>.



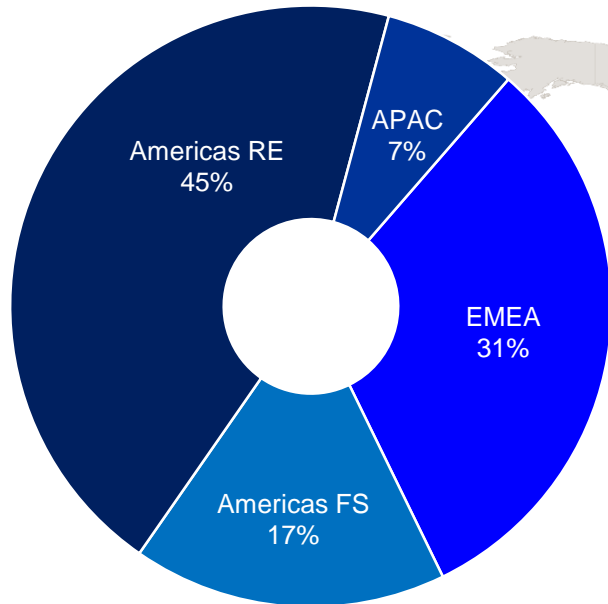
# GENERAL OVERVIEW



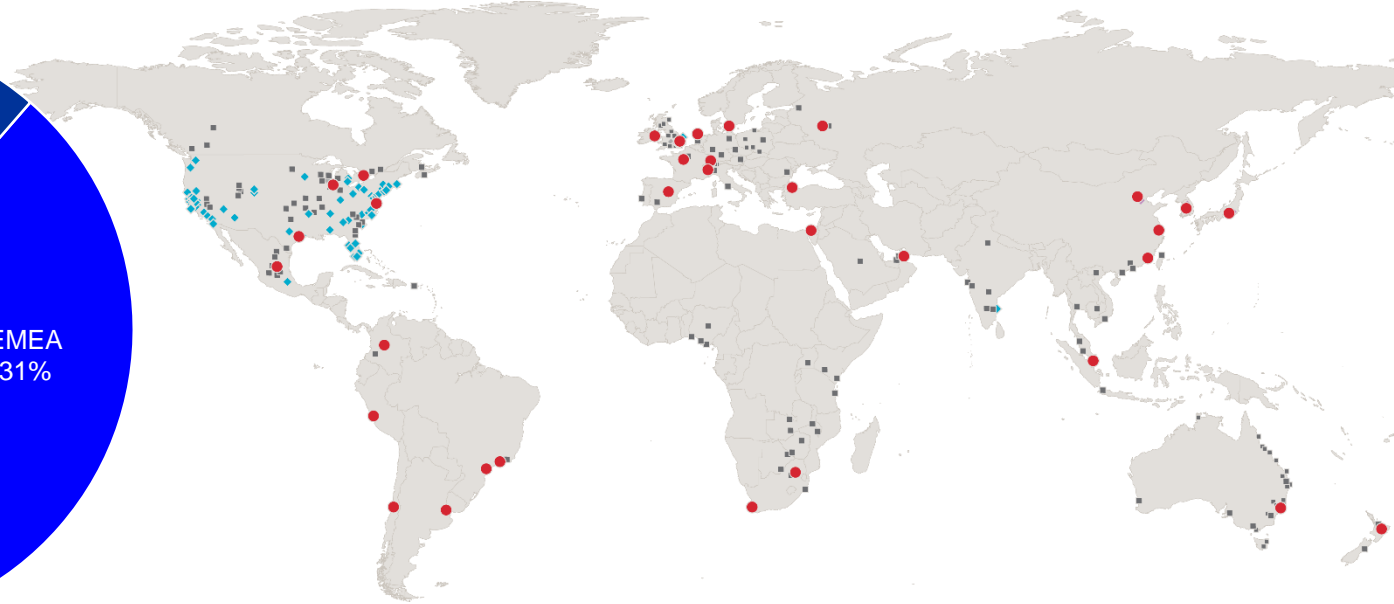
<b>Highlights of Consolidated Distributable Earnings Results (USD millions, except per share data)</b>	<b>1Q 2018</b>	<b>1Q 2017</b>	<b>Change (%)</b>
Revenues	\$956.6	\$783.2	22.1%
Pre-tax Adjustable Earnings before non-controlling interest in subsidiaries and taxes	184.7	119.3	54.8%
Post-tax Adjusted Earnings	154.3	103.1	49.7%
Post-tax Adjusted Earnings per share	0.32	0.23	39.1%
Adjusted EBITDA	236.9	141.4	67.6%
Adjusted EBITDA before allocations to units	245.9	150.8	63.1%
Pre-tax Adjusted Earnings margin	19.3%	15.2%	
Post-tax Adjusted Earnings margin	16.1%	13.2%	

- On May 1, 2018, BGC Partners' Board of Directors declared a quarterly qualified cash dividend of \$0.18 per share payable on June 5, 2018 to Class A and Class B common stockholders of record as of May 21, 2018.

## 1Q18 Global Revenues

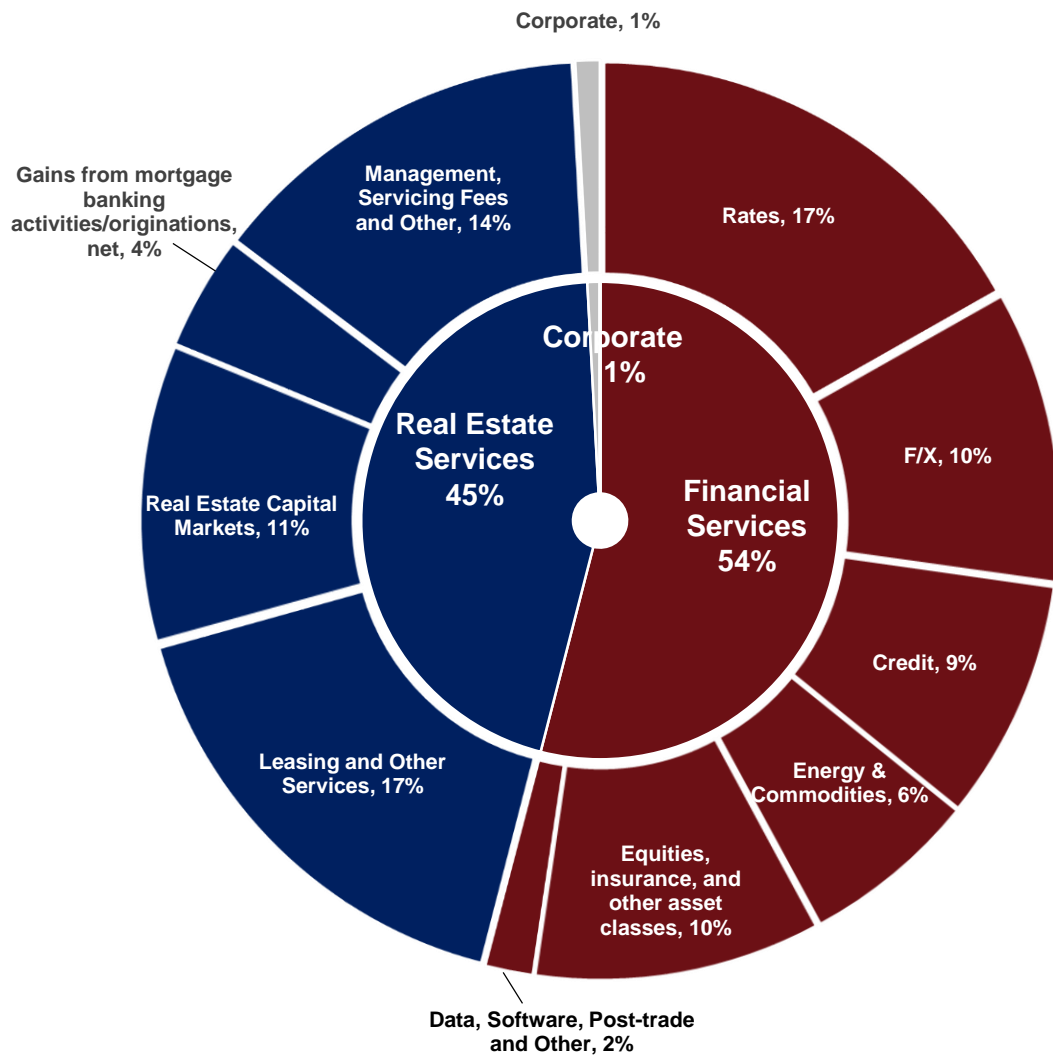


- BGC Financial Services Offices
- ◆ Newmark Knight Frank
- NKF Licensees and Partner Offices



- Total Americas revenues up 23% in 1Q 2018
- RE Services revenues up 28% and FS revenues up 12% in Americas
- Europe, Middle East & Africa revenues up 22% in 1Q 2018
- Asia Pacific revenues up 13% in 1Q 2018

Note: Percentages may not sum to 100% due to rounding, an immaterial amount of Real Estate Services revenues are from the non-Americas.

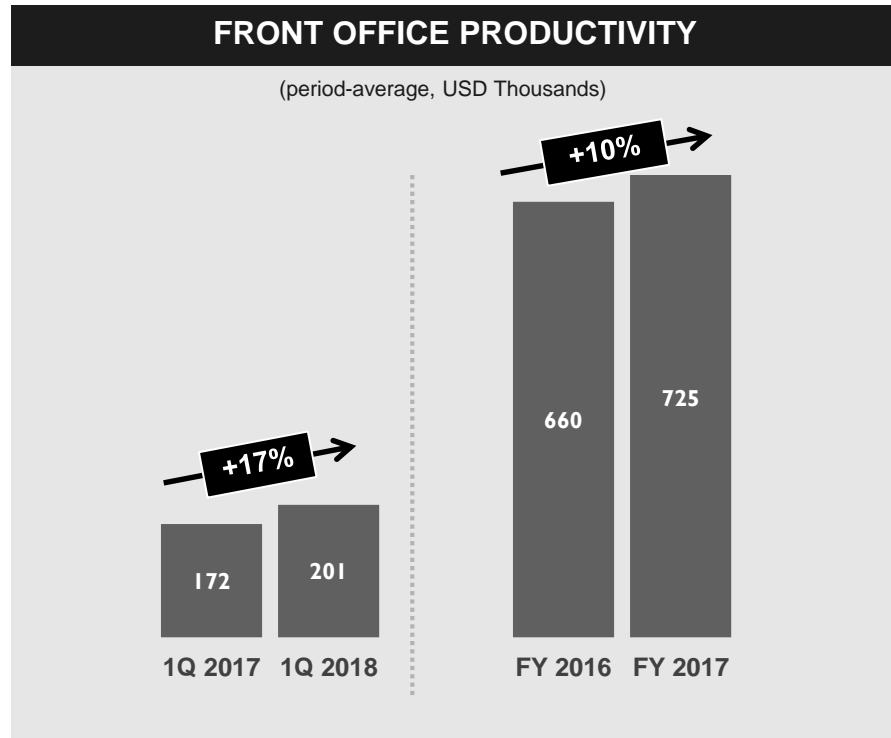
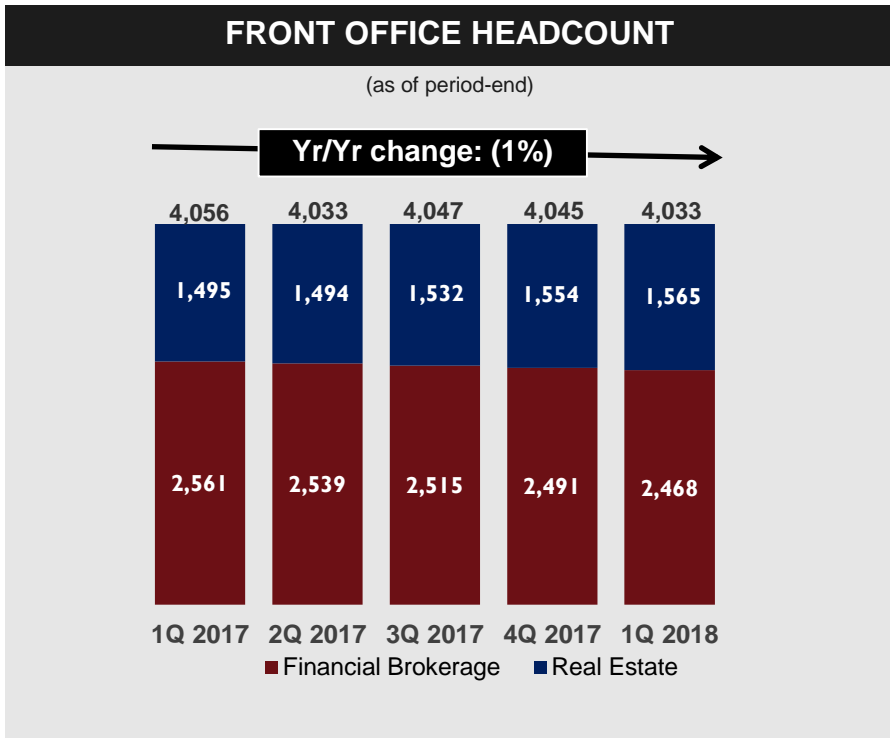


## BGC's Businesses at a Glance

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

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

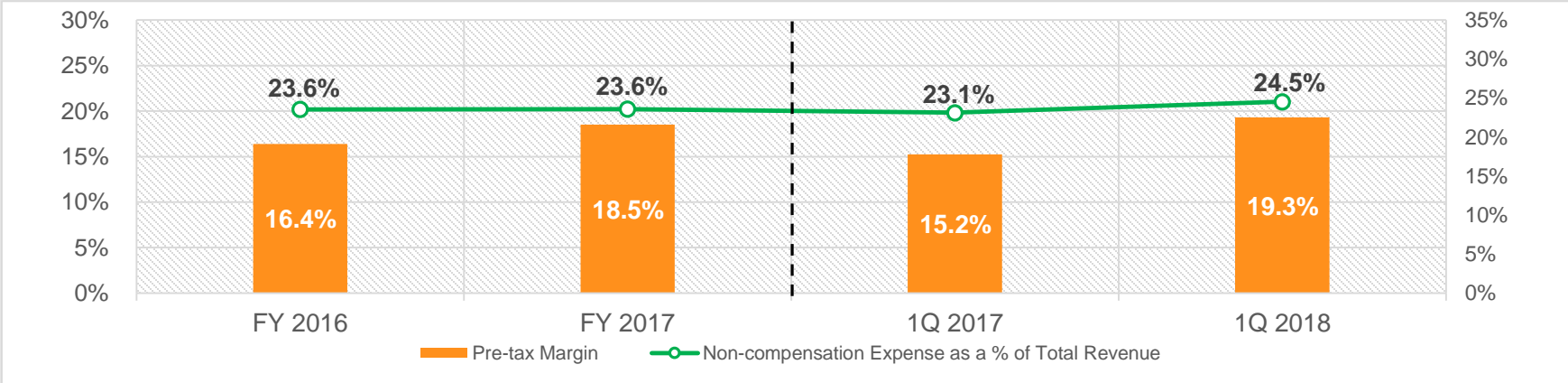
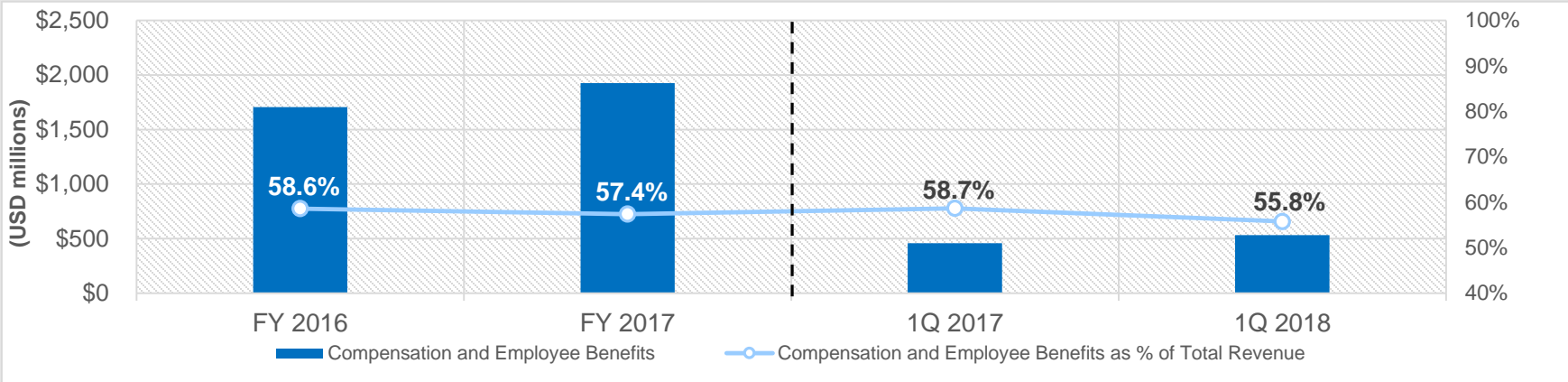




- Financial Services average revenue per front office employee was \$207,000 in 1Q 2018, up 19%
- Real Estate Services average revenue front office employee was \$192,000 in 1Q 2018, up 15%

Note: The Real Estate Services productivity figures are based on revenues from “leasing and other”, “real estate capital markets”, and “Gains from mortgage banking activities/originations, net”. The productivity figures exclude both revenues and 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. The average revenues for all producers are approximate and based on the total revenues divided by the weighted-average number of producers for the period.

# ADJUSTED EARNINGS EXPENSE & PRE-TAX MARGIN TRENDS



- Pre-tax margins were 19.3% in 1Q 2018 vs. 15.2% in 1Q 2017
- Non-compensation expenses include \$18 million due to the impact of ASC 606 on Newmark’s pass-through revenues and non-compensation expenses

Note: % of revenue numbers do not sum primarily due to the large amount of other income related to the Nasdaq earn-out.

Overview

# FINANCIAL SERVICES

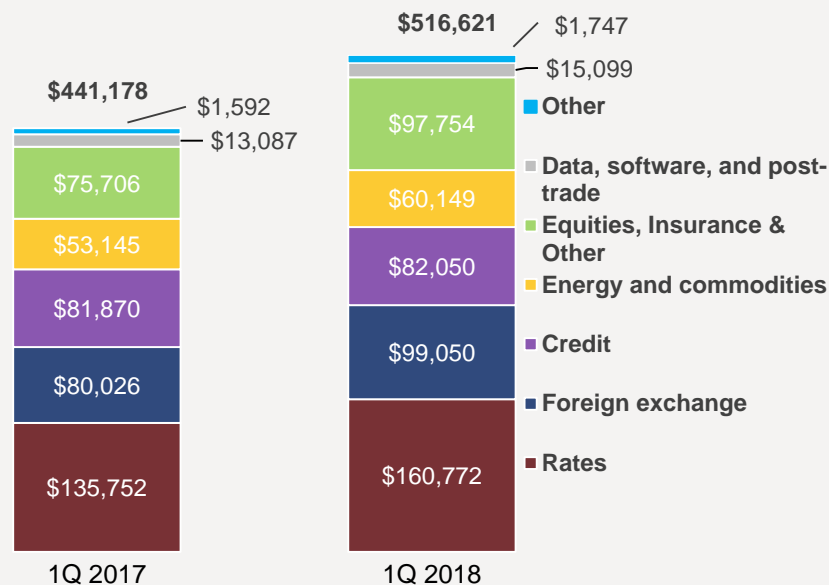


# BUSINESS OVERVIEW: FINANCIAL SERVICES SUMMARY (1Q 2018)

## Highlights

- Total revenues increased 17% YoY
  - Double-digit percentage increase in brokerage revenues across rates, foreign exchange, equities, insurance, and energy and commodities revenues
- Pre-tax Adjusted Earnings increased approximately 31% YoY
- Pre-tax margin at 25%, approximately 270 basis points higher YoY

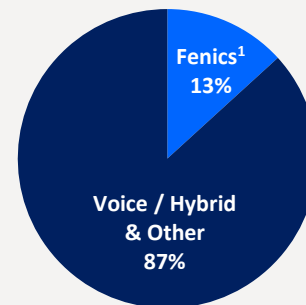
## 1Q 2018 Revenue Breakdown



## Drivers

- Increased activity across rates, foreign exchange, and energy and commodities
- Over half the growth generated from equities, insurance, and other asset classes was organic

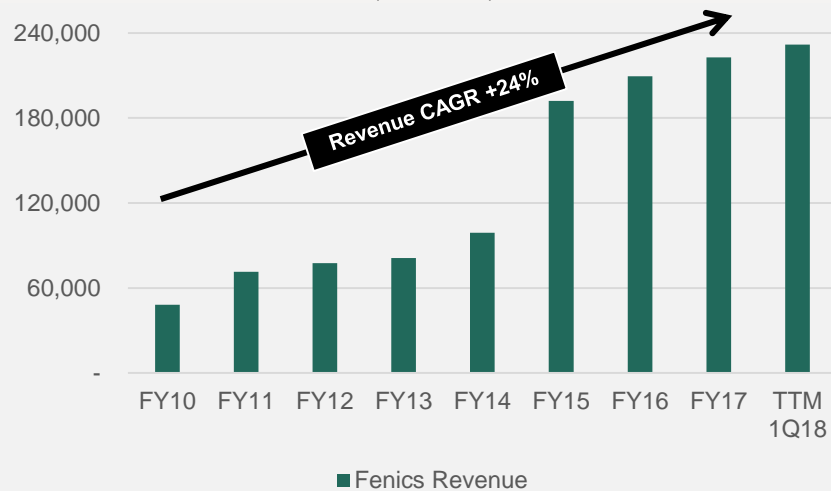
## 1Q 2018 Revenue Breakdown



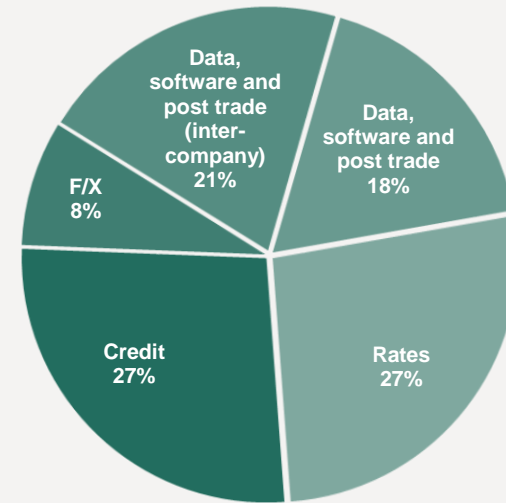
1. Data, software, and post-trade excludes inter-company revenues and revenues related to eSpeed (sold in June 2013), and revenues related to Trayport (sold in December 2015).

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

(USD \$000s)



## 1Q 2018 Fenics Revenue Breakdown<sup>2</sup>

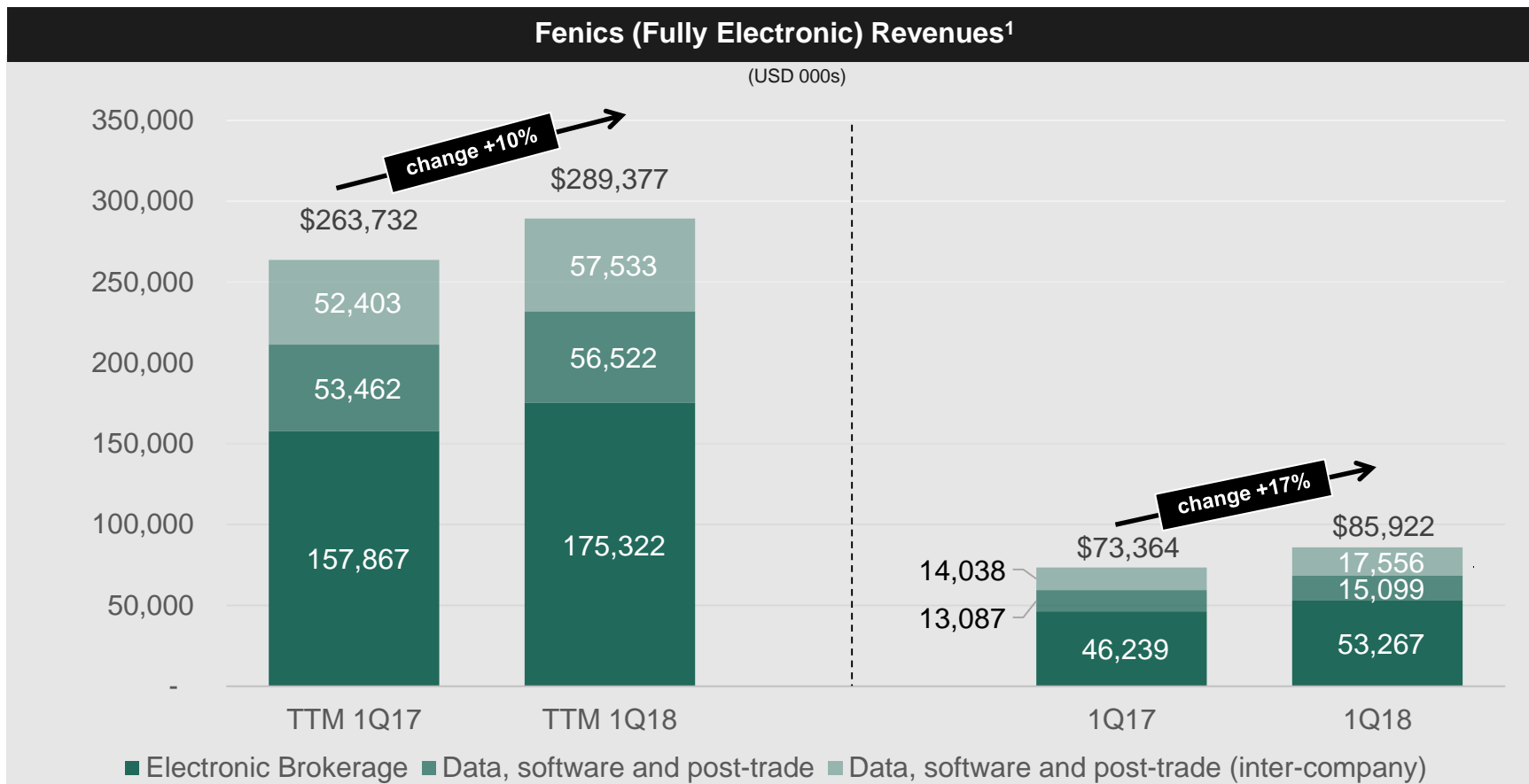


- Overall Fenics revenues up 17%<sup>3</sup>; Fenics brokerage revenues increased 15% year-over-year in 1Q 2018
- 1Q 2018 Fenics revenues comprised 13% of total Financial Services revenues versus approximately 3% in 2010 (net of inter-company eliminations)
- Data, software and post-trade revenues up 15% to \$15 million

1. Excludes inter-company revenues and 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 revenues related to equities and other products.

3. Includes inter-company revenues.



- Strong performance from Fenics businesses such as Canadian, European, and U.K. sovereign bonds, inflation swaps, interest rate options, emerging market bonds, and credit derivatives.

1. "Fenics" results include data, software, and post-trade (inter-company) revenues of \$17.6 million and \$14.0 million for 1Q18 and 1Q17, respectively, which are eliminated in BGC's consolidated financial results. Data, software, and post-trade revenues, net of inter-company eliminations were \$15.1 million and \$13.1 million in 1Q18 and 1Q17, respectively. Results shown by segment or business exclude revenues, earnings and/or losses associated with Corporate items.



**NEWMARK**



Newmark  
Cornish & Carey

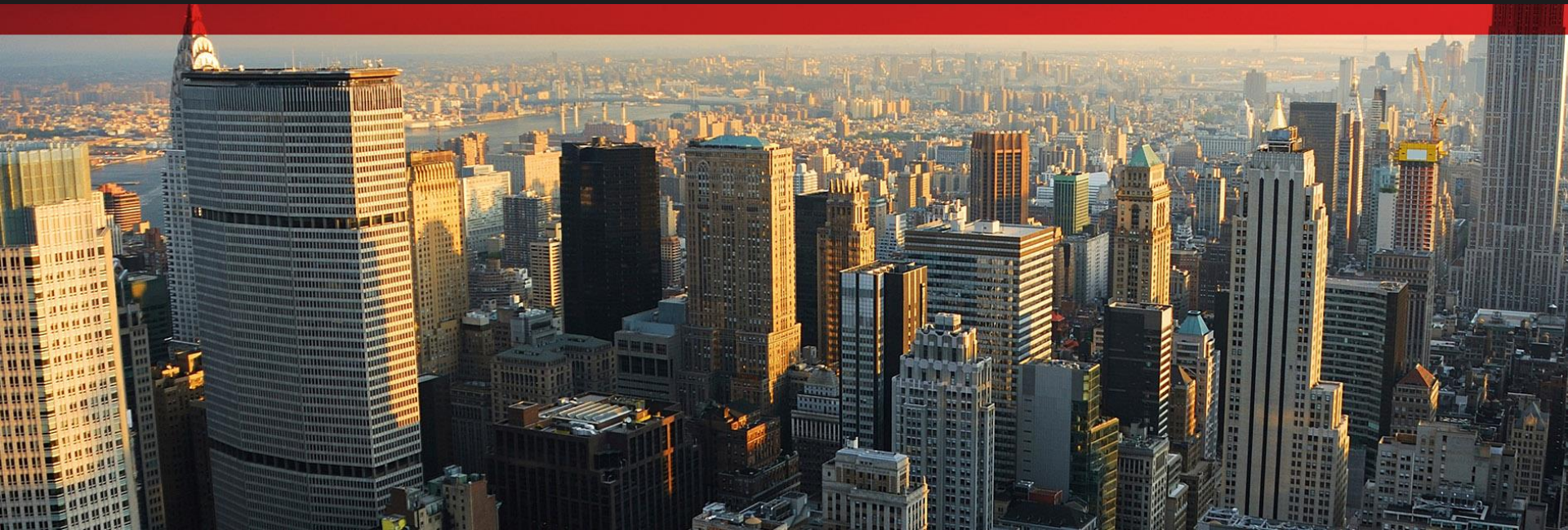


**ARA**

A Newmark Company

Overview

# NEWMARK



## Highlights

- Newmark stand-alone revenues increased by 29% YoY in 1Q 2018
- Stand-alone pre-tax Adjusted Earnings increased by 83% in 1Q 2018
- See Newmark's stand-alone financial results press release and Powerpoint presentation for more details
- Details regarding Newmark Group, Inc.'s stand-alone results are contained in its financial results press release for the first quarter 2018 (accessible at <http://ir.ngkf.com>)
- Results shown by segment or business exclude revenues, earnings and/or losses associated with Corporate items. Newmark's stand-alone revenues and pre-tax earnings will therefore differ in certain respects from those recorded in BGC's Real Estate Services segment. Please see tables later in this presentation.<sup>1</sup>

1. Please see tables "Reconciliation of BGC Real Estate Segment to Newmark Group, Inc. Stand-Alone for Revenues", "Reconciliation of BGC Real Estate Segment to Newmark Group, Inc. Stand-Alone for GAAP Income (Loss) From Operations before Income Taxes" and "Reconciliation of BGC Real Estate Segment to Newmark Group, Inc. Stand-Alone for Pre-Tax Adjusted Earnings" later in this presentation.



BGC PARTNERS

# OUTLOOK



## Outlook Compared with a Year Ago Results

- BGC anticipates second quarter 2018 consolidated revenues of between \$890 million and \$940 million, or 5 percent to 11 percent higher compared with \$849 million a year earlier.
- BGC expects consolidated pre-tax Adjusted Earnings before noncontrolling interest in subsidiaries and taxes to be in the range of \$145 million and \$165 million, or 7 percent to 22 percent higher versus \$135 million in the prior-year period. The recast results for the second quarter of 2017 exclude the Nasdaq earn-out.
- BGC anticipates its consolidated Adjusted Earnings tax rate to be in the range of approximately 11 percent and 12 percent for the second quarter of 2018, compared with 12.7 percent for the second quarter of 2017.
- BGC expects Newmark Group, Inc.'s stand-alone tax rate to be in the range of approximately 12 and 14 percent.

# GAAP FINANCIAL RESULTS



# SELECT CONSOLIDATED GAAP FINANCIAL RESULTS

Highlights of Consolidated GAAP Results (USD millions, except per share data)	1Q 2018	1Q 2017	Change (%)
Revenues under both U.S. Generally Accepted Accounting Principles (“GAAP”) and Adjusted Earnings	\$956.6	\$783.2	22.1%
Income (loss) from operations before income taxes	133.2	57.8	130.5%
Net income for fully diluted shares	88.8	56.6	56.7%
Net income per fully diluted share	0.19	0.13	46.2%
Pre-tax earnings margin	13.9%	7.4%	
Post-tax earnings margin	9.3%	7.2%	

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



	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues:</b>		
Commissions	\$ 668,599	\$ 545,720
Principal transactions	91,918	85,743
Total brokerage revenues	<u>760,517</u>	<u>631,463</u>
Gains from mortgage banking activities/originations, net	38,914	45,261
Real estate management and other services	96,878	50,630
Servicing fees	28,926	24,832
Fees from related parties	6,590	6,938
Data, software and post-trade	15,099	13,087
Interest income	8,748	10,006
Other revenues	974	976
Total revenues	<u>956,646</u>	<u>783,193</u>
<b>Expenses:</b>		
Compensation and employee benefits	534,811	460,631
Allocations of net income and grant of exchangeability to limited partnership units and FPU's	65,232	63,193
Total compensation and employee benefits	<u>600,043</u>	<u>523,824</u>
Occupancy and equipment	54,784	50,829
Fees to related parties	7,764	6,490
Professional and consulting fees	26,081	21,670
Communications	34,850	32,173
Selling and promotion	29,849	24,641
Commissions and floor brokerage	14,095	10,430
Interest expense	27,138	18,763
Other expenses	68,591	42,393
Total non-compensation expenses	<u>263,152</u>	<u>207,389</u>
Total expenses	<u>863,195</u>	<u>731,213</u>
<b>Other income (losses), net:</b>		
Gain (loss) on divestiture and sale of investments	-	557
Gains (losses) on equity method investments	5,801	237
Other income (loss)	33,942	5,020
Total other income (losses), net	<u>39,743</u>	<u>5,814</u>
Income (loss) from operations before income taxes	133,194	57,794
Provision (benefit) for income taxes	35,763	6,678
Consolidated net income (loss)	<u>\$ 97,431</u>	<u>\$ 51,116</u>
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	38,657	14,291
Net income (loss) available to common stockholders	<u>\$ 58,774</u>	<u>\$ 36,825</u>
<b>Per share data:</b>		
<i>Basic earnings per share</i>		
Net income (loss) available to common stockholders	\$ 58,774	\$ 36,825
Basic earnings (loss) per share	\$ 0.19	\$ 0.13
Basic weighted-average shares of common stock outstanding	<u>307,728</u>	<u>283,399</u>
<i>Fully diluted earnings per share</i>		
Net income (loss) for fully diluted shares	\$ 88,757	\$ 56,634
Fully diluted earnings (loss) per share	\$ 0.19	\$ 0.13
Fully diluted weighted-average shares of common stock outstanding	<u>478,935</u>	<u>444,826</u>
Dividends declared per share of common stock	\$ 0.18	\$ 0.16
Dividends declared and paid per share of common stock	<u>\$ 0.18</u>	<u>\$ 0.16</u>

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



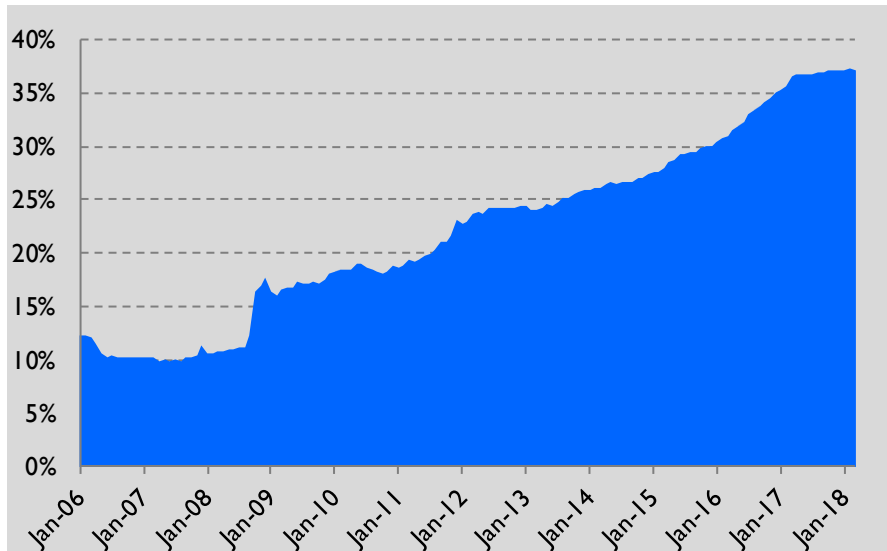
	March 31, 2018	December 31, 2017
<b>Assets</b>		
Cash and cash equivalents	\$ 362,613	\$ 634,333
Cash segregated under regulatory requirements	330,126	162,457
Securities owned	89,357	33,007
Securities borrowed	309	-
Marketable securities	96,061	208,176
Loans held for sale, at fair value	965,639	362,635
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	1,407,052	745,402
Mortgage servicing rights, net	381,526	392,626
Accrued commissions and other receivables, net	784,513	620,039
Loans, forgivable loans and other receivables from employees and partners, net	369,114	335,734
Fixed assets, net	196,906	189,347
Investments	153,452	141,788
Goodwill	944,795	945,582
Other intangible assets, net	307,183	311,021
Receivables from related parties	6,579	3,739
Other assets	382,271	343,826
Total assets	<u>\$ 6,777,496</u>	<u>\$ 5,429,712</u>
<b>Liabilities, Redeemable Partnership Interest, and Equity</b>		
Short-term borrowings	\$ 6,017	\$ 6,046
Short-term borrowings to related parties	180,000	-
Repurchase agreements	985	-
Securities loaned	92,565	202,343
Warehouse notes payable	950,479	360,440
Accrued compensation	442,871	432,733
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	1,219,815	607,580
Payables to related parties	45,682	40,988
Accounts payable, accrued and other liabilities	976,432	942,917
Long-term debt and collateralized borrowings	1,375,943	1,650,509
Total liabilities	5,290,789	4,243,556
Redeemable partnership interest	47,505	46,415
<b>Equity</b>		
Stockholders' equity:		
Class A common stock, par value \$0.01 per share; 750,000 shares authorized; 328,529 and 306,218 shares issued at March 31, 2018 and December 31, 2017, respectively; and 279,279 and 256,968 shares outstanding at March 31, 2018 and December 31, 2017, respectively		
	3,286	3,063
Class B common stock, par value \$0.01 per share; 150,000 shares authorized; 34,848 shares issued and outstanding at March 31, 2018 and December 31, 2017, convertible into Class A common stock		
	348	348
Additional paid-in capital	1,984,297	1,763,371
Contingent Class A common stock	40,298	40,472
Treasury stock, at cost: 49,250 and 49,250 shares of Class A common stock at March 31, 2018 and December 31, 2017, respectively	(303,873)	(303,873)
Retained deficit	(837,753)	(859,009)
Accumulated other comprehensive income (loss)	(8,754)	(10,486)
Total stockholders' equity	877,849	633,886
Noncontrolling interest in subsidiaries	561,353	505,855
Total equity	<u>1,439,202</u>	<u>1,139,741</u>
Total liabilities, redeemable partnership interest and equity	<u>\$ 6,777,496</u>	<u>\$ 5,429,712</u>

# APPENDIX



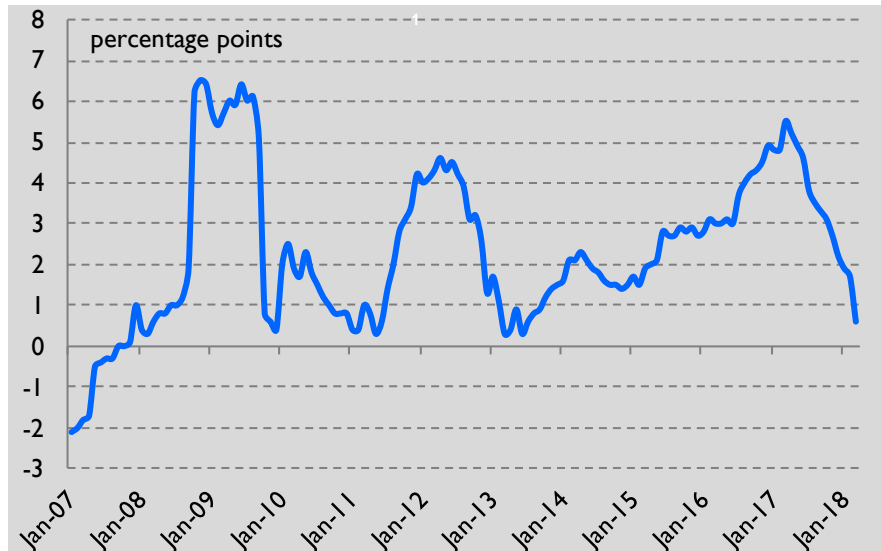
# OUR RATES BUSINESS CONTINUES TO DO WELL DESPITE INCREASES IN G-4 BALANCE SHEETS

### G-4\* Balance Sheet as % of GDP



Source: Bloomberg

### YoY Change (pp) in G-4 Balance Sheet as % of GDP



Source: Bloomberg

- Despite the end of quantitative easing in the US, G-4 central bank balance sheets continue to grow
- Our rates business, which includes non-US markets, continues to do well even as G-4 central bank balance sheets have grown



# BGC'S FULLY DILUTED SHARE COUNT SUMMARY AS OF MARCH 31, 2018

BGC Partners, Inc. Fully Diluted Share Count Summary (as of March 31, 2018)	Fully-diluted Shares (MN)	Ownership (%)
Class A owned by Public	247.2	51%
Class A owned by executives, board members and employees <sup>1</sup>	17.4	4%
Partnership units owned by employees <sup>2, 3</sup>	112.6	23%
Other owned by employees <sup>3, 4</sup>	5.0	1%
Class A owned by Cantor	14.7	3%
Class B owned by Cantor	34.8	7%
Partnership units owned by Cantor <sup>3, 5</sup>	50.3	10%
<b>Total</b>	<b>482.0</b>	<b>100%</b>

BGC Partners, Inc. Fully Diluted Share Count Summary (as of March 31, 2018)	Fully-diluted Shares (MN)	Ownership (%)
Public	247.2	51%
Employees	134.9	28%
Cantor	99.8	21%

1. Class A shares owned by employees only includes restricted shares. Any Class A share owned by an employee without restriction is included in the "Class A owned by Public"

2. Partnership units owned by employees include founding/working partner units and limited partnership units. In conjunction with the proposed spin-off of Newmark, the Partnership units are owned by employees of both Newmark and BGC. Over time, virtually all of the partners of Newmark are expected to only own units and/or shares of Newmark and virtually all of the partners of BGC are expected to only own units and/or shares of BGC. Going forward, partners of BGC will be compensated with BGC partnership units and partners of Newmark will be compensated with Newmark partnership units.

3. Excludes approximately 1.7 million standalone LPUs, 0.5 million standalone FPU, 2.1 million standalone Cantor units, and 0.1 million standalone other units owned by employees. After the spin-off of Newmark, these standalone BGC limited partnership interests can then become exchangeable into BGC Class A or Class B common stock.

4. These primarily represent contingent shares and/or units for which all necessary conditions have been satisfied except for the passage of time.

5. Includes 15.8 million Cantor distribution rights.

(\$ in '000s)

<b>BGC Partners, Inc.</b>	<b>3/31/2018</b>
Cash and Cash Equivalents	\$362,613
Repurchase Agreements	(985)
Securities Owned	89,357
Marketable Securities (net)	3,496
<b>Total Liquidity<sup>1</sup></b>	<b>\$454,481</b>

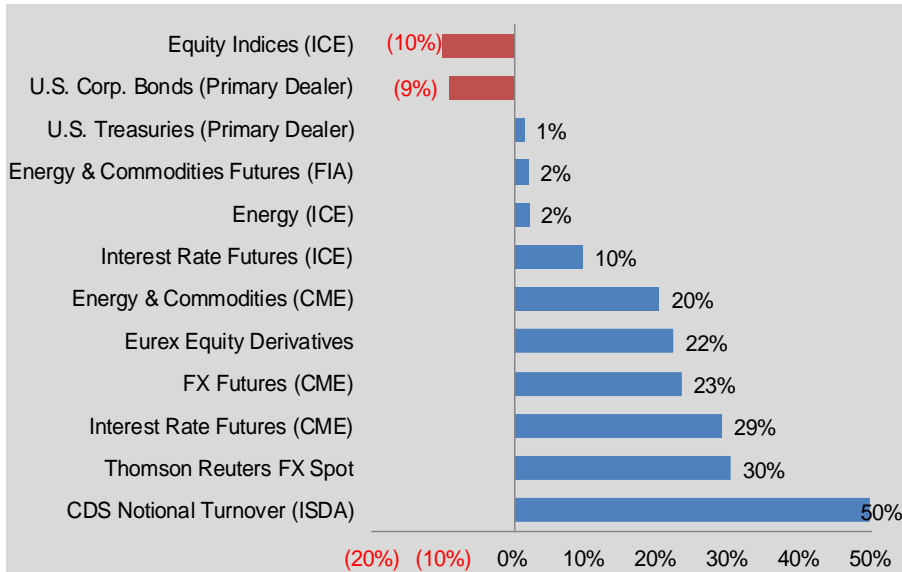
<b>BGC Partners, Inc. and Subsidiaries</b>	<b>Issuer</b>	<b>Maturity</b>	<b>3/31/2018</b>
8.375% Senior Notes	GFI	7/19/2018	\$241,323
Unsecured converted term loan credit agreement	BGC	9/8/2019	\$397,709
5.375% Senior Notes	BGC	12/9/2019	298,310
5.125% Senior Notes	BGC	5/27/2021	297,198
Collateralized borrowings	BGC	5/31/2021	31,976
8.125% Senior Notes <sup>2</sup>	BGC	6/15/2042	109,427
<b>Total Long-term Debt</b>			<b>\$1,375,943</b>

<b>BGC Partners, Inc. (Adj. EBITDA and Ratios are TTM IQ 2018)</b>	<b>3/31/2018</b>
<b>Adjusted EBITDA</b>	<b>\$747,783</b>
<b>Leverage Ratio: Total Long-term Debt / Adjusted EBITDA<sup>3</sup></b>	<b>1.8x</b>
<b>Net Leverage Ratio: Net Long-term Debt / Adjusted EBITDA</b>	<b>1.2x</b>
<b>Adjusted EBITDA / Interest Expense<sup>4</sup></b>	<b>8.4x</b>
<b>Total capital<sup>5</sup></b>	<b>1,486,707</b>

1. As of March 31, 2018, \$92.6 million of Marketable Securities on our balance sheet were lent out in Securities Loaned transactions and therefore are not included in Total Liquidity.
2. Callable at par beginning June 26, 2017.
3. Does not include the more than \$870 million in NDAQ stock (at May 2, 2018 closing prices) expected to be received over time.
4. Interest expense excludes \$22.1 million of operating interest on Warehouse notes payable.
5. Defined as "redeemable partnership interest," "noncontrolling interest in subsidiaries," and "total stockholders' equity".

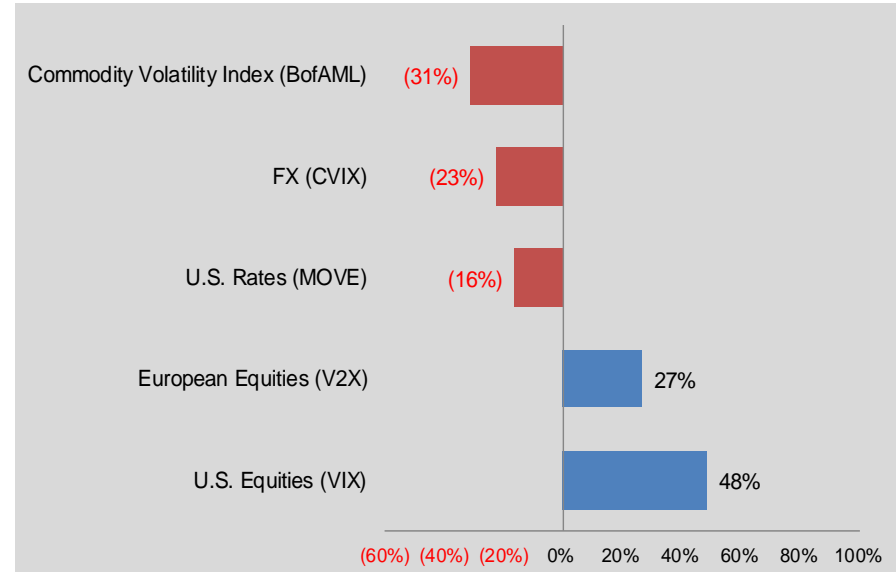
## 1Q 2018: Yr/Yr Change in Capital Markets Activity

(ADV excl. Eurex Equity Derivatives)



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

## 1Q 2018: Yr/Yr Change in Average Daily Volatility



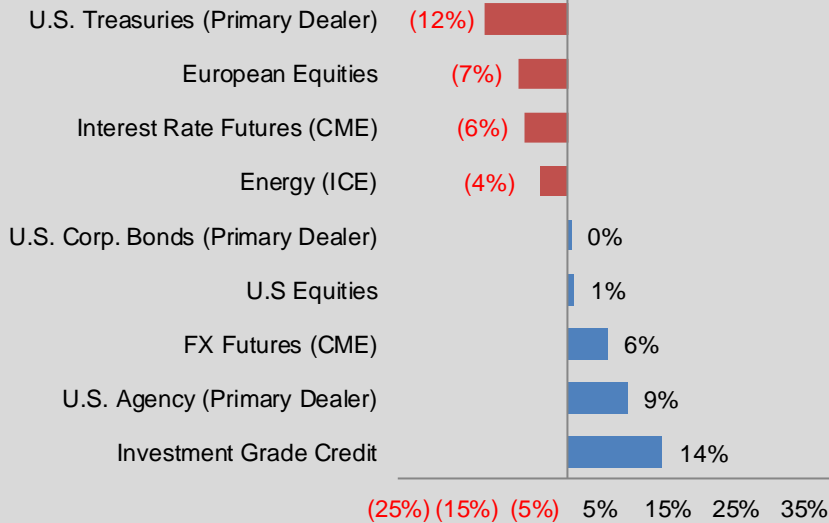
Source: Bloomberg

- Volumes were up compared to 1Q 2017
- Volatility measures were generally mixed compared to 1Q 2017; increased volatility often signals increased trading activity, however severe bouts of volatility often results in lower trading activity

# VOLUMES GENERALLY MIXED; VOLATILITY DOWN FROM A YEAR AGO

## 2Q 2018TD Change in Capital Markets Activity

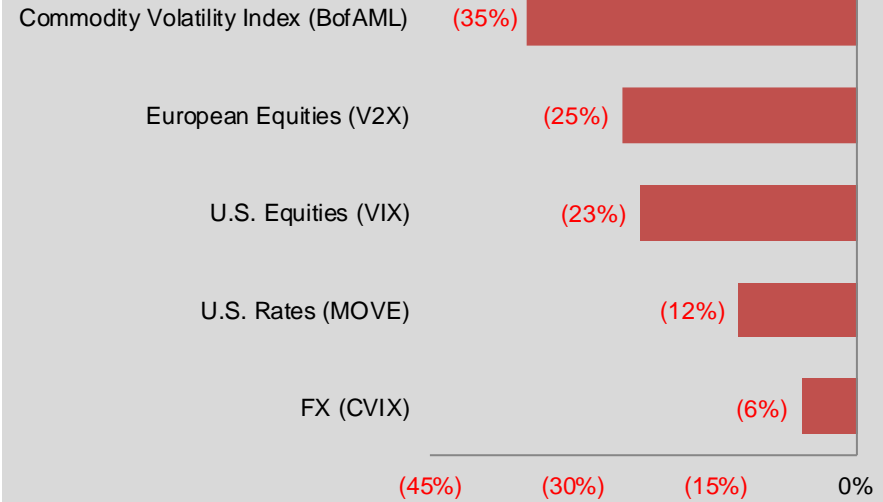
(4/1/2018 – 4/30/2018)



Source: Bloomberg, Raymond James & Associates and Goldman Sachs Investment Research

## 2Q 2018TD Change in Average Daily Volatility

(4/1/2018 – 4/27/2018)



Source: Bloomberg

- 1Q 2018 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 down across most products we broker; increased volatility often signals higher trading activity and reverse is true when volatility declines
- However severe bouts of volatility often result in lower trading activity

# AVERAGE EXCHANGE RATES

	1Q 2018	1Q 2017	April 1 – April 19, 2018	April 1 – April 19, 2017
US Dollar	1	1	1	1
British Pound	1.391	1.239	1.415	1.253
Euro	1.229	1.065	1.232	1.065
Hong Kong Dollar	0.128	0.129	0.127	0.129
Singapore Dollar	0.758	0.706	0.762	0.714
Japanese Yen	108.363	113.616	106.982	109.939

Source: Bloomberg

Note: The Japanese Yen average exchange rate is inverted relative to the other average exchange rates shown here

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

In the first quarters of 2018 and 2017, non-cash gains of \$2.6 million and \$0.2 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 Adjusted Earnings.

In the first quarter of 2018, a non-cash gain of \$20.6 million related to a fair value adjustment of an investment held by BGC was included as part of "Other income (losses), net" under GAAP, but excluded for Adjusted Earnings.

Adjusted Earnings calculations for the first quarters of 2018 and 2017 also excluded additional net losses of \$0.8 million and \$0.4 million, respectively as part of "(Gains) and charges with respect to acquisitions, dispositions and/or resolutions of litigation, and other non-cash, non-dilutive items, net".

## **Impact of OMSRs and MSRs for Adjusted Earnings and GAAP**

GAAP income from operations before income taxes for the first quarter of 2018 includes a \$3.3 million non-cash gain attributable to originated mortgage servicing rights ("OMSRs") net of amortization of mortgage servicing rights ("MSRs"). In the year earlier period, the gain attributable to OMSRs net of amortization of MSRs was \$15.4 million.

## **Differences between Compensation Expenses for Adjusted Earnings and GAAP**

In the first quarter of 2018, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to \$56.2 million in grants of exchangeability and \$9.0 million in allocation of net income to limited partnership units and FPU.

In the first quarter of 2017, the difference between compensation expenses as calculated for GAAP and Adjusted Earnings included non-cash, non-dilutive net charges related to \$53.8 million in grants of exchangeability and \$9.4 million in allocation of net income to limited partnership units and FPU.

In the first quarter of 2018 \$1.3 million 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 Adjusted Earnings as part of "(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, and other non-cash, non-dilutive items, net". For the first quarter of 2017, the corresponding amount was \$2.2 million.

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

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

The difference between non-compensation expenses in the first quarters of 2018 and 2017 as calculated for GAAP and Adjusted Earnings included additional "(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, and other non-cash, non-dilutive items, net". These included \$8.7 million and \$6.2 million, respectively, of non-cash GAAP charges related to amortization of intangibles; \$1.0 million and \$1.4 million, respectively, of acquisition related costs; none and \$1.4 million, respectively, of non-cash GAAP impairment charges; and various other GAAP items that together came to a net charge of \$0.9 million and \$3.4 million, respectively.

## **Differences between Taxes for Adjusted 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 \$35.8 million and \$6.7 million for the first quarters of 2018 and 2017, respectively. The Company includes additional tax-deductible items when calculating the provision for taxes with respect to Adjusted Earnings using an annualized methodology. These include tax-deductions related to equity-based compensation with respect to limited partnership unit exchange, employee loan amortization, and certain net-operating loss carryforwards.

The non-GAAP provision for income taxes was adjusted by \$(14.3) million and \$9.8 million for the first quarters of 2018 and 2017, respectively. As a result, the provision for income taxes with respect to Adjusted Earnings was \$21.4 million and \$16.5 million for the first quarters of 2018 and 2017, respectively.

## Adjusted Earnings Defined

BGC Partners uses non-GAAP financial measures including, but not limited to, “pre-tax Adjusted Earnings” and “post-tax Adjusted 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 Adjusted Earnings best reflect the operating earnings generated by the Company on a consolidated basis and are the earnings which management considers when managing its business.

As compared with “income (loss) from operations before income taxes”, and “net income (loss) per fully diluted share”, all prepared in accordance with GAAP, Adjusted Earnings calculations primarily exclude certain non-cash items 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, Adjusted Earnings calculations exclude certain gains and charges that management believes do not best reflect the ordinary results of BGC.

## Adjustments Made to Calculate Pre-Tax Adjusted Earnings

BGC defines pre-tax Adjusted Earnings as GAAP income (loss) from operations before income taxes and noncontrolling interest in subsidiaries excluding items, such as:

- \* Non-cash asset impairment charges, if any;
- \* Allocations of net income to limited partnership units;
- \* Non-cash charges related to the amortization of intangibles with respect to acquisitions; and
- \* Non-cash charges relating to grants of exchangeability to limited partnership units that reflect the value of the shares of common stock into which the unit is exchangeable when the unit holder is granted exchangeability not previously expensed in accordance with GAAP.

Virtually all of BGC’s key executives and producers have partnership or equity stakes in the Company and receive deferred equity or limited partnership units as part of their compensation. A significant percentage of the Company’s fully diluted shares are owned by its executives, partners and employees. The Company issues limited partnership units and grant exchangeability to unit holders to provide liquidity to its employees, to align the interests of its employees and management with those of common stockholders, to help motivate and retain key employees, and to encourage a collaborative culture that drives cross-selling and revenue growth.

When the Company issues limited partnership units, the shares of common stock into which the units can be ultimately exchanged are included in BGC’s fully diluted share count for Adjusted Earnings at the beginning of the subsequent quarter after the date of grant. BGC includes such shares in the Company’s fully diluted share count when the unit is granted because the unit holder is expected to be paid a pro-rata distribution based on BGC’s calculation of Adjusted Earnings per fully diluted share and because the holder could be granted the ability to exchange their units into shares of common stock in the future. Non-cash charges with respect to grants of exchangeability reflect the value of the shares of common stock into which the unit is exchangeable when the unit holder is granted exchangeability not previously expensed in accordance with GAAP. The amount of non-cash charges relating to grants of exchangeability the Company uses to calculate pre-tax Adjusted Earnings on a quarterly basis is based upon the Company’s estimate of expected grants of exchangeability to limited partnership units during the annual period, as described further below under “Adjustments Made to Calculate Post-Tax Adjusted Earnings.”

Adjusted Earnings also excludes non-cash GAAP gains attributable to originated mortgage servicing rights (which Newmark refer to as “OMSRs”) and non-cash GAAP amortization of mortgage servicing rights (which the Company refers to as “MSRs”). Under GAAP, the Company recognizes OMSRs gains equal to the fair value of servicing rights retained on mortgage loans originated and sold. Subsequent to the initial recognition at fair value, MSRs are carried at the lower of amortized cost or fair value and amortized in proportion to the net servicing revenue expected to be earned. However, it is expected that any cash received with respect to these servicing rights, net of associated expenses, will increase Adjusted Earnings (and Adjusted EBITDA) in future periods.



Additionally, Adjusted Earnings calculations exclude certain unusual, one-time, non-ordinary or non-recurring items, if any. These items are excluded from Adjusted Earnings because the Company views excluding such items as a better reflection of the ongoing operations of BGC. BGC's definition of Adjusted Earnings also excludes certain gains and charges with respect to acquisitions, dispositions, or resolutions of litigation. Management believes that excluding such gains and charges also best reflects the ongoing performance of BGC.

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

Because Adjusted Earnings are calculated on a pre-tax basis, BGC also intends to report post-tax Adjusted Earnings on a consolidated basis. The Company defines post-tax Adjusted Earnings as pre-tax Adjusted Earnings reduced by the non-GAAP tax provision described below and Adjusted Earnings attributable to noncontrolling interest in subsidiaries.

The Company calculates its tax provision for post-tax Adjusted Earnings using an annual estimate similar to how it accounts for its income tax provision under GAAP. To calculate the quarterly tax provision under GAAP, BGC estimates its full fiscal year GAAP income (loss) from operations before income taxes and noncontrolling interests in subsidiaries and the expected inclusions and deductions for income tax purposes, including expected grants of exchangeability to limited partnership units during the annual period. The resulting annualized tax rate is applied to BGC's quarterly GAAP income (loss) from operations before income taxes and noncontrolling interests in subsidiaries. At the end of the annual period, the Company updates its estimate to reflect the actual tax amounts owed for the period.

To determine the non-GAAP tax provision, BGC first adjusts pre-tax Adjusted Earnings by recognizing any, and only, amounts for which a tax deduction applies under applicable law. The amounts include non-cash charges with respect to grants of exchangeability; certain charges related to employee loan forgiveness; certain net operating loss carryforwards when taken for statutory purposes; certain charges related to tax goodwill amortization; and deductions with respect to charitable contributions. These adjustments may also reflect timing and measurement differences, including treatment of employee loans, changes in the value of units between the dates of grants of exchangeability and the date of actual unit exchange, variations in the value of certain deferred tax assets and liabilities and the different timing of permitted deductions for tax under GAAP and statutory tax requirements.

After application of these previously described adjustments, the result is the Company's taxable income for its pre-tax Adjusted Earnings, to which BGC then applies the statutory tax rates. This amount is the Company's non-GAAP tax provision. BGC views the effective tax rate on pre-tax Adjusted Earnings as equal to the amount of its non-GAAP tax provision divided by the amount of pre-tax Adjusted Earnings.

Generally, the most significant factor affecting this non-GAAP tax provision is the amount of non-cash charges relating to the grants of exchangeability to limited partnership units. Because the non-cash charges relating to the grants of exchangeability are deductible in accordance with applicable tax laws, increases in exchangeability have the effect of lowering the Company's non-GAAP effective tax rate and thereby increasing its post-tax Adjusted Earnings.

Management uses post-tax Adjusted Earnings in part to help it evaluate, among other things, the overall performance of the business, to make decisions with respect to the Company's operations, and to determine the amount of dividends payable to common stockholders and distributions payable to holders of limited partnership units.

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 Adjusted Earnings are expected to be presented to show the tax provision the consolidated Company would expect to pay if 100 percent of earnings were taxed at global corporate rates.

## **Adjusted Earnings Attributable to Noncontrolling Interest in Subsidiaries**

Adjusted Earnings attributable to noncontrolling interest in subsidiaries is calculated based on the relevant noncontrolling interest existing on the balance sheet date. Until the proposed spin-off of Newmark occurs, noncontrolling interest will reflect the allocation of income to Newmark's public shareholders and the pro-rata ownership of certain shares and/or units of BGC and Newmark.

## **Calculations of Pre-Tax and Post-Tax Adjusted Earnings per Common Share**

BGC's Adjusted Earnings per common share calculations assume either that:

- \* The fully diluted share count includes the shares related to any dilutive instruments, but excludes the associated 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 expense, net of tax.

The share count for Adjusted Earnings excludes certain shares expected to be issued in future periods but not yet eligible to receive dividends and/or distributions. Each quarter, the dividend payable to BGC's common stockholders, if any, is expected to be determined by the Company's Board of Directors with reference to a number of factors, including post-tax Adjusted Earnings per common share. BGC may also pay a pro-rata distribution of net income to limited partnership units, as well as to Cantor for its noncontrolling interest. The amount of this net income, and therefore of these payments per unit, would be determined using the above definition of post-tax Adjusted Earnings per common share.

The declaration, payment, timing and amount of any future dividends payable by the Company will be at the discretion of its board of directors.

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

The term "Adjusted Earnings" should not be considered in isolation or as an alternative to GAAP net income (loss). The Company views Adjusted 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 Adjusted Earnings, as well as related measures, are not intended to replace the Company's presentation of its GAAP financial results. However, management believes that these measures help provide investors with a clearer understanding of BGC's 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 Adjusted Earnings measures and the GAAP measures of financial performance should be considered together.

BGC anticipates providing forward-looking guidance for GAAP revenues and for certain Adjusted Earnings measures from time to time. However, the Company does not anticipate providing an outlook for other GAAP results. This is because certain GAAP items, which are excluded from Adjusted Earnings, are difficult to forecast with precision before the end of each period. The Company therefore believes that it is not possible to forecast 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, 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; and
- \* Acquisitions, dispositions and/or resolutions of litigation which are fluid and unpredictable in nature.

See the sections of this document titled "Reconciliation of GAAP income (loss) to Adjusted Earnings" and "Differences between Consolidated Results for Adjusted Earnings and GAAP" for more information on BGC's non-GAAP results.

## Adjusted EBITDA and Adjusted EBITDA Before Allocations to Units 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;
- \* Non-cash earnings or losses related to BGC’s equity investments; and
- \* Net non-cash GAAP gains related to OMSR gains and MSR amortization.

The Company also discloses “Adjusted EBITDA before allocations to units”, which is Adjusted EBITDA excluding GAAP charges with respect to allocations of net income to limited partnership units. 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 by investors when analyzing BGC’s results on a fully diluted share basis with respect to Adjusted EBITDA.

The Company’s management believes that these Adjusted EBITDA measures are 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 these Adjusted EBITDA measures are not recognized measurements under GAAP, investors should use these measures 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 these Adjusted EBITDA measures are may not be comparable to similarly titled measures of other companies. Furthermore, these Adjusted EBITDA measures are not intended to be a measure of free cash flow or GAAP cash flow from operations, because these Adjusted EBITDA measures do not consider certain cash requirements, such as tax and debt service payments.

For a reconciliation of these non-GAAP measures 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”.

## **Impact of ASC 606 on Newmark's Future Results**

As was discussed in BGC's financial results press release dated February 9, 2017: From 2014 through 2016, the Financial Accounting Standards Board ("FASB") issued several accounting standard updates, which together comprise Accounting Standards Codification Topic 606, Revenue from Contracts with Customers ("ASC 606"). Beginning in the first quarter of 2018, the Company is recording its financial results to conform to ASC 606. ASC 606 does not currently impact the results of BGC's Financial Services segment, but does impact the results of Newmark. The consolidated Company has elected to adopt the guidance using the modified retrospective approach to ASC 606, under which the consolidated Company applied the new standard only to new contracts initiated on or after January 1, 2018 and recorded the transition adjustments as part of "Total capital".

Under this approach, for all periods from the first quarter of 2018 onward, Newmark did not and will not record revenues or earnings related to "Leasing and other commissions" with respect to contingent revenue expected to be received in future periods as of December 31, 2017, in relation to contracts signed prior to January 1, 2018, for which services have already been completed. Instead, the Company recorded this contingent revenue and related commission payments on the balance sheet on January 1, 2018, with a corresponding pre-tax improvement of approximately \$23 million to "Total capital". Over time, the Company expects to receive \$23 million of cash related to these "Leasing and other commissions" receivables, primarily over the course of 2018 and 2019. This cash, however, will not be recorded as GAAP net income, Adjusted Earnings, or Adjusted EBITDA.

The adoption of ASC 606 impacted the consolidated Company's recognition of revenue from its outsourcing businesses, which are recorded as part of "Real estate management and other services." Implementation of the updated principal versus agent considerations under ASC 606 increased the proportion of reimbursable non-compensation expenses related to the Company's outsourcing business accounted for as revenue on a gross basis. This resulted in an increase in revenue and a corresponding increase in cost of revenue, with no impact on earnings for periods from January 1, 2018 onward. For the first quarter of 2018, this increased Newmark's management services revenues by approximately \$18 million, with a corresponding increase in non-compensation costs attributable to these revenues. Because BGC's financial results consolidate those of Newmark, the consolidated Company's quarterly revenues and expenses increased by the same amount.

For additional information regarding the adoption of ASC 606, please see the section titled "New Accounting Pronouncements" in both BGC's and Newmark's Annual Reports on Form 10-K as filed with the Securities and Exchange Commission.

## **Proposed Spin-Off of Newmark**

BGC expects to pursue a distribution to its stockholders of all of the Class A common shares and Class B common shares of Newmark (collectively, the “Newmark common shares”) that BGC then owns in a manner that is intended to qualify as generally tax-free for U.S. federal income tax purposes (the “spin-off”). As currently contemplated, shares of Class A common stock of Newmark held by BGC would be distributed to the holders of shares of Class A common stock of BGC, and shares of Class B common stock of Newmark held by BGC would be distributed to the holders of shares of Class B common stock of BGC.

Had the spin-off occurred immediately following close of the first quarter of 2018, the ratio of Newmark common shares to be distributed in respect of each BGC common share would have been approximately 0.4702. However, the exact ratio of Newmark common shares to be distributed in respect of each BGC common share in the spin-off will depend on, among other things, the number of BGC common shares outstanding and the number of Newmark common shares (including Newmark common shares underlying units of Newmark Partners, L.P.) owned by BGC as of the record date of the spin-off. The spin-off is subject to a number of conditions, and BGC may determine not to proceed with the spin-off if the BGC board of directors determines, in its sole discretion, that the spin-off is not in the best interest of the Company and its stockholders. Accordingly, the spin-off may not occur on any expected timeframe, or at all.

For additional information regarding the proposed spin-off, please see the sections titled “Item 1—Business—Structure of Newmark—Structure of Newmark Following the Separation and Newmark IPO” in BGC’s Annual Report on Form 10-K as well the sections titled “Item 13—Certain Relationships and Related Transactions, and Director Independence—Separation and Distribution Agreement—The Distribution” and “Item 13—Certain Relationships and Related Transactions, and Director Independence—Separation and Distribution Agreement— BGC Partners Contribution of Newmark OpCo Units Prior to the Distribution” in Newmark’s amended 2017 annual report on Form 10-K/A for additional information regarding the proposed distribution.

# RECONCILIATION OF GAAP INCOME (LOSS) TO ADJUSTED EBITDA

(IN THOUSANDS) (UNAUDITED)



	Q1 2018	Q1 2017
<b>GAAP Net income (loss) available to common stockholders</b>	<b>\$ 58,774</b>	<b>\$ 36,825</b>
<b>Add back:</b>		
Provision (benefit) for income taxes	35,763	6,678
Net income (loss) attributable to noncontrolling interest in subsidiaries	38,657	14,291
Employee loan amortization and reserves on employee loans	7,578	7,663
Interest expense (1)	23,446	16,889
Fixed asset depreciation and intangible asset amortization	22,318	19,503
Non-cash MSR income, net of amortization	(3,273)	(15,434)
Impairment of long-lived assets	56	1,424
Exchangeability charges (2)	56,227	53,793
(Gains) losses on equity investments	(2,625)	(237)
<b>Adjusted EBITDA</b>	<b>\$ 236,921</b>	<b>\$ 141,395</b>
Allocations of net income to limited partnership units and FPU's	9,005	9,400
<b>Adjusted EBITDA before allocations to limited partnership units and FPU's</b>	<b>\$ 245,926</b>	<b>\$ 150,795</b>

(1) The Interest expense add back for Adjusted EBITDA excludes \$3.7 million and \$1.9 million for Q1 2018 and Q1 2017, respectively, of operating interest on Warehouse notes payable.

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

# RECONCILIATION OF GAAP INCOME (LOSS) TO ADJUSTED EARNINGS AND GAAP FULLY DILUTED EPS TO POST-TAX ADJUSTED EPS

(IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)



	<b>Q1 2018</b>	<b>Q1 2017</b>
<b>GAAP income (loss) before income taxes</b>	\$ 133,194	\$ 57,794
Pre-tax adjustments:		
Non-cash (gains) losses related to equity investments, net	(2,625)	(237)
Allocations of net income and grant of exchangeability to limited partnership units and FPU's	65,232	63,193
Non-cash MSR income, net of amortization	(3,273)	(15,434)
(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, and other non-cash, non-dilutive items, net (a)	(7,843)	14,007
Total pre-tax adjustments	51,491	61,529
<b>Pre-tax adjusted earnings</b>	<b>\$ 184,685</b>	<b>\$ 119,323</b>
GAAP net income (loss) available to common stockholders	\$ 58,774	\$ 36,825
Allocation of net income (loss) to noncontrolling interest in subsidiaries	29,710	14,529
Total pre-tax adjustments (from above)	51,491	61,529
Income tax adjustment to reflect adjusted earnings taxes	14,340	(9,804)
<b>Post-tax adjusted earnings</b>	<b>\$ 154,315</b>	<b>\$ 103,079</b>
<i>Per Share Data</i>		
<b>GAAP fully diluted earnings per share</b>	\$ 0.19	\$ 0.13
Less: Allocations of net income to limited partnership units, FPU's, and noncontrolling interest in subsidiaries, net of tax	(0.01)	(0.02)
Total pre-tax adjustments (from above)	0.11	0.14
Income tax adjustment to reflect adjusted earnings taxes	0.03	(0.02)
<b>Post-tax adjusted earnings per share</b>	<b>\$ 0.32</b>	<b>\$ 0.23</b>
Fully diluted weighted-average shares of common stock outstanding	478,935	444,826

(a) Q1 2018 includes \$20.6 million of a GAAP fair value adjustment on an investment held by BGC, which was excluded from Adjusted Earnings.

Note: Certain numbers may not add due to rounding.



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



	<u>Q1 2018</u>	<u>Q1 2017</u>
Common stock outstanding	307,728	283,399
Limited partnership units	104,892	94,298
Cantor units	51,815	51,183
Founding partner units	12,511	13,790
RSUs	604	677
Other	1,385	1,479
<b>Fully diluted weighted-average share count for GAAP and AE</b>	<b><u>478,935</u></b>	<b><u>444,826</u></b>

# SEGMENT DISCLOSURE – 1Q 2018 VS 1Q 2017

## (IN THOUSANDS) (UNAUDITED)



	Q1 2018				Q1 2017			
	Financial Services	Real Estate Services	Corporate Items	Total	Financial Services	Real Estate Services	Corporate Items	Total
Total revenues	\$ 516,621	\$ 431,871	\$ 8,154	\$ 956,646	\$ 441,178	\$ 333,720	\$ 8,295	\$ 783,193
Total expenses	403,821	355,119	104,255	863,195	353,906	281,166	96,141	731,213
Total other income (losses), net	10,935	5,609	23,199	39,743	4,648	-	1,166	5,814
<b>Income (loss) from operations before income taxes</b>	<b>\$ 123,735</b>	<b>\$ 82,361</b>	<b>\$ (72,902)</b>	<b>\$ 133,194</b>	<b>\$ 91,920</b>	<b>\$ 52,554</b>	<b>\$ (86,680)</b>	<b>\$ 57,794</b>
Pre-tax adjustments:								
Non-cash (gains) losses related to equity investments, net	-	-	(2,625)	(2,625)	-	-	(237)	(237)
Allocations of net income and grant of exchangeability to limited partnership units and FPU's	-	-	65,232	65,232	-	-	63,193	63,193
Non-cash MSR income, net of amortization	-	(3,273)	-	(3,273)	-	(15,434)	-	(15,434)
(Gains) and charges with respect to acquisitions, dispositions and / or resolutions of litigation, and other non-cash, non-dilutive items, net	5,765	1,538	(15,146)	(7,843)	6,751	1,355	5,901	14,007
Total pre-tax adjustments	5,765	(1,735)	47,461	51,491	6,751	(14,079)	68,857	61,529
<b>Pre-tax adjusted earnings</b>	<b>\$ 129,500</b>	<b>\$ 80,626</b>	<b>\$ (25,441)</b>	<b>\$ 184,685</b>	<b>\$ 98,671</b>	<b>\$ 38,475</b>	<b>\$ (17,823)</b>	<b>\$ 119,323</b>

# RECONCILIATION OF BGC REAL ESTATE SEGMENT REVENUES TO NEWMARK GROUP, INC. STAND-ALONE REVENUES

(IN THOUSANDS) (UNAUDITED)



	<u>Q1 2018</u>	<u>Q1 2017</u>
<b>BGC Real Estate segment revenues</b>	<b>431,871</b>	<b>333,720</b>
Interest income (1)	(1,411)	(1,138)
<b>Newmark Group, Inc. stand-alone revenues</b>	<b><u>430,460</u></b>	<b><u>332,582</u></b>

(1) This is not included as part of Total revenues in Newmark Group, Inc.'s stand-alone financial statements.

# RECONCILIATION OF BGC REAL ESTATE SEGMENT TO NEWMARK GROUP, INC. STAND-ALONE FOR GAAP INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES (IN THOUSANDS) (UNAUDITED)



	<u>Q1 2018</u>	<u>Q1 2017</u>
<b>BGC Real Estate segment income (loss) from operations before income taxes</b>	<b>82,361</b>	<b>52,554</b>
BGC Corporate Items:		
Compensation and employee benefits	(783)	(560)
Allocations of net income and grant of exchangeability to limited partnership units and FPU's	(25,809)	(10,649)
Fees to related parties	(1,361)	(1,078)
Professional and consulting fees	(146)	(609)
Interest expense	(14,820)	(2,074)
Other expenses	(120)	-
Other income (loss)	98	(592)
Total BGC Corporate Items	<u>(42,941)</u>	<u>(15,562)</u>
<b>Newmark Group, Inc. stand-alone income (loss) from operations before income taxes</b>	<b><u>39,420</u></b>	<b><u>36,992</u></b>

# RECONCILIATION OF BGC REAL ESTATE SEGMENT TO NEWMARK GROUP, INC. STAND-ALONE FOR PRE-TAX ADJUSTED EARNINGS

(IN THOUSANDS) (UNAUDITED)



	<u>Q1 2018</u>	<u>Q1 2017</u>
<b>BGC Real Estate segment pre-tax adjusted earnings</b>	<b>80,626</b>	<b>38,475</b>
BGC Corporate Items:		
Compensation and employee benefits	(783)	(560)
Fees to related parties	(1,361)	(1,078)
Interest expense	(14,820)	(2,074)
Other expenses	(25)	(7)
Total BGC Corporate Items	<u>(16,989)</u>	<u>(3,719)</u>
<b>Newmark Group, Inc. stand-alone pre-tax adjusted earnings</b>	<u><b>63,637</b></u>	<u><b>34,756</b></u>

# LIQUIDITY ANALYSIS

(IN THOUSANDS) (UNAUDITED)

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Cash and cash equivalents	\$ 362,613	\$ 634,333
Repurchase agreements	(985)	-
Securities owned	89,357	33,007
Marketable securities (1)	3,496	5,833
<b>Total</b>	<b><u>\$ 454,481</u></b>	<b><u>\$ 673,173</u></b>

(1) As of March 31, 2018 and December 31, 2017, \$92.6 million and \$202.3 million, respectively, of Marketable securities on our balance sheet were lent out in Securities loaned transactions and therefore are not included as part of our Liquidity Analysis.



**Media Contact:**

Karen Laureano-Rikardsen  
+1 212-829-4975

**Investor Contact:**

Ujjal Basu Roy (BGC), Kelly Collar (Newmark),  
or Jason McGruder (BGC and Newmark)  
+1 212-610-2426

[ir.bgcpartners.com](http://ir.bgcpartners.com)  
[twitter.com/bgcpartners](https://twitter.com/bgcpartners)  
[linkedin.com/company/bgc-partners](https://linkedin.com/company/bgc-partners)