BGC Partners, Inc.
Form 424B1
June 06, 2008
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As filed pursuant to Rule 424(b)(1)
Registration Statement No. 333-150308

BGC Partners, Inc.

20,000,000 Shares

Class A Common Stock

This is a public offering of Class A common stock, which we refer to as our Class A common stock, of BGC Partners, Inc., which we refer to as BGC Partners. We are offering 10,000,000 shares of our Class A common stock. The selling stockholders are offering an additional 10,000,000 shares of our Class A common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.

Our Class A common stock is traded on the Nasdaq Global Market under the symbol BGCP. On June 4, 2008, the last reported sale price of our Class A common stock was $8.19 per share.

Investing in our Class A common stock involves risk. See Risk Factors beginning on page 25.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$ 8.00	$ 160,000,000
Underwriting discounts and commissions	$ 0.28	$ 5,600,000
Proceeds, before expenses, to BGC Partners, Inc.	$ 7.72	$ 77,200,000
Proceeds, before expenses, to the selling stockholders	$ 7.72	$ 77,200,000

We and/or Cantor Fitzgerald, L.P., as a selling stockholder, at BGC Partners election, have granted the underwriters the right to purchase up to 3,000,000 additional shares of Class A common stock. The option shares may be sold by us or Cantor or a combination thereof.

The underwriters expect to deliver the shares against payment in New York, New York on June 10, 2008.

Deutsche Bank Securities

Cantor Fitzgerald & Co.

Wachovia Securities

BMO Capital Markets

Keefe, Bruyette & Woods

CastleOak Securities, L.P.

The date of this prospectus is June 5, 2008.

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Unless we otherwise indicate or unless the context requires otherwise, any reference in this prospectus to:

the BGC business refers, prior to the merger, to the business Cantor contributed to BGC Partners and the Opcos pursuant to the separation agreement, which includes the business of BGC Financial Group, Inc. (formerly known as Maxcor Financial Group Inc.), which we refer to as Maxcor, including its Euro Brokers subsidiaries, which we refer to as Euro Brokers, the business of ETC Pollak SAS, which we refer to as ETC Pollak, the business of Aurel Leven Securities, which we refer to as Aurel Leven, the business of AS Menkul Kiymetler A.S., which we refer to as AS Menkul, the business of Radix Energy (Singapore) Pte Ltd, which we refer to as Radix, Cantor s interests in Freedom International Holdings, L.P. (which holds an interest in Freedom International Brokerage L.P., which we refer to as Freedom International Brokerage), which we refer to as Freedom, the emerging markets equity derivatives business of Marex Financial Limited, which we refer to as Marex Financial, Cantor s North American fully electronic trading revenue business and the other inter-dealer brokerage, electronic brokerage services and market data businesses, historically operated by Cantor, that Cantor contributed to BGC Partners and the Opcos pursuant to the separation agreement; and from and after the merger, the previously described businesses and the eSpeed businesses. Cantor continues to hold its equity capital markets, debt capital markets and gaming businesses, its interests in BGC Partners and BGC Holdings, certain greenhouse gas, energy, environmental and emission allowances businesses, the equity derivatives inter-dealer brokerage business of the Equities Division of Cantor and certain other businesses;

the BGC Division refers to the BGC business prior to the merger not including Cantor s North American fully electronic trading revenue business;

BGC Global refers to BGC Global Holdings, L.P., which holds the non-U.S. BGC business;

BGC Holdings refers to BGC Holdings, L.P.;

the BGC Holdings group refers to BGC Holdings and its subsidiaries (other than BGC U.S., BGC Global and their respective subsidiaries);

BGC Partners common stock refers collectively to, before the merger, BGC Partners OldCo Class A units, BGC Partners OldCo Class B units and BGC Partners OldCo Class C units, and from and after the merger, BGC Partners Class A common stock and BGC Partners Class B common stock;

the BGC Partners group refers to BGC Partners and its subsidiaries (other than BGC Holdings and its subsidiaries and BGC U.S., BGC Global and their respective subsidiaries);

the BGC Partners OldCo refers to BGC Partners, LLC (formerly known as BGC Partners, Inc.) before its merger with and into eSpeed;

BGC Partners units refers collectively to BGC Partners OldCo Class A units, BGC Partners OldCo Class B units and BGC Partners OldCo Class C units;

BGC Partners Stand-Alone refers to the BGC Division together with Cantor s North American fully electronic trading revenue business and adjusted to reflect the reduced interest expense in connection with the debt restructuring;

BGC U.S. refers to BGC Partners, L.P., which holds the U.S. BGC business;

Cantor refers to Cantor Fitzgerald, L.P., a Delaware limited partnership, its managing general partner and its subsidiaries other than the Company;

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Cantor s North American fully electronic trading revenue business or fulfillment revenue refers to Cantor s right, prior to the merger, to receive 35% of all of eSpeed s gross North American fully electronic trading revenues. eSpeed recognized the remaining 65% in its financial statements as Fully electronic transactions with related parties. In its capacity as a fulfillment service provider, Cantor processed and settled transactions and, as such, collected and paid the funds necessary to clear transactions with the counterparty. This former arrangement was covered under the Amended and Restated Joint Services Agreement, dated as of October 1, 2005, as amended, which we also refer to as the JSA. The combined financial results for the BGC Division exclude Cantor s fulfillment revenue and the associated expenses Cantor incurred related to the fulfillment business. The financial results for BGC Partners, Inc. include Cantor s fulfillment revenue and the associated expenses Cantor incurred related to the fulfillment business;

the Cantor group refers to Cantor and its subsidiaries (other than any member of the BGC Partners group or the BGC Holdings group);

Combined Company refers to BGC Partners, Inc. after its merger with and into eSpeed;

distribution rights refers to the obligation of Cantor (and not BGC Partners) to distribute to founding partners and certain Cantor partners shares of our common stock. In connection with the separation and merger, as of May 16, 2008, Cantor was required to distribute, over time, an aggregate of 33,343,774 shares of our common stock, that Cantor holds or will hold, to certain founding partners and Cantor partners (6,073,355 of which are expected to be provided to selling stockholders in connection with this offering);

eSpeed refers to eSpeed, Inc.;

exchangeable limited partners or BGC Holdings exchangeable limited partners means (a) any Cantor company that holds an exchangeable limited partnership interest in BGC Holdings and that has not ceased to hold such exchangeable limited partnership interest and (b) any person to whom a Cantor company has transferred an exchangeable limited partnership interest in BGC Holdings and, prior to or at the time of such transfer, whom Cantor has agreed will be designated as an exchangeable limited partner;

founding partners or BGC Holdings founding partners refers to the individuals who became limited partners of BGC Holdings in the mandatory redemption of interests in Cantor in connection with the separation and who provide services to BGC Partners (provided that members of the Cantor group and Howard W. Lutnick (including any entity directly or indirectly controlled by Mr. Lutnick or any trust to which he is a guarantor, trustee or beneficiary) are not founding partners);

founding/working partners refers to founding partners and/or working partners;

the merger refers to the merger of BGC Partners OldCo with and into eSpeed pursuant to the merger agreement on April 1, 2008;

the merger agreement refers to the Agreement and Plan of Merger, dated as of May 29, 2007, as amended as of November 5, 2007 and February 1, 2008, by and among eSpeed, BGC Partners OldCo, Cantor Fitzgerald, L.P., BGC U.S., BGC Global and BGC Holdings;

the Opcos refers to BGC U.S. and BGC Global, collectively;

the related agreements refers collectively to the amended and restated limited partnership agreements of BGC U.S., BGC Global and BGC Holdings, the administrative

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services agreement with Cantor, which we refer to as the administrative services agreement, the administrative services agreement with Tower Bridge, which we refer to as the Tower Bridge administrative services agreement, the registration rights agreement with Cantor that we assumed as a part of the merger, which we refer to as the separation registration rights agreement and the tax receivable agreement;

REU partners or BGC Holdings REU partners refers to certain individuals who became REU limited partners of BGC Holdings in connection with the merger and from time to time from and after the merger and who provide services to BGC Partners;

the separation refers to the separation, by Cantor, of the BGC business from the remainder of Cantor s businesses pursuant to the separation agreement on March 31, 2008; and

working partners or BGC Holdings working partners refers to holders of working partner units and the individuals who become limited partners of BGC Holdings from time to time after the separation and the merger and who provide services to BGC Partners.

INDUSTRY AND MARKET DATA

In this prospectus, we rely on and refer to information and statistics regarding the inter- dealer broker industry and the financial services industry. We obtained this data from independent publications or other publicly available information. Independent publications generally indicate that the information contained therein was obtained from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although we believe these sources are reliable, neither we nor the underwriters have independently verified this information. Neither we nor the underwriters guarantee the accuracy and completeness of this information.

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PROSPECTUS SUMMARY

This summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary may not contain all of the information that you should consider before investing in our Class A common stock. You should carefully read the entire prospectus, including the Risk Factors, the financial statements and the exhibits to the registration statement of which this prospectus is a part, before making an investment decision. Unless otherwise specified, references to we, us, our, or our company or BGC Partners refer to the Combined Company.

On April 1, 2008, BGC Partners OldCo and eSpeed merged. The surviving entity in the merger was renamed BGC Partners, Inc.

Our Business

We are a leading global inter-dealer broker specializing in the brokering of a broad range of financial products globally, including fixed income securities, interest rate swaps, foreign exchange, equity derivatives, credit derivatives, commodities, futures, structured products and other instruments. We provide a full range of services, including execution, clearing, processing and other back office services. Through our eSpeed and BGCantor Market Data brands, we also offer financial technology solutions and market data and analytics related to select financial instruments and markets. Our customers include many of the world s largest and most creditworthy banks, broker-dealers, investment banks and investment firms. Our integrated platform is designed to provide flexibility to our customers with regard to price discovery, execution and processing of transactions, and enables them to use voice, screen-assisted, voice-assisted or, where available, fully electronic brokerage services in connection with transactions executed either over-the-counter, which we refer to as OTC, or through an exchange.

On April 1, 2008, we completed the merger of BGC Partners OldCo and eSpeed, which combined BGC Partners OldCo s leading voice brokerage business and Market Data solutions with eSpeed s electronic marketplaces and trading technology expertise. We believe this combination positions us as one of the few inter-dealer brokers to provide integrated voice and electronic services, which we refer to as hybrid, execution. Our hybrid platform allows us to participate in markets and generate revenues, regardless of whether a market is voice-brokered or electronic in nature.

Our voice brokerage business originates from one of the oldest and most established inter-dealer franchises in the financial intermediary industry. Cantor and its predecessor firms started our inter-dealer brokerage operations in the early 1970s. In August 2004, Cantor announced the restructuring of these operations, renaming it BGC, in honor of B. Gerald Cantor, Cantor s co-founder. As of March 31, 2008, we had 1,226 brokers across approximately 161 desks. We have an extensive global footprint with presence in major financial centers, including New York, London, Beijing (representative office), Chicago, Copenhagen, Hong Kong, Istanbul, Johannesburg, Mexico City, Nyon, Paris, Seoul, Singapore, Sydney, Tokyo and Toronto.

We are a leader, through our eSpeed branded offerings, in developing and operating electronic marketplaces, including those for some of the world s largest government bond markets. eSpeed commenced operations in March 1999 as a division of Cantor and completed its initial public offering in December 1999. For the three months ended March 31, 2008, we processed approximately 4.5 million transactions, totaling more than $36 trillion of notional transactional volume. In 2007, we processed approximately 11.1 million transactions, totaling more than $121 trillion of notional transactional volume.

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We have leveraged our technology and trading expertise to provide development and technology services to a newly formed futures exchange, ELX Electronic Liquidity Exchange, which we refer to as ELX. We hold a 25% ownership stake in entities owning ELX, while 11 other leading financial institutions own the remainder.

We earn revenue primarily through commissions and fees on our voice brokerage,

electronic marketplace, market data, software, and analytic product offerings. On a supplemental consolidated basis, revenues increased by 24.1 percent in the first quarter of 2008 to $338.9 million, compared to $273.1 million in the first quarter of 2007. In the first quarter of 2008, revenues in Rates increased by 11.2%, Credit by 62.7%, Foreign Exchange by 14.5%, and Other Asset Classes by 53.1%, all when compared to the first quarter of 2007. In the first quarter of 2008, we had non-cash, one-time merger related compensation charges of $84.1 million. These contributed to a net loss of $18.3 million and a net loss for fully diluted shares of $46.5 million on a pro forma basis in the first quarter of 2008.

On a supplemental consolidated basis, for the year ended December 31, 2007, BGC Partners total revenues were $1,117.6 million, as compared to $854.7 million for the same period of 2006, representing an increase of 31%. In 2007, our net income for fully diluted shares was $31.0 million as compared to a net loss of $106.4 million in 2006. These results include $37.7 million in pre-tax non-operating and non-recurring expenses incurred by eSpeed in 2007.

In May 2008, we announced a new dividend policy. Under this policy, we expect to pay not less than 75 percent of our post-tax distributable earnings per fully diluted share as cash dividends to all common stockholders, with the balance of such distributable earnings to be available to repurchase shares of our common stock or purchase BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers. For the definition of post-tax distributable earnings, see Price Range and Dividend Policy of Our Common Stock.

Industry Overview

Wholesale market participants and institutions, such as major banks, investment banks and broker-dealer firms, continue to look to marketplace firms that are able to meet the bulk of their outside trading needs in a broad range of products across geographies. These wholesale market participants continue to display a willingness to pay brokerage commissions to inter-dealer brokers who are able to provide timely and valuable pricing information, strong execution capabilities and the liquidity necessary for such market participants to execute their desired transactions. According to the Bank for International Settlements, which we refer to as BIS, the underlying OTC and exchange-traded derivative markets traditionally served by inter-dealer brokers have experienced compound annual growth rates, which we refer to as CAGR, of approximately 32% and 29%, respectively, based on notional amounts outstanding from December 31, 2001 through June 30, 2007.

According to the BIS, as of June 30, 2007, the notional amounts outstanding for all OTC derivatives was $516.4 trillion, up 39.8% compared to $369.5 trillion in June 2006 and 364.5%

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from $111.2 trillion in December 2001, while the notional amounts outstanding for all exchange traded derivatives was $96.7 trillion on June 30, 2007, up 14.6% from $84.4 trillion on June 30, 2006 and up 306.7% from $23.8 trillion on December 31, 2001.

In liquid financial markets, the presence of a large number of market participants and facilitators of liquidity and the availability of pricing reference data and standardized terms allow market participants to trade financial instruments quickly and with minimal price disturbance. In these markets, there is substantial competition, efficient execution and high trading volume. While most of the liquid markets are found on listed exchanges, several liquid products continue to be traded OTC, including U.S. Treasuries and foreign exchange. The primary liquidity provider for such OTC markets is the inter-dealer broker, who acts as an intermediary between major market participants to facilitate transactions.

To the extent the trading of a financial instrument requires customization, the relevant market tends to be more illiquid. Illiquid markets generally have fewer market participants, less price transparency, higher spreads and lower trading volumes. Complex financial instruments that are traded OTC tend to be illiquid and are traded primarily by more sophisticated buyers and sellers. Inter-dealer brokers facilitate trading in less liquid markets by providing price discovery, preserving anonymity in matched principal trades, matching buyers and sellers on a name give-up basis in agency transactions and providing market intelligence to their customers. Name give-up transactions refer to those transactions where the inter-dealer broker acts as an agent and the identity of the two counterparties is disclosed once the trade is completed as opposed to matched principal trades where anonymity is preserved even after the transaction is completed. In both agency and matched principal transactions, customers decide to execute a trade and inter-dealer brokers effectively source the counterparties for those trades. Inter-dealer brokers are particularly helpful in facilitating large or non-standardized transactions due to their in-depth market knowledge and access to potential counterparties.

Our Market Opportunity

We believe the financial markets in which we operate present us with the following opportunities to provide value to our customers as an inter-dealer broker, marketplace developer, technology provider and market data supplier:

Increasing Use of Hedging and Risk Management. We believe that increasingly broadening familiarity with derivative products and the growing need for hedging and risk management will continue to drive higher trading volumes in financial products we broker, including interest rate derivatives, credit derivatives, foreign exchange and listed futures products.

Accelerating Introduction of New Products. As market participants and their customers strive to mitigate risk, new types of securities and derivatives are introduced which are not immediately ready for more liquid and standardized electronic markets. As these require broker-assisted execution, we believe that these new products provide opportunities for inter-dealer brokers to expand their trading volumes and create product niches. We believe that these products generally have higher commissions than more liquid instruments.

Growth in Algorithmic and Computerized Trading. In recent years, computerized trading has seen tremendous growth spurred by increasing liquidity and lower operating costs. As our customers increase their use of computerized trading, volumes should rise on our electronic platform.

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Market Demand for Global Execution and Presence. We believe that the continuing globalization of trading and the liberalization of capital markets are propelling growth in trading volumes in products across the globe. We believe our presence in multiple financial centers across the globe positions us to capitalize on such demand. We believe our recent acquisitions in France, Turkey and Asia further enhance our market positions.

Market Demand for Superior Execution. We expect to see continued demand in the wholesale markets for inter-dealer brokers due to their ability to provide price discovery, liquidity and superior execution.

Desire for Anonymity. Leading financial market participants frequently seek to trade anonymously to reduce market impacts. We expect to see an increasing demand for inter-dealer brokers to provide trade anonymity.

Increasing Demand for Market Data. Demand for reliable, real-time market data is growing as new financial products are introduced and trading volumes increase.

Our Competitive Strengths

We believe that the following principal competitive strengths will help us enhance our position as a leading global inter-dealer broker:

We are a Leading Inter-Dealer Broker with Specific Strengths in Key Markets. We believe our leadership position in a multitude of markets globally, our proprietary liquidity pools and access to a broad customer base help us to locate the best price and to deliver the best execution for our customers, in both liquid and illiquid markets.

We Have Strong Core Relationships. We believe that our long-standing relationships with some of the world s largest financial institutions enhance our role as a liquidity provider and our ability to provide price discovery and efficient execution.

We Have a Full Scale, Hybrid Brokerage Platform. Our hybrid platform allows our customers to trade on a voice, screen-assisted, voice-assisted or fully electronic basis, regardless of whether the trade is OTC or exchange-based, and to benefit from the experience and market intelligence of our worldwide brokerage network.

We Have Proprietary Technology. Since 1999, we have heavily invested in creating and maintaining our infrastructure, technology, and innovations in multiple markets. As a result of our merger, our technology capabilities are more closely aligned with our brokerage efforts and will be focused on new and emerging screen based market solutions to support our brokers.

We Provide Quality Software, Market Data and Analytics Products. Our leading position and liquidity in brokerage markets allow us to provide our customers with high quality market data and analytics products, which helps support our leadership position in several key markets and provide a stable source of non-brokerage revenues.

We Have Demonstrated the Ability to Identify, Recruit and Retain Key Talent. In August 2004, when Cantor announced the restructuring of its inter-dealer brokerage business, we employed approximately 525 brokers. As of March 31, 2008, we had 1,226 brokers across approximately 161 desks. In a competitive environment, we have demonstrated our ability to successfully develop, attract and retain leading brokers, including through acquisitions of new

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businesses, in order to expand and enhance our brokerage staff. We believe that our ability to attract talent across the globe will enable us to grow our business and provide our customers with trading execution that is superior to that provided by many of our competitors.

Our Partnership Structure Creates Long-Term Incentives. Our partnership structure is one of the unique strengths of our business. We believe that it provides long-term incentives and is an effective tool in recruiting, motivating and retaining our key employees.

We Have a Proven Acquisition Track Record. To expand our broker headcount, product offerings, technology capabilities and geographic footprint, we have acquired numerous brokers such as the energy broker Radix, the emerging markets equities derivatives business of Marex Financial, the Turkish broker AS Menkul, the French brokerage house, Aurel Leven, and an inter-dealer broker based in Paris, ETC Pollak. Among other benefits, these acquisitions have given us additional scale to compete effectively, have strengthened and enhanced our franchise, and helped us to expand in local markets around the world. The merger of eSpeed and BGC Partners further highlights our acquisition track record.

We Have Experienced Senior Management. We are led by a core senior management team, each of whom has over 20 years of experience in the inter-dealer broker markets. We believe that our experienced senior management team gives us a competitive advantage in executing our business strategy.

Our Strategy

We seek to enhance our position as a leading global inter-dealer broker by increasing our market share in existing markets and expanding into new markets. We intend to achieve this goal by employing the following strategies:

Strengthen our Leading Positions in Targeted Traditional, Liquid Markets. We intend to strengthen our position as a leading provider of inter-dealer brokerage services, technology infrastructure and market data products in the markets in which we focus.

Build and Develop Less Liquid Markets. We continue to build selected higher growth, higher margin businesses by leveraging our leading positions in the underlying traditional markets associated with these new businesses. For instance, we believe there is a strong cross-selling opportunity as our cash bond market brokers introduce their customers to our new credit derivatives platform.

Expand in Attractive Markets Where Local Presence and Expertise Are Required. We plan to continue to expand into new geographies and build local presence in those markets. We believe that having local presence and expertise in targeted markets will provide us with a competitive advantage over our competitors.

Leverage Existing Developed Infrastructure to Drive Margins. We have made substantial investments in brokers and technology in our targeted markets. We believe that the infrastructure in place is scalable, which provides us an opportunity for margin improvement as brokers increase production and as marketplaces become increasingly electronic.

Expand our Broker Workforce Through Acquisitions and Recruitment. We have a proven track record of growing our global network of brokers through business acquisitions and recruiting efforts and believe we are well-positioned to continue to do so. We intend to continue to selectively acquire companies and hire experienced brokers with the goal of further developing our market position in various products, accelerating our growth and enhancing our profitability.

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Leverage our Proprietary Technology to Pursue New Products, Software Solutions and Offerings. We believe that our ability to develop and build our own technology allows us to be at the forefront of new products and offerings. We also plan to capitalize on our global infrastructure, intellectual property and electronic trading expertise to provide a complete outsourced solution to customers to enable them to access exchanges and electronic markets.

Grow and Expand our Market Data Services and Analytics Products. We intend to further develop our market data services and analytics products and create new value-added services for customers to complement these products.

Our Organizational Structure

We are BGC Partners, Inc., a Delaware corporation (formerly named eSpeed, Inc.) formed on June 3, 1999. On April 1, 2008, BGC Partners OldCo and eSpeed merged and the surviving entity was renamed BGC Partners, Inc. Immediately prior to the merger, pursuant to a separation agreement, Cantor transferred certain assets and liabilities to BGC Partners OldCo and/or its subsidiaries. See Certain Relationships and Related Transactions Separation Agreement for a description of the assets and liabilities transferred to BGC Partners OldCo.

We are a holding company and our business is operated through two operating partnerships, BGC U.S., which holds our U.S. businesses, and BGC Global, which holds our non-U.S. businesses. In connection with the separation, Maxcor was contributed to BGC Partners OldCo in exchange for BGC Partners OldCo units that became shares of our common stock in the merger and the remainder of the BGC businesses were contributed to the Opcos in exchange for limited partnership interests in the Opcos and in connection with the merger, eSpeed contributed the eSpeed businesses to the Opcos in exchange for limited partnership interests in the Opcos.

The limited partnership interests of the Opcos are held by us and BGC Holdings and the limited partnership interests of BGC Holdings are currently held by Cantor and the founding partners. We hold the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitle us to remove and appoint the general partner of BGC Holdings, and serve as the general partner of BGC Holdings, which entitles us to control BGC Holdings. BGC Holdings, in turn, holds the BGC U.S. general partnership interest and the BGC U.S. special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC U.S., and the BGC Global general partnership interest and the BGC Global special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Global, and serves as the general partner of BGC U.S. and BGC Global, all of which entitle BGC Holdings (and thereby us) to control each of BGC U.S. and BGC Global. BGC Holdings holds its BGC Global general partnership interest through a company incorporated in the Cayman Islands, BGC Global Holdings GP Limited.

There are several types of economic interests in the Combined Company, BGC Holdings and the Opcos and they are as follows:

Combined Company:

BGC Partners, Inc. Class A common stock (41,079,037 shares of which were issued and outstanding as of May 16, 2008 and 11,169,822 shares were held by Cantor and CF Group Management, Inc., Cantor s managing general partner, which we refer to as

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CFGM, an entity controlled by our Chairman and Co-Chief Executive Officer, Howard W. Lutnick), each share of Class A common stock is generally entitled to one vote on matters submitted to our stockholders.

BGC Partners, Inc. Class B common stock (31,848,107 shares of which were issued and outstanding as of May 16, 2008), which is exclusively held by Cantor and CFGM, and each share of Class B common stock is generally entitled to the same rights as a share of Class A common stock, except that, on matters submitted to a vote of our stockholders, each share of Class B common stock is entitled to 10 votes. The Class B common stock generally votes together with the Class A common stock on all matters submitted to a vote of our stockholders.

RSUs, warrants and in-the-money options (of which 2,153,495, 65,898 and 1,374,197, respectively, were issued and outstanding as of May 16, 2008). We refer to in-the-money options as those options that are currently outstanding that have an exercise price that is lower than the last reported sales price of our Class A common stock as reported on the Nasdaq Global Market on May 16, 2008.

As of May 16, 2008, our Class B common stock and our Class A common stock held by Cantor represented approximately 91.7% of our voting power.

BGC Holdings:

BGC Holdings exchangeable limited partnership interests (67,142,990 of which were issued and outstanding as of May 16, 2008), which are held by Cantor, and which will be exchangeable with us for our Class B common stock (or, at Cantor s option or if there are no additional authorized but unissued shares of our Class B common stock, our Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). Cantor will, however, be able to exchange up to an aggregate of 20 million of its BGC Holdings limited partnership interests prior to March 31, 2009, the first anniversary of the completion of the separation, for shares of our Class A common stock in connection with a broad-based public offering including all shares received upon such exchange of our Class A common stock underwritten by a nationally recognized investment banking firm, none of which are intended to be exchanged in connection with this offering.

BGC Holdings founding partner interests (44,747,939 of which were issued and outstanding as of May 16, 2008), which were issued in connection with the separation and the merger to BGC Holdings founding partners, and are not exchangeable with us unless (1) Cantor reacquires such interests from BGC Holdings upon termination or bankruptcy of the founding partners or redemption of their units (which it has the right to do under certain circumstances), in which case such interests will be exchangeable with us for our Class A common stock or Class B common stock, or (2) Cantor determines that such interests can be exchanged by such founding partners with us for our Class A common stock, generally on a one-for-one basis (subject to customary anti-dilution adjustments), on terms and conditions to be determined by Cantor, provided that the terms and conditions of such exchange cannot in any way diminish or adversely affect our rights or the rights of our subsidiaries (it being understood that our obligation to deliver shares of our Class A common stock upon exchange will not be deemed to diminish or adversely affect our rights or the rights of our subsidiaries) (Cantor expects to permit such exchanges from time to time). Cantor has provided that certain founding

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partner interests are exchangeable with us for Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), as described in Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges in accordance with the terms of the BGC Holdings limited partnership agreement. Once a BGC Holdings founding partner interest becomes exchangeable, such founding partner interest is automatically exchanged for Combined Company Class A common stock upon termination or bankruptcy of the holder of such interest or upon redemption by BGC Holdings.

BGC Holdings working partner interests (none of which were issued and outstanding as of May 16, 2008 or as of the date of this prospectus), which may be issued in the future from time to time and any working partner interests that are issued will not be exchangeable with us unless otherwise determined by us with the written consent of the affirmative vote of the majority of units underlying BGC Holdings exchangeable limited partnership interests outstanding, which we refer to as the BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement.

BGC Holdings REU interests (1,569,859 of which were issued and outstanding as of May 16, 2008), which were issued in connection with the separation and the merger to BGC Holdings REU partners, and which may be issued in the future from time to time, are only exchangeable in accordance with the terms and conditions of the grant of such REU interests, which terms and conditions are determined by us, as the BGC Holdings general partner, with the consent of the BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement (and as of the date of this prospectus, the exchangeability of 1,043,544 REUs will be determined as described above and the 526,315 REUs issued in connection with the Radix acquisition become exchangeable over time if certain performance goals are met).

BGC U.S. and BGC Global:

BGC U.S. and BGC Global limited partnership interests (189,981,522 and 189,981,522, respectively, of which were issued and outstanding as of May 16, 2008), which are held by the Combined Company and BGC Holdings (78,090,593 and 78,090,593, respectively, of which are held by the Combined Company and 111,890,929 and 111,890,929, respectively, of which are held by BGC Holdings as of May 16, 2008). There is a one-for-one exchange ratio between BGC Holdings limited partnership interests and our common stock, which reflects that, currently, one BGC Holdings limited partnership interest and one share of our common stock represents an equivalent indirect economic interest in the income stream of BGC U.S. and BGC Global. As a result of BGC Holdings ownership of BGC U.S. limited partnership interests and BGC Global limited partnership interests, founding partners, REU partners and Cantor indirectly have interests in BGC U.S. limited partnership interests and BGC Global limited partnership interests.

As a result of our ownership of the general partnership interest in BGC Holdings and BGC Holdings general partnership interest in each of BGC U.S. and BGC Global, we consolidate BGC U.S. s and BGC Global s results for financial reporting purposes.

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The BGC Holdings founding partner interests that Cantor has provided are exchangeable with us for Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), in accordance with the terms of the BGC Holdings limited partnership agreement, are as follows:

20% of the BGC Holdings founding partner interests, held by each founding partner (other than Lee M. Amaitis, our Co-Chief Executive Officer, and Shaun D. Lynn, our President) became exchangeable upon the closing of the merger, with one-third of the shares receivable by such BGC Holdings founding partner upon a full exchange becoming saleable on each of the first, second and third anniversaries of the closing of the merger (subject to acceleration), subject to applicable law;

(1) 1,100,000 of the 3,160,215 BGC Holdings founding partner interests held by Mr. Amaitis at the closing of the merger became exchangeable upon the closing of the merger, (2) 40% of such BGC Holdings founding partner interests (less the 1,100,000 BGC Holdings founding partner interests referred to in clause (1) and any other interests or shares of Class A common stock that Mr. Amaitis is otherwise eligible to exchange or sell or has sold for any reason, including, without limitation, in connection with any grant of additional interests or stock options, which we collectively refer to as the Amaitis applicable shares) will become exchangeable on the second anniversary of the closing of the merger, (3) 60% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the third anniversary of the closing of the merger, (4) 80% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the fourth anniversary of the closing of the merger, and (5) 100% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the fifth anniversary of the closing of the merger (and any exchange of founding partner interests by Mr. Amaitis will be subject to the terms and conditions of the BGC Holdings limited partnership agreement and the letter agreement, which we refer to as the Amaitis letter agreement, dated as of March 31, 2008, by and between Lee M. Amaitis and Cantor), with the shares received by Mr. Amaitis upon exchange being immediately saleable, subject to applicable law; and

(1) 600,000 of the 2,515,898 BGC Holdings founding partner interests held by Mr. Lynn at the closing of the merger became exchangeable upon the closing of the merger, (2) 40% of such BGC Holdings founding partner interests (less the 600,000 BGC Holdings founding partner interests referred to in clause (1) and any other interests or shares of Class A common stock that Mr. Lynn is otherwise eligible to exchange or sell or has sold for any reason, including, without limitation, in connection with any grant of additional interests or stock options, which we collectively refer to as the Lynn applicable shares) will become exchangeable on the second anniversary of the closing of the merger, (3) 50% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the third anniversary of the closing of the merger, (4) 60% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the fourth anniversary of the closing of the merger, (5) 70% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the fifth anniversary of the closing of the merger, (6) 80% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the sixth anniversary of the closing of the merger, (7) 90% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the seventh anniversary of the closing of the merger, and (8) 100% of such BGC Holdings founding partner interests (less the

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Lynn applicable shares) will become exchangeable on the eighth anniversary of the closing of the merger (and any exchange of founding partner interests by Mr. Lynn will be subject to the terms and conditions of the BGC Holdings limited partnership agreement and the letter agreement, which we refer to as the Lynn letter agreement, dated as of March 31, 2008, by and between Shaun D. Lynn and Cantor), with the shares received by Mr. Lynn upon exchange being immediately saleable, subject to applicable law.

With each exchange, our indirect interest in BGC U.S. and BGC Global will proportionately increase, because immediately following an exchange, BGC Holdings will redeem the BGC Holdings unit so acquired for the BGC U.S. limited partnership interest and the BGC Global limited partnership interest underlying such BGC Holdings unit. The acquired BGC U.S. limited partnership interest and BGC Global limited partnership interest will be appropriately adjusted to reflect the impact of any losses of BGC U.S. and BGC Global arising from certain litigation claims (see Certain Relationships and Related Transactions Amended and Restated Limited Partnership Agreements of BGC U.S. and BGC Global and Business Legal Proceedings) and the intention of the parties to the BGC Holdings limited partnership agreement for BGC Holdings (and not us) to realize the economic benefits and burdens of such litigation matters.

The profit and loss of BGC U.S., BGC Global and BGC Holdings, as the case may be, are allocated based on the total number of BGC U.S. units, BGC Global units and BGC Holdings units, as the case may be, outstanding, other than in the case of certain litigation matters.

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The following diagram illustrates our expected ownership structure immediately after the completion of this offering. The following diagram does not reflect the various subsidiaries of us, BGC U.S., BGC Global, BGC Holdings or Cantor, or the results of any exchange of BGC Holdings exchangeable limited partnership interests or, to the extent applicable, BGC Holdings founding partner interests or BGC Holdings REUs:

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* Shares of Class B common stock are convertible into shares of Class A common stock at any time in the discretion of the holder on a one-for-one basis. Accordingly, if Cantor converted all of its Class B common stock into Class A common stock, Cantor would hold 37.7% of the voting power and the public stockholders would hold 60.9% of the voting power (and the indirect economic interests in BGC U.S. and BGC Global would remain unchanged).

You should read Risk Factors, Certain Relationships and Related Transactions and Description of Capital Stock, for additional information about our corporate structure and the risks posed by this structure.

Executive Offices

Our executive offices are located at 499 Park Avenue, New York, New York 10022, while our international headquarters are at One Churchill Place in London, U.K. Our telephone number is (212) 610-2200. Our website is located at www.bgcpartners.com and our email is info@bgcpartners.com. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated into, this prospectus.

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This Offering

Class A common stock offered by BGC Partners	10,000,000 shares
Class A common stock offered by the selling stockholders(1)	10,000,000 shares
Shares of all classes of BGC Partners common stock to be outstanding immediately following this offering(2):	
Class A common stock	51,079,504 shares of Class A common stock
Class B common stock	31,848,107 shares of Class B common stock
Use of Proceeds	We estimate that our net proceeds from this offering will be approximately $74.1 million ($97.3 million if the underwriters exercise their option to purchase additional shares in full, assuming all of the option shares are sold by BGC Partners), based on the public offering price of $8.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use a portion of the net proceeds from this offering to purchase 175,000 shares of our Class A common stock from Stephen M. Merkel, one of our executive officers. The per share price that such executive officer will receive for each such share will equal the public offering price, net of underwriting discounts and commissions applicable to such shares. We intend to contribute all of the remaining net proceeds from this offering to BGC U.S. and BGC Global in exchange for BGC U.S. limited partnership interests and BGC Global limited partnership interests.

BGC U.S. and BGC Global intend to use the net proceeds they receive from us for various purposes, including for general partnership purposes, including potential strategic alliances, acquisitions, joint ventures or broker hires.

We will not receive any of the proceeds from the sale of shares by the selling stockholders. See Use of Proceeds.

Voting Rights	Each share of our Class A common stock entitles its holder to one vote per share, thereby entitling holders of our Class A common stock to 51,079,504 votes in the aggregate immediately after this offering, representing 13.8% of our voting power in the aggregate immediately after this offering. Each share of our Class B common stock entitles

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	its holder to 10 votes per share, thereby entitling holders of our Class B common stock to 318,481,070 votes, representing 86.2% of our voting power in the aggregate immediately after this offering. Our Class B common stock generally votes together with our Class A common stock on all matters submitted to a vote of our stockholders. Our Class B common stock is exclusively held by Cantor and CFGM, the managing general partner of Cantor, an entity controlled by our Chairman and Co-Chief Executive Officer, Howard W. Lutnick. See Description of Capital Stock.
Economic Rights	Pursuant to our amended and restated certificate of incorporation, which we refer to as our certificate of incorporation, shares of our Class A common stock and Class B common stock are entitled to equal economic rights.
Dividend Policy	We expect to pay not less than 75% of our post-tax distributable earnings per fully diluted share (for a definition of post-tax distributable earnings per fully diluted share and a comparison of post-tax distributable earnings to GAAP income (loss) from continuing operations before minority interest and income tax see Price Range and Dividend Policy of Our Common Stock) as cash dividends to all common stockholders, with the balance of such distributable earnings to be available to repurchase shares of our common stock or purchase BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers.

Our board of directors and our audit committee have authorized repurchases of our common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries of up to $58 million as part of this policy, including those held by Cantor or our executive officers, at the volume weighted average price, to the extent available, of such securities on the date on which such purchase or repurchase is made, all of which is currently available. We expect to pay such dividends, if and when declared by our board of directors and our audit committee, on a semi-annual basis. The dividend to our stockholders is expected to be calculated based on our post-tax distributable earnings generated over the two consecutive fiscal quarters ending prior to the record date for the dividend.

See Price Range and Dividend Policy of Our Common Stock.

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Risk Factors	For a discussion of factors you should consider before buying shares of our Class A common stock, see Risk Factors.
Nasdaq Global Market symbol	BGCP

(1) Does not include 175,000 shares of our Class A common stock being repurchased by us with proceeds from this offering from Mr. Merkel, one of our executive officers. See Use of Proceeds.

(2) The number of shares of our Class A common stock and our Class B common stock outstanding after the offering is based on shares outstanding as of May 16, 2008 and does not give effect to the option. Assuming all of the option shares are sold by BGC Partners, 54,079,504 shares of Class A common stock will be outstanding immediately following this offering and the exercise of such option. Assuming all of the option shares are sold by Cantor, we expect that Cantor would exchange an additional 3,000,000 of its BGC Holdings limited partnership interests to sell such shares pursuant to such option, and as a result, 54,079,504 shares of Class A common stock will be outstanding immediately following this offering and the exercise of such option.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following table sets forth a summary of the supplemental consolidated financial information and other data of BGC Partners, Inc. and our summary pro forma financial information.

The summary supplemental condensed consolidated financial data of BGC Partners, Inc. as of March 31, 2008 and for the three months ended March 31, 2008 and 2007 have been derived from BGC Partners, Inc. s unaudited supplemental condensed consolidated financial statements included elsewhere in this prospectus. The summary supplemental consolidated financial data of BGC Partners, Inc. as of December 31, 2007 and 2006 and for each of the years ended December 31, 2007, 2006 and 2005 have been derived from BGC Partners, Inc. s audited supplemental consolidated financial statements included elsewhere in this prospectus.

The supplemental consolidated financial data of BGC Partners, Inc. includes the results of operations for the following:

- eSpeed, which upon completion of the merger no longer recognizes revenue in connection with Cantor s CO2e.com, LLC, which we refer to as CO2e, and Cantor Index businesses and certain employees who devoted a substantial portion of their time to Cantor will transfer to Cantor. As a result, eSpeed s consolidated results are adjusted to exclude these revenue and expenses;

- the BGC Division, which also includes Cantor s Market Data division and Cantor s investment in Freedom International Brokerage; and

- 35% of eSpeed s gross revenues previously recognized by Cantor for clearing the North American fully electronic trading business. Cantor previously received this revenue, which we refer to as fulfillment revenue, under the JSA, which terminated upon closing of the merger. This revenue will be recognized by BGC Partners from and after the merger. BGC Division s combined results are adjusted to reflect the inclusion of fulfillment revenues and expenses in connection with clearing transactions.

This supplemental consolidated financial data should be read in conjunction with the BGC Partners, Inc. s Management s Discussion and Analysis of Financial Condition and Results of Operations, eSpeed s Management s Discussion and Analysis of Financial Condition and Results of Operations, the BGC Partners, Inc. s Supplemental Consolidated Financial Statements, the BGC Division s Combined Financial Statements, eSpeed, Inc. and Subsidiaries Consolidated Financial Statements and the accompanying Notes thereto included elsewhere in this prospectus.

The unaudited pro forma consolidated BGC Partners, Inc. statement of operations data for the year ended December 31, 2007 and the three months ended March 31, 2008 and the unaudited pro forma consolidated BGC Partners, Inc. statement of financial condition data as of December 31, 2007 and as of March 31, 2008 were derived by applying pro forma adjustments to the consolidated and combined statements of operations data of eSpeed and the BGC Division for the year ended December 31, 2007 and the three months ended March 31, 2008 and the consolidated and combined statements of financial condition data of eSpeed and the BGC Division as of December 31, 2007 and as of March 31, 2008. Pro forma consolidated BGC Partners, Inc. gives effect to the combined and consolidated results of the BGC Division and eSpeed and the inclusion of fulfillment revenues currently recognized by Cantor and the

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exclusion of revenues and expenses in connection with the Cantor Index and CO2e businesses that were recognized by eSpeed; as well as the reduced interest expense in connection with the debt restructuring and the removal of certain employees who were eSpeed employees but became Cantor employees upon the consummation of the merger. The unaudited pro forma consolidated statement of operations data for the year ended December 31, 2007 and the three months ended March 31, 2008 and the unaudited pro forma consolidated statement of financial condition data as of December 31, 2007 and as of March 31, 2008 present the results of operations and financial position of BGC Partners, Inc. assuming that the merger had been completed as of January 1, 2007 or 2008 with respect to the unaudited pro forma consolidated statement of operations data and at December 31, 2007 or March 31, 2008 with respect to the unaudited pro forma consolidated statement of financial condition data.

The summary pro forma financial data of BGC Partners, Inc. is included for informational purposes only and should not be considered indicative of actual results that would have been achieved had these events actually been consummated on the dates indicated and do not purport to indicate results of operations as of any future date or for any future period. Please refer to Unaudited Pro Forma Consolidated Financial Data included in this prospectus for more information regarding the pro forma adjustments for BGC Partners, Inc. The results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year.

	Year Ended December 31,				Three Months Ended March 31,		
	Supplemental Consolidated for BGC Partners, Inc.			Pro Forma BGC Partners, Inc	Supplemental Condensed Consolidated BGC Partners, Inc.		Pro Forma BGC Partners, Inc.
	2005	2006	2007	2007	2007	2008	2008
	(in thousands, except for per share data)						
Revenues:							
Commissions	$ 446,378	$ 599,486	$ 802,956	$ 802,956	$ 190,104	$ 254,031	$ 254,031
Principal transactions	119,586	134,939	205,049	205,049	53,010	51,896	51,896
Total brokerage revenues	565,964	734,425	1,008,005	1,008,005	243,114	305,927	305,927
Fees from related parties	15,244	28,638	53,809	53,809	10,893	20,913	20,913
Market data	16,283	17,409	18,981	18,981	4,373	5,544	5,544
Software solutions	15,534	16,981	10,983	10,983	3,564	2,083	2,083
Interest income	15,208	31,086	22,968	22,951	9,067	3,853	3,282
Other revenues	5,155	26,203	2,895	2,895	2,065	586	586
Total revenues	633,388	854,742	1,117,641	1,117,624	273,076	338,906	338,335
Expenses:							
Compensation and employee benefits	434,862	560,016	649,507	649,507	158,707	190,482	190,482
Non-cash merger-related compensation charges						84,063	84,063
Allocation of net income to founding/working partners units				10,774			
Total compensation	434,862	560,016	649,507	660,281	158,707	274,545	274,545
Other expenses	282,356	391,934	425,460	411,553	92,841	104,170	101,557
Total expenses	717,218	951,950	1,074,967	1,071,834	251,548	378,715	376,102
(Loss) income from continuing operations before minority interest and income taxes	(83,830)	(97,208)	42,674	45,790	21,528	(39,809)	(37,767)
Minority interest			2,352	18,513	155	654	(27,540)
Provision (benefit) for income taxes	(9,267)	(1,547)	9,320	9,320	2,332	8,070	8,070
(Loss) income from continuing operations	(74,563)	(95,661)	31,002	17,957	19,041	(48,533)	(18,297)
Loss from discontinued operations, net of tax	(117)	(650)					
Cumulative effect of a change in accounting principle		(10,080)					

Net (loss) income	$ (74,680)	$ (106,391)	$ 31,002	$ 17,957	$ 19,041	$ (48,533)	$ (18,297)

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	Year Ended December 31,				Three Months Ended March 31,		
	Supplemental Consolidated for BGC Partners, Inc.			Pro Forma BGC Partners, Inc	Supplemental Condensed Consolidated BGC Partners, Inc.		Pro Forma BGC Partners, Inc.
	2005	2006	2007	2007	2007	2008	2008
	(in thousands, except for per share data)						
Adjustments to net income for fully diluted shares:							
Net (loss) income	$ (74,680)	$ (106,391)	$ 31,002	$ 17,957	$ 19,041	$ (48,533)	$ (18,297)
Allocation of net income to founding/working partner units				10,774			(1)
Minority interest to Cantor				16,161			(28,194)(1)
Net (loss) income for fully diluted shares	$ (74,680)	$ (106,391)	$ 31,002	$ 44,892	$ 19,041	$ (48,533)	$ (46,491)
Per share data:							
Basic (loss) earnings per share	$ (0.40)	$ (0.58)	$ 0.17	$ 0.25	$ 0.10	$ (0.26)	$ (0.25)
Fully diluted (loss) earnings per share	$ (0.40)	$ (0.58)	$ 0.17	$ 0.24	$ 0.10	$ (0.26)	$ (0.25)
Basic weighted-average shares of common stock outstanding	185,209	184,074	184,326	72,435	184,283	184,967	72,794
Stock options/restricted stock units/warrants			1,156	1,156	1,018		
Restricted equity units							282
BGC Holdings units held by founding partners				44,821			44,821
BGC Holdings units held by Cantor				67,070			67,070
Fully diluted weighted- average shares of common stock outstanding	185,209	184,074	185,482	185,482	185,301	184,967	184,967

(1) Because there is a net loss of $46.5 million for the three months ended March 31, 2008, there is no allocation to founding/working partners, but rather the founding/working partners and Cantor s ownership percentages are aggregated and a minority interest charge is calculated based on the combined ownership of Cantor and the founding/working partners indirectly in BGC U.S. and BGC Global.

The pro forma BGC Partners Stand-Alone statements of operations data for the three months ended March 31, 2008 and the year ended December 31, 2007 were derived by applying pro forma adjustments to the historical statements of operations data of the BGC Division for the three months ended March 31, 2008 and the year ended December 31, 2007, respectively. BGC Partners Stand-Alone gives effect to BGC Division s combined results and the inclusion of fulfillment revenues currently recognized by Cantor as well as the reduced interest expense in connection with the debt restructuring. These results do not give effect to the adjusted results of eSpeed or the elimination of intercompany transactions between eSpeed and BGC Partners.

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The table below should be read in conjunction with the BGC Partners Pro Forma Consolidated Financial Data included elsewhere in this prospectus; and with the BGC Partners supplemental consolidated financial statements, the BGC Division combined financial statements and eSpeed s consolidated financial statements, also included in this prospectus.

Management has presented the Pro Forma BGC Partners Stand-Alone data for the following reasons:

the results of BGC s inter-dealer brokerage business have been combined in the summary pro forma BGC Partners, Inc. financial data, and represent the substantial majority of the revenues and profitability for the Combined Company; and

management s view is that an understanding of the stand-alone results of BGC s inter-dealer brokerage business is integral to understanding the combined results.

The adjustments to go from Supplemental Consolidated BGC Partners, Inc. to Pro Forma BGC Partners Stand-Alone for the three months ended March 31, 2008 and the year ended December 31, 2007 are as follows:

	Three Months Ended March 31, 2008					
	Supplemental Condensed Consolidated BGC Partners, Inc.	Less: Consolidated eSpeed Results	eSpeed CO2e; Cantor Index and Software Solution Adjustments	Revenue Eliminations between eSpeed and BGC	Debt Restructuring	Pro Forma BGC Partners Stand-Alone
	($ in thousands)					
Revenues:	$ 338,906	$ (40,726)	$ 1,444	$ 15,609	$ (571)	$ 314,662
Expenses:						
Compensation and employee benefits	190,482	(14,256)				176,226
Non-cash merger-related compensation charges	84,063					84,063
Total compensation	274,545	(14,256)				260,289
Other expenses	104,170	(26,980)	118	15,606	(2,613)	90,301
Total expenses	378,715	(41,236)	118	15,606	(2,613)	350,590
(Loss) income before minority interest and income taxes	(39,809)	510	1,326	3	2,042	(35,928)
Minority interest	654			3		657
Provision (benefit) for income taxes	8,070	55				8,125
Net (loss) income	$ (48,533)	$ 455	$ 1,326	$	$ 2,042	$ (44,710)

	Year Ended December 31, 2007					
	Supplemental Consolidated BGC Partners, Inc. 2007	Less: Consolidated eSpeed Results	eSpeed CO2e; Cantor Index and Software Solution Adjustments	Revenue Eliminations between eSpeed and BGC	Debt Restructuring	Pro Forma BGC Partners Stand-Alone
	($ in thousands)					
Revenues:	$ 1,117,641	$ (159,215)	$ 15,971	$ 54,240	$ (17)	$ 1,028,620
Expenses:						

Compensation and employee benefits	649,507	(73,218)	4,515			580,804
Other expenses	425,460	(124,762)	5,159	54,219	(13,907)	346,169
Total expenses	1,074,967	(197,980)	9,674	54,219	(13,907)	926,973
Income before minority interest and income taxes	42,674	38,765	6,297	21	13,890	101,647
Minority interest	2,352			21		2,373
Provision for income taxes	9,320	6,267				15,587
Net income	$ 31,002	$ 32,498	$ 6,297	$	$ 13,890	$ 83,687

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	Year Ended December 31, Supplemental Consolidated for BGC Partners, Inc. 2005	2006	2007	Pro Forma BGC Partners, Inc. 2007	Three Months Ended March 31, Supplemental Condensed Consolidated for BGC Partners, Inc. 2007	2008	Pro Forma BGC Partners, Inc. 2008
				($ in thousands)			
Revenues by Geographic Region:							
United Kingdom	$ 230,105	$ 345,507	$ 529,120	$ 529,120	$ 117,424	$ 140,734	$ 140,734
United States	257,279	321,649	301,162	301,145	91,749	108,697	108,126
Other international	146,004	187,586	287,359	287,359	63,903	89,475	89,475
Total revenues	$ 633,388	$ 854,742	$ 1,117,641	$ 1,117,624	$ 273,076	$ 338,906	$ 338,335
Voice/Hybrid and Fully Electronic Brokerage Revenues:							
Voice/hybrid	$ 464,225	$ 643,924	$ 915,840	$ 915,840	$ 218,862	$ 287,862	$ 287,862
Fully electronic	101,739	90,501	92,165	92,165	24,252	18,065	18,065
Total brokerage revenues	$ 565,964	$ 734,425	$ 1,008,005	$ 1,008,005	$ 243,114	$ 305,927	$ 305,927
Weighted-average number of brokers(1)	840	1,162	1,196	1,196	1,191	1,193	1,193

	As of December 31, Supplemental Consolidated for BGC Partners, Inc. 2006	2007	Pro Forma BGC Partners, Inc. 2007	As of March 31, Supplemental Condensed Consolidated for BGC Partners, Inc. 2008	Pro Forma BGC Partners, Inc. 2008
			($ in thousands)		
Supplemental Consolidated Statements of Financial Condition Data:					
Cash and cash equivalents	$ 130,888	$ 277,299	$ 133,282	$ 218,933	$ 218,933
Total assets	$ 1,497,624	$ 1,377,629	$ 1,107,369	$ 1,503,146	$ 1,385,847
Long-term debt	$ 248,896	$ 196,818	$ 150,000	$ 150,000	$ 150,000
Total liabilities	$ 1,072,764	$ 905,952	$ 724,646	$ 1,001,215	$ 1,001,215
Mandatorily redeemable partnership interest	$	$	$ 94,112	$	$ 94,112
Minority interest (Cantor)	$	$	$ 135,503	$	$ 136,097
Total stockholders equity	$ 424,860	$ 469,325	$ 150,756	$ 498,924	$ 151,417

(1) Weighted-average brokers per period calculated on a monthly average basis.

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The adjustments to go from the Supplemental Consolidated BGC Partners, Inc. to the Pro Forma BGC Partners, Inc. for the three months ended March 31, 2008 and the year ended December 31, 2007 are as follows (1):

	Three Months Ended March 31, 2008			
	Supplemental Condensed Consolidated BGC Partners, Inc.	Debt Restructuring	Allocations of Net Income (Loss) to BGC Founding Partners and Cantor	Pro Forma BGC Partners, Inc.
	($ in thousands)			
Revenues:	$ 338,906	$ (571)	$	$ 338,335
Expenses:				
Compensation and employee benefits	190,482			190,482
Non-cash merger-related compensation charges	84,063			84,063
Total compensation	274,545			274,545
Other expenses	104,170	(2,613)		101,557
Total expenses	378,715	(2,613)		376,102
(Loss) income before minority interest and income taxes	(39,809)	2,042		(37,767)
Minority interest	654		(28,194)	(27,540)
Provision (benefit) for income taxes	8,070			8,070
Net (loss) income	$ (48,533)	$ 2,042	$ 28,194	$ (18,297)

	Year Ended December 31, 2007			
	Supplemental Consolidated BGC Partners, Inc.	Debt Restructuring	Allocations of Net Income (Loss) to BGC Founding Partners and Cantor	Pro Forma BGC Partners, Inc.
	($ in thousands)			
Revenues:	$ 1,117,641	$ (17)	$	$ 1,117,624
Expenses:				
Compensation and employee benefits	649,507			649,507
Allocation of net income to founding/working partners units			10,774	10,774
Total compensation	649,507		10,774	660,281
Other expenses	425,460	(13,907)		411,553
Total expenses	1,074,967	(13,907)	10,774	1,071,834
Income (loss) before minority interest and income taxes	42,674	13,890	(10,774)	45,790
Minority interest	2,352		16,161	18,513
Provision for income taxes	9,320			9,320
Net income (loss)	$ 31,002	$ 13,890	$ (26,935)	$ 17,957

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(1) For financial reporting purposes under accounting principles generally accepted in the United States of America, which we refer to as U.S. GAAP, the ownership interest held in Combined Company common stock, the BGC Holdings founding/working partner interests and BGC Holdings limited partnership interests held by Cantor will be accounted for as described below. The details of this reconciliation are outlined in the tables below:

Economic Ownership	Consolidated Statement of Operations Presentation	Consolidated Statement of Financial Condition Presentation
Combined Company Combined Company Stockholders (Class A and B common stockholders)	The public stockholders (including Cantor) basic earnings per share, which we refer to as EPS, in the Combined Company is based on net income after allocations to the founding/working partners divided by the number of outstanding shares of Combined Company common stock.	Public stockholders (including Cantor s) equity will be included in stockholders equity in the consolidated statement of financial condition.
Founding/working partners Founding/working partner interests (BGC Holdings limited partnership interests holders)	The founding/working partners may receive allocations of net income based on their pro rata share of the fully diluted shares in the Combined Company. This charge will be called allocation of net income to founding/working partner units, which will be a separate component listed in compensation expense.	The capital balance, generally the amount of capital contributed by founding/working partners, will be classified on a separate liability line in the consolidated statement of financial condition called mandatorily redeemable partnership interest.
BGC Holdings limited partnership interests held by Cantor BGC Holdings limited partnership interests held by Cantor (BGC Holdings limited partnership interests holders)	Cantor s pro rata share of the net income in the Combined Company will be reported as a minority interest charge in the consolidated statement of operations.	Cantor s pro rata share of the capital held in BGC Holdings will be included as a component of minority interest in the consolidated statement of financial condition.
Consolidated BGC Partners, Inc.	EPS on a fully diluted basis for the Combined Company are presented as follows: Net income allocations to the founding/working partners and the minority interest to Cantor described above will be added back to net income. The number of units held in BGC Holdings by both the founding/working partners and Cantor will be added to the Combined Company common stock (plus common stock equivalents) to determine fully diluted shares outstanding. The adjusted net income will be divided by the adjusted fully diluted shares to calculate fully diluted EPS. Because basic EPS and fully diluted EPS (with the exception of the impact of stock options) are based on pro rata ownership in the Combined Company, there should not be any difference in the calculations.	The three economic ownership categories will be accounted for as components of the Combined Company s liabilities and equity on the consolidated statement of financial condition. The founding/working partner interests will be recorded as mandatorily redeemable partnership interest; Cantor s BGC Holdings limited partnership interests will be treated as a component of minority interest and the interests held by the public will be a component of stockholders equity in the Combined Company.

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Upon closing of the merger, the indirect economic ownership percentages in BGC U.S. and BGC Global were 40.2% held by the public (including Cantor) through ownership of our common stock, 35.5% held by Cantor through ownership of BGC Holdings limited partnership interests, and 24.3% held by the founding partners through ownership of BGC Holdings limited partnership interests. See footnote (6) below. In addition, concurrently with the merger, and, in the future from time to time, as part of its compensation process, BGC Holdings issued and may issue certain REUs and BGC Partners issued and may issue certain RSUs to certain employees of BGC Partners and other persons who provide services to BGC Partners. The calculation of the economic ownership percentages is described in the following table (in thousands, except percentages):

Ownership	Pre-Merger Common Stock(1)	Issued Common Stock(2)	Issued BGC Holdings Units(3)	Issued Restricted Equity Units(4)	Issued Restricted Stock Units(5)	Total	Percentage(6)
Class A and Class B common stock and options to acquire Class A common stock held by the public(7)	52,450	21,969			2,153	76,572	40.2%
Founding/working partner interests and REU interests			44,821	1,263		46,084	24.3%
Limited partnership interests held by Cantor			67,070	307		67,377	35.5%
Total shares of common stock/BGC Holdings limited partnership interest outstanding	52,450	21,969	111,891	1,570	2,153	190,033	100.0%

(1) Common stock amounts represent total Combined Company common stock including common stock options outstanding and exercisable at April 1, 2008.

(2) Reflects shares issued by the Combined Company to Cantor as consideration for Maxcor. A separate valuation was performed on Maxcor on May 25, 2007 to determine the amount of shares to be issued in the merger.

(3) Reflects the issuance of BGC Holdings limited partnership interests to the founding partners and Cantor upon completion of the separation. As part of the separation and the merger, founding partners had each of their Cantor units redeemed for 10 founding partner interests and two distribution rights. Cantor partners had each of their Cantor units redeemed for a new Cantor unit and two distribution rights, and they did not receive any founding partner interests as they are not BGC Holdings founding partners. Cantor is obligated to distribute an aggregate of 33.4 million shares of our common stock, including an aggregate of 7.9 million shares of our common stock to the founding partners.

(4) Reflects REUs issued upon completion of the separation. These REUs entitle the holder to participate in distributions of BGC Holdings income and to receive post-termination payments equal to the notional value of the grant in four equal yearly installments after the holder s termination provided that the holder has not engaged in any competitive activity with the Combined Company or its affiliates prior to the date each payment is due. These REUs may also be exchangeable for Class A common stock in accordance with the terms and conditions of the grant of such REUs.

(5) Upon closing of the merger, the Combined Company issued RSUs to certain employees and others who provide services to the Combined Company. These awards vest over two and three-year periods from the date of award.

(6) The collective management of BGC Partners, including founding partners and certain executives of Cantor who hold BGC Partners management positions, indirectly own approximately 32.8% of the economics of BGC U.S. and BGC Global. This is derived by taking founding partner interests of 24.3% of the Combined Company (calculated above) and adding the impact of the 8.0 million distribution rights and 0.3 million of REU held by executives of Cantor who hold BGC Partners management positions (or 4.3% of the Combined Company) and 7.9 million distribution rights attributable to founding partners (or 4.3% of the Combined Company). For purposes of the table above, these distribution rights are a component of the 67.1 million units of BGC Holdings limited partnership interests held by Cantor. These amounts exclude any shares of our Class A common stock, Class B common stock or options previously granted to, held directly by, or held beneficially, or otherwise controlled by the management of BGC Partners.

(7) Included in the balance are shares of Class A common stock and Class B common stock held by Cantor of 11.2 million and 31.8 million, respectively. Also included in the balance are 1.2 million shares held by officers of Cantor as public stockholders.

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The economic ownership percentages calculated above determine certain income statement and balance sheet allocations in BGC Partners, Inc. s pro forma consolidated financial statements as of March 31, 2008. The allocations are calculated below (in thousands, except per share data and percentages):

Consolidated Statement of Operations	**Units/ Shares**	**%(1)**	**Amount**
Net loss allocations			
Pro forma consolidated BGC Partners, Inc. net income prior to allocations to founding/working partners and Cantor			$ (46,491)
Cantor minority interest allocation percentage and charge based on a pro rata ownership in the Combined Company(2)			28,194
BGC Partners, Inc. net income after founding/working partner distributions and minority interest allocations			$ (18,297)
Basic and Fully Diluted Share Calculations			
Basic weighted-average shares of common shares outstanding(3)	72,794		
Restricted equity units	282		
BGC Holdings units held by founding/working partners(4)	44,821		
BGC Holdings units held by Cantor(4)	67,070		
Total fully diluted weighted-average shares outstanding	184,967		
Earnings Per Share Calculations			
Basic earnings per share			
BGC Partners, Inc. net income			$ (18,297)
Basic weighted-average shares outstanding	72,794		
Basic earnings per share			$ (0.25)
Fully diluted earnings per share			
BGC Partners, Inc. net income adjusted to add back net income allocations to founding/working partners and Cantor minority interest allocations			$ (46,491)
Total fully diluted weighted-average shares outstanding	184,967		
Fully diluted earnings per share			$ (0.25)
Consolidated Statement of Financial Condition			
Founding/working partner interests(5)	46,084	24.3%	$ 94,112
Units held by and minority interest allocation to Cantor at the assumed time of the merger(6)	67,377	35.5%	136,096
Public company shares of common stock outstanding and stockholder equity allocation at the time of the merger	76,572	40.2%	151,417
Total mandatorily redeemable partnership interest, minority interest and stockholders equity	190,033	100%	$ 381,625

(1) The collective management of BGC Partners, including founding partners and certain executives of Cantor who hold BGC Partners management positions, indirectly own approximately 32.8% of the economics of BGC U.S. and BGC Global. This is derived by taking founding partner interests of 24.3% of the Combined Company (calculated above) and adding the impact of the 8.0 million distribution rights and 0.3 million of REUs held by executives of Cantor who hold BGC Partners management positions (or 4.3% of the Combined Company) and 7.9 million distribution rights attributable to founding partners (or 4.3% of the Combined Company). For purposes of the table above, these distribution rights are a component of the 67.1 million units of BGC Holdings limited partnership interests held by Cantor. These amounts exclude any shares of our Class A common stock, Class B common stock or options previously granted to, held directly by, or held

beneficially, or otherwise controlled by the management of BGC Partners.

(2) When there is a net loss for a particular period, there is no allocation to founding partners, but rather the founding partners and Cantor s ownership percentages are aggregated and a minority interest charge is calculated based on the combined ownership of Cantor and the founding partners indirectly in BGC U.S. and BGC Global.

(3) The weighted-average basic common shares outstanding amount include 50.8 million shares that were taken from eSpeed s consolidated financial statements included elsewhere in this prospectus. The pro forma Combined Company basic weighted-average common shares takes that share amount and includes our Class A common stock and our Class B common stock issued by the Combined Company to Cantor as consideration for Maxcor assuming those shares were outstanding for the entire three months ended March 31, 2008.

(4) Data are as of April 1, 2008.

(5) The value of founding/working partner interests on the Combined Company statement of financial condition reflects the adjusted partner capital balance as of March 31, 2008, adjusted for any pro forma redemptions and/or adjustments in connection with the separation and merger. The 1.3 million of REUs issued to founding/working partners were not factored in the calculation of the founding/working partners mandatorily redeemable partnership interests.

(6) The 0.3 million of REUs issued to Cantor partners were not factored in the calculation of the Cantor s minority interest.

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RISK FACTORS

You should carefully consider the following risks and all of the other information set forth in this prospectus before deciding to purchase shares of our Class A common stock offered pursuant to this prospectus. The risk factors set forth below primarily relate to the businesses of BGC U.S. and BGC Global. These risks also affect the Combined Company because the Combined Company s business primarily consists of its BGC U.S. limited partnership interests, BGC Global limited partnership interests, its BGC Holdings general partnership interest and its BGC Holdings special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Holdings. If any of the events or developments described below actually occurred, our business, financial condition and results of operations would likely suffer. In that case, the trading price of our Class A common stock would likely decline and you could lose part or all of your investment in our Class A common stock.

Risks Related to our Business

Because competition for the services of brokers is intense, we may not be able to attract and retain highly skilled brokers, which could adversely impact our revenues and as a result could materially adversely affect our business, financial condition and results of operations.

Our ability to provide high-quality brokerage services and maintain long-term relationships with our customers depends, in large part, upon our brokers. As a result, we must attract and retain highly qualified brokerage personnel. In recent years, we have significantly grown the number of brokers in our business through new hires and acquisitions of existing businesses, and we expect to continue to do so in the future. Competition for the services of brokers is intense, especially for brokers with experience in the specialized markets in which we participate or we may seek to enter. If we are unable to hire or retain highly qualified brokers, including retaining those employed by businesses we acquire in the future, we may not be able to enter new brokerage markets or develop new products. If we lose one or more of our brokers in a particular market in which we participate, our revenues may decrease and we may lose market share in that particular market.

In addition, recruitment and retention of qualified brokers could result in substantial additional costs. We have been a party to, or otherwise involved in, several litigations and arbitrations involving competitor claims in connection with new employee hires. We may also pursue our rights through litigation when competitors hire our employees who are under contract with us. We are currently involved in litigations and arbitrations with our competitors relating to new employee hires and departures. We believe such proceedings are common in our industry due to its highly competitive nature. An adverse settlement or judgment related to these or similar types of claims could have a material adverse effect on our financial condition. Regardless of the outcome of these claims, we generally incur significant expenses and substantial management time will be required to deal with these claims. See Business Legal Proceedings.

If we fail to attract new personnel, or fail to retain and motivate our current personnel, or if we incur increased costs associated with attracting and retaining personnel (such as litigation, arbitration, sign-on or guaranteed bonuses or forgivable loans), our revenues and expenses could be adversely impacted and, as a result, our business, financial condition and results of operations could be materially adversely affected.

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We may pursue strategic alliances, acquisitions or joint ventures or hire brokers for new or existing brokerage desks, which could present unforeseen integration obstacles or costs and could dilute the common stock owned by our stockholders. We may also face competition in our acquisition strategy, which may limit our number of acquisitions and growth opportunities.

We have explored a wide range of strategic alliances, acquisitions or joint ventures with other brokers and with other companies that have interests in businesses in which there are brokerage or other strategic opportunities. For example, in December 2007, we and 11 other leading financial institutions announced the establishment of a new joint venture, ELX. We also may seek to hire brokers for new or existing brokerage desks. In addition, from time to time, we have and we expect to continue to evaluate and potentially pursue possible strategic alliances, acquisitions, joint ventures or broker hires. These acquisitions or new hires may be necessary in order for us to enter into or develop new product and geographic areas.

Strategic alliances, acquisitions, joint ventures and new hires involve a number of risks and present financial, managerial and operational challenges, including:

- potential disruption of our ongoing business and product development and distraction of management;
- difficulty retaining and integrating personnel and integrating financial and other systems;
- the necessity of hiring additional management and other critical personnel and integrating them into current operations;
- litigation and/or arbitration associated with hiring brokerage personnel;
- increasing the scope, geographic diversity and complexity of our operations;
- potential dependence upon, and exposure to liability, losses or reputational damage relating to, systems, controls and personnel that are not under our control;
- potential unfavorable reaction to our strategic alliance, acquisition or joint venture strategy by our customers;
- to the extent that we pursue business opportunities outside the United States, exposure to political, economic, legal, regulatory, operational and other risks that are inherent in operating in a foreign country, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls and other restrictive governmental actions, as well as the outbreak of hostilities;
- the up-front costs associated with recruiting brokerage personnel, including those costs associated with establishing a new brokerage desk;
- conflicts or disagreements between any strategic alliance or joint venture partners and us; and
- exposure to additional liabilities of any acquired business, strategic alliance or joint venture.

In addition, we expect to face competition for acquisition candidates, which may limit the number of acquisitions and growth opportunities and may lead to higher acquisition prices. There can be no assurance that we will be able to identify, acquire or manage profitably additional businesses or to integrate successfully any acquired businesses without substantial costs, delays or other operational or financial difficulties.

As a result of these risks and challenges, we may not realize any anticipated benefits from strategic alliances, acquisitions, joint ventures or new hires, and such strategic alliances,

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acquisitions, joint ventures or new hires may in fact materially adversely affect our business, financial condition and results of operations. In addition, future strategic alliances, acquisitions or joint ventures or the hiring of new brokerage personnel may involve the issuance of additional shares of our common stock, which may dilute your ownership of us or may involve litigation (see Business Legal Proceedings).

We face strong competition from brokerage and financial services firms, many of which have greater market presence, marketing capabilities and technological and personnel resources than we have, which could lead to pricing pressures that could adversely impact our revenues and as a result could materially adversely affect our business, financial condition and results of operations.

The brokerage and financial services industries are intensely competitive, and are expected to remain so. We primarily compete with four major, diversified inter-dealer brokers. These inter-dealer brokers are ICAP plc, Tullett Prebon plc, GFI Group Inc. and Compagnie Financière Tradition (which is majority owned by Viel & Cie), all of which are currently publicly traded companies. Other inter-dealer broker competitors include a number of smaller, private firms that tend to specialize in specific product areas or geographies. We also compete with companies that provide alternative products, such as contracts traded on futures exchanges, and trading processes, such as the direct dealer-to-dealer market for government securities and stock exchange markets for corporate equities and other securities. We increasingly compete with exchanges for the execution of trades in certain products, mainly in derivatives such as futures, options and options on futures. The recent consolidations of certain exchanges, such as the merger of the CME and the CBOT, and the pending merger of CME and NYMEX, could have a negative impact on our operations. Some of our competitors have greater market presence, marketing capabilities and financial, technological and personnel resources than we have and, as a result, our competitors may be able to:

- develop and expand their network infrastructures and service offerings more efficiently or more quickly than we can;
- adapt more swiftly to new or emerging technologies and changes in customer requirements;
- identify and consummate acquisitions and other opportunities more effectively than we can;
- hire our brokers and other key employees;
- devote greater resources to the marketing and sale of their products and services;
- more effectively leverage existing relationships with customers and strategic partners or exploit more recognized brand names to market and sell their services;
- provide a lower cost structure and lower commissions;
- provide access to trading in products or a range of products that at any particular time we do not offer; and
- develop services similar to our new services that are preferred by our customers.

In addition, new competitors may emerge and entire product lines may be threatened by new technologies or market trends that reduce the value of our existing product lines. If we are not able to compete successfully in the future, our revenues could be adversely impacted and as a result our business, financial condition and results of operations could be materially adversely affected.

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Competition for brokerage transactions also has resulted in substantial commission discounting by brokers that compete with us for our brokerage business. Further discounting could adversely impact our revenues and margins and as a result could materially adversely affect our business, financial condition and results of operations. The market for hiring brokers of various securities and financial products is also highly competitive and, from time to time, may result in litigation and/or arbitration. See Business Legal Proceedings.

Our operations also include the sale of pricing and transactional information produced by our brokerage operations to securities information processors and/or vendors. There is a high degree of competition in pricing and transaction reporting products and services, and such businesses may become more competitive in the future. Competitors and customers of our brokerage businesses have together and individually offered market information services in competition with those offered and expected to be offered by us.

Consolidation in the brokerage, exchange and financial services industries could materially adversely affect our business, financial condition and results of operations because we may not be able to compete successfully.

In recent years, there has been substantial consolidation and convergence among companies in the brokerage, exchange and financial services industries, resulting in increased competition. Continued consolidation in the financial services industry and especially among our customers could lead to the exertion of additional pricing pressure by our customers, impacting the commissions we generate from our brokerage services. Further, the recent consolidation among exchange firms, and expansion by these firms into derivative and other non-equity trading markets, will increase competition for customer trades and place additional pricing pressure on commissions and spreads. These developments have increased competition from firms with potentially greater access to capital resources than us. Finally, consolidation among our competitors other than exchange firms could result in increased resources and product or service offerings for our competitors. If we are not able to compete successfully in the future, our business, financial condition and results of operations could be materially adversely affected.

eSpeed and the BGC businesses acquired in the merger have each incurred substantial losses in recent periods and we may incur losses in the future.

eSpeed had a net loss of $0.5 million for the three months ended March 31, 2008 and $32.5 million for the year ended December 31, 2007. The BGC businesses that we acquired from Cantor in the merger incurred substantial losses in several recent periods as they sought to expand their operations. Although these acquired businesses generated a profit of $48.3 million for the year ended December 31, 2007, these businesses recorded net losses of $123.4 million and $96.1 million for the years ended December 31, 2006 and 2005, respectively, as well as net losses in certain quarters within other fiscal years. We had a net loss of $48.5 million in the first quarter of 2008 on a supplemental consolidated basis primarily due to non-cash, non-operating and non-recurring compensation charges in the amount of approximately $84.1 million in relation to redemptions of partnership units to settle outstanding loan obligations of certain of our executive officers to Cantor and other lending institutions, as described in the bullet entitled Sale of Partnership Interests in Unaudited Pro Forma Consolidated Financial Data, as well as additional grants of founding partner interests to certain executives and the activation of exchangeability of founding partner interests, as described in the bullets entitled Issuance of Additional Partnership Interests and Exchangeability of Partnership Interests in Unaudited Pro Forma Consolidated Financial Data.

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As we continue to develop our system and infrastructure and expand our brand recognition and customer base through increased hiring of brokers and other personnel, we may incur further losses in the future. If our revenues do not increase sufficiently, or even if our revenues increase but we are unable to manage our expenses, we may not achieve and maintain profitability in future periods.

If we are unable to identify and exploit new market opportunities, our revenues may decline and as a result our business, financial condition and results of operations could be materially adversely affected.

As more participants enter the markets in which we operate, the resulting competition often leads to lower commissions. This may result in a decrease in revenues in a particular market even if the volume of trades we handle in that market increases. As a result, our strategy is to broker more trades and increase market share in existing markets and to seek out new markets in which we believe we can charge higher commissions. Pursuing this strategy may require significant management attention and broker expense. We may not be able to attract new customers or successfully enter new markets. If we are unable to identify and exploit new market opportunities on a timely and cost-effective basis, our revenues may decline and as a result our business, financial condition and results of operations could be materially adversely affected.

Our ability to retain our key employees and the ability of certain key employees to devote adequate time to us are critical to the success of our business, and failure to do so may adversely affect our revenues and as a result could materially adversely affect our business, financial condition and results of operations.

Our people are our most important resource. We must retain the services of our key employees and strategically recruit and hire new talented employees to obtain customer transactions that generate most of our revenues.

Howard W. Lutnick, who serves as our Co-Chief Executive Officer and Chairman, is also the Chairman of the Board and Chief Executive Officer of Cantor and President and CFGM. Lee M. Amaitis, who serves as our Co-Chief Executive Officer and a member of our board of directors, and who is currently Chairman and Chief Executive Officer of BGC European Holdings, L.P. is currently employed as President and Chief Executive Officer of Cantor Index Limited and holds positions at various gaming affiliates of Cantor. Stephen M. Merkel, who serves as our Executive Vice President, General Counsel and Secretary, is employed as Executive Managing Director, General Counsel and Secretary of Cantor. These key employees, other than Mr. Lynn, are not subject to employment agreements with the Company or its subsidiary. In addition, Messrs. Lutnick and Merkel also hold offices at various other affiliates of Cantor. Currently Mr. Lutnick spends approximately 50% of his time on our matters, Mr. Amaitis currently spends approximately 75% of his time on our matters and Mr. Merkel currently spends approximately 50% of his time each year on our matters, although these percentages may vary depending on business developments at our company or Cantor or any of our or Cantor s affiliates. As a result, these key employees dedicate only a portion of their professional efforts to our business and operations, and there is no contractual obligation for them to spend a specific amount of their time with us and/or Cantor. These key employees may not be able to dedicate adequate time to our business and operations and we could experience an adverse effect on our operations due to the demands placed on our management team by their other professional obligations. In addition, these key employees other responsibilities could cause conflicts of interest with us.

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The BGC Holdings limited partnership agreement, which includes non-competition and other arrangements applicable to our key employees who are limited partners of BGC Holdings, may not prevent our key employees, including Messrs. Lutnick and Merkel, who as Cantor partners are not subject to these provisions in the BGC Holdings limited partnership agreement, from resigning or competing against us. See Management Employment Agreement, Management Change in Control Agreements and Certain Relationships and Related Transactions. In addition, our success has largely been dependent on the efforts of Messrs. Lutnick, Amaitis and Shaun D. Lynn and other executive officers. Should Mr. Lutnick leave or otherwise become unavailable to render services to us, control of BGC Partners would likely pass to Cantor, and indirectly pass to the then-controlling stockholder of CFGM (which is Mr. Lutnick), Cantor s managing general partner, or to such other managing general partner as CFGM would appoint, and as a result control could remain with Mr. Lutnick. If any of our key employees, including Messrs. Lutnick, Amaitis and Lynn, were to join an existing competitor, form a competing company, offer services to Cantor that compete with our services or otherwise leave us, some of our customers could choose to use the services of that competitor or another competitor instead of our services, which could adversely affect our revenues and as a result could materially adversely affect our business, financial condition and results of operations.

The failure to integrate successfully the businesses and operations of eSpeed and the BGC businesses acquired from Cantor in the merger could limit our ability to achieve the expected benefits from the acquisition and may adversely affect our future results.

Until the completion of the merger on April 1, 2008, eSpeed and the BGC businesses, acquired from Cantor in the merger, historically operated as separate companies related primarily through the JSA with Cantor. Our management may face challenges in consolidating the functions of eSpeed and the BGC businesses acquired in the merger, integrating their technologies, organizations, procedures, policies and operations, as well as retaining key personnel. The integration may also be complex and time consuming, and require substantial resources and effort potentially resulting in the diversion of management s attention for an extended period of time and the incurrence of substantial costs, including costs we may not anticipate. The integration process may also disrupt each company s ongoing businesses or cause inconsistencies in standards, controls, procedures and policies that adversely affect their relationships with employees and others with whom they have business or other dealings or to achieve the anticipated benefits of the merger, including the realization of anticipated cost savings and revenue enhancements. As of March 31, 2008, we had incurred approximately $12 million in non-recurring costs associated with combining the operations of the two companies, including legal, accounting or other transaction fees and other costs related to the merger. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses combined in the merger, may over time offset the significant transaction and merger-related costs we incurred, this net benefit may not be achieved in the near term, or at all. In addition, difficulties in integrating the businesses of eSpeed and the BGC businesses, acquired from Cantor in the merger, could harm our reputation.

The impact of the recent separation and merger on the founding partners, REU partners and future working partners may adversely affect our ability to retain, recruit and motivate these persons.

While we believe that the recent separation and merger will promote retention and recruitment, some founding partners, REU partners and working partners may be more attracted to the benefits of working at a private, controlled partnership or of being a partner in

Cantor, which may adversely affect our ability to retain, recruit and motivate these persons. The impact of the separation on the founding partners, REU partners, working partners and other employee retention and recruitment remains uncertain.

Many of our key employees were limited partners of Cantor prior to the separation and merger. We believe that the possibility of becoming a limited partner of Cantor has been an important tool in its ability to hire and retain key employees. Prior to the merger, Cantor redeemed Cantor limited partnership interests held by BGC Holdings founding partners in exchange for BGC Holdings limited partnership interests and distribution rights in respect of our common stock. Following the merger, it is not expected that our key employees will have the right to become limited partners in Cantor. In addition, we expect that from time to time, key employees of BGC Partners will have the opportunity to become limited partners of BGC Holdings. See Certain Relationships and Related Transactions BGC Holdings Participation Plan.

While these BGC Holdings limited partnership interests entitle founding/working partners and REU partners to participate in distributions of income from the operations of our business, upon leaving BGC Holdings (or upon any other redemption or purchase of such limited partnership interests as described below), any such founding/working partner or REU partners are, unless Cantor, in the case of the founding partners, and us, as the general partner of BGC Holdings, otherwise determine, only entitled to receive over time, and provided he or she does not violate certain partner obligations, an amount for his or her BGC Holdings limited partnership interests that reflects such partner s capital account, and not any goodwill or going concern value of BGC Partners business. Moreover, unlike Cantor, founding/working partners and REU partners have no right to exchange their BGC Holdings limited partnership interests for shares of BGC Partners common stock (except, in the case of founding partners, as otherwise determined by Cantor in accordance with the terms of the BGC Holdings limited partnership agreement, and Cantor has provided that certain founding partner interests are exchangeable with us for Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), as described in Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges in accordance with the terms of the BGC Holdings limited partnership agreement and, in the case of REU partners, as set forth in the terms and conditions of the grant) and thereby realize any higher value associated with BGC Partners capital stock. See Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges.

The BGC Holdings limited partnership interests are also subject to redemption, with respect to the founding partners, upon mutual agreement of Cantor and the general partner of BGC Holdings, and with respect to the working partners and REU partners, at the election of the general partner of BGC Holdings, as described in Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Redemption of BGC Holdings Founding/Working Partner Interests and REU Interests, and subject founding/working partners and REU partners to non-competition and non-solicitation covenants, as well as other obligations as described in Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Partner Obligations. In addition, the exercise of Cantor s right to purchase from BGC Holdings, founding partner interests and, in certain circumstances, working partner interests and REU interests (in each case, that have not become exchangeable) redeemed by BGC Holdings, will result in the share of distributions of income from the operations of BGC Partners business on other outstanding BGC Holdings limited partnership interests, including those held by founding/working or REU partners, to remain the same rather than increasing as would be the case if

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such interests were redeemed by BGC Holdings. See Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Cantor s Right to Purchase Redeemed Interests.

The terms of the BGC Holdings limited partnership interests held by founding/working partners and REU partners also differ from the terms of the limited partnership interests in Cantor previously held by founding partners and by certain of the REU partners as follows:

- unlike the limited partnership interests in Cantor, founding/working partners and REU partners are not entitled to reinvest the distributions on BGC Holdings limited partnership interests in additional BGC Holdings limited partnership interests at preferential or historical prices or at all; and

- as described in Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Distributions, Cantor is entitled to receive any amounts from selected extraordinary transactions that are withheld from distributions to founding/working partners and REU partners and forfeited by founding/working partners and REU partners leaving BGC Holdings prior to their interests in such withheld distributions fully vesting rather than any such forfeited amounts accruing to the benefit of all BGC Holdings limited partners on a pro rata basis.

Founding partners may find any of these terms of the BGC Holdings limited partnership interests to be less attractive than the arrangements for limited partners of Cantor, which may reduce the effectiveness of these interests as retention tools.

In addition, the ownership of the distribution rights and underlying shares of our common stock received by founding partners and other persons providing services to BGC Partners is not dependent upon a founding partner s continued employment with us or Cantor or compliance with the partner obligations, and founding partners are not restricted from leaving us by the potential loss of shares distributable pursuant to these distribution rights.

Difficult market conditions, economic conditions and geopolitical uncertainties could adversely affect our business in many ways by negatively impacting our revenues in the financial markets in which we offer services, which could have a material adverse effect on our business, financial condition and results of operations.

Difficult market conditions, economic conditions and geopolitical uncertainties have in the past adversely affected and may in the future adversely affect our business and profitability. The brokerage and financial services industry in general are directly affected by national and international economic and political conditions, broad trends in business and finance, the level and volatility of interest rates, changes in and uncertainty regarding tax laws and substantial fluctuations in the volume and price levels of securities transactions. On a consolidated basis, for the three months ended March 31, 2008 and the year ended December 31, 2007, over 90% of our total revenues were generated by brokerage operations. As a result, our revenues and profitability are likely to decline significantly during periods of low trading volume in the financial markets in which we offer our services. The financial markets and the global financial services business are, by their nature, risky and volatile and are directly affected by many national and international factors that are beyond our control. Any one of these factors may cause a substantial decline in the U.S. and global financial services markets, resulting in reduced trading volume. These events could have a material adverse effect on our results and profitability. These factors include:

- economic and political conditions in the United States, Europe and elsewhere in the world;

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- concerns about terrorism, war and other armed hostilities;

- concerns over inflation and wavering institutional and consumer confidence levels;

- the availability of cash for investment by our dealer customers and their customers;

- the level and volatility of interest rates and foreign currency exchange rates;

- the level and volatility of trading in certain equity and commodity markets;

- the level and volatility of the difference between the yields on corporate securities being traded and those on related benchmark securities, which we refer to as credit spreads ; and

- currency values.

Low trading volume generally results in reduced revenues. Under these conditions, profitability is adversely affected since many costs, including certain aspects of commissions, compensation and bonuses, are fixed. In addition, although less common, some of our brokerage revenues are determined on the basis of the value of transactions or on credit spreads. For these reasons, decreases in trading volume or declining prices or credit spreads could have a material adverse effect on our business, financial condition and results of operations.

Employee misconduct or error could harm us by impairing our ability to attract and retain customers and subjecting us to significant legal liability and reputational harm; moreover, this type of misconduct is difficult to detect and deter and error is difficult to prevent.

Employee misconduct or error could subject us to financial losses and regulatory sanctions and could seriously harm our reputation and negatively affect our business. It is not always possible to deter employee misconduct, and the precautions taken to prevent and detect employee misconduct may not always be effective. Misconduct by employees could include engaging in improper or unauthorized transactions or activities, failing to properly supervise other employees or improperly using confidential information. Employee errors, including mistakes in executing, recording or processing transactions for customers, could cause us to enter into transactions that customers may disavow and refuse to settle, which could expose us to the risk of material losses even if the errors are detected and the transactions are unwound or reversed. If our customers are not able to settle their transactions on a timely basis, the time in which employee errors are detected may be increased and our risk of material loss could be increased. The risk of employee error or miscommunication may be greater for products that are new or have non-standardized terms. It is not always possible to deter employee misconduct or error, and the precautions we take to detect and prevent this activity may not be effective in all cases.

The industry in which we operate is subject to significant regulation and as a result we are subject to regulatory capital requirements on our regulated entities, and a significant operating loss or any extraordinary charge against capital could adversely affect our ability to expand or, depending upon the magnitude of the loss or charge, even to maintain the current level of our business.

Many aspects of our business, like those of other brokerage firms, are subject to significant capital requirements. In the United States, the U.S. Securities and Exchange Commission, which we refer to as the SEC, the Financial Industry Regulatory Authority, which we refer to as FINRA, and various other regulatory bodies (including the Commodity Futures Trading Commission, which we refer to as the CFTC, and the National Futures Association, which we refer to as the NFA, have stringent provisions with respect to capital applicable to the operation of brokerage firms, which vary depending upon the nature and extent of the broker- dealer s activities. We currently operate three U.S.-registered broker-dealers: BGC Securities, a New York general partnership, which we refer to as BGC Securities, Maxcor and eSpeed Brokerage, Inc. (formerly known as eSpeed Government Securities, Inc.), a Delaware corporation, which we refer to as eSpeed Brokerage. In addition, we hold a 49% limited partnership interest in Aqua Securities, L.P., which we refer to as Aqua, a U.S. registered broker-dealer. These broker-dealers are each subject to SEC and FINRA net capital requirements. See Business Capital Requirements U.S. for a further discussion of domestic capital requirements.

Our international operations are also subject to capital requirements, which we refer to as non-U.S. net capital requirements. Certain of our subsidiaries that are incorporated in the United Kingdom are subject to capital requirements established by the U.K. Financial Services Authority, which we refer to as the FSA. The FSA also applies stringent provisions with respect to capital applicable to the operation of these brokerage firms, which vary depending upon the nature and extent of their activities. The provisions relating to capital requirements enforced by the FSA are likely to change with the implementation of the European Directive on Capital Requirements and our U.K. subsidiaries will be required to adhere to these changes. In addition, the majority of our other foreign subsidiaries are subject to similar regulation by the relevant authorities in the countries in which they do business. These regulations often include minimum capital requirements which are subject to change as discussed in Business Regulation U.K. and European Regulation. See Business Regulation Other Regulation for a listing of the other regulating entities to which we are subject in other foreign jurisdictions and see Business Capital Requirements Non-U.S. for a further discussion of international capital requirements.

While we expect to continue to maintain levels of capital in excess of regulatory minimums, there can be no assurance that this will be the case in the future. If we fail to maintain the required capital, we will be required to suspend our broker-dealer operations during the period that we are not in compliance with capital requirements, and may be subject to suspension or revocation of registration by the SEC and FINRA or withdrawal of authorization or other disciplinary action from domestic and international regulators, which would have a material adverse effect on our business. In addition, if we fail to maintain the capital required by clearing organizations of which we are a member, our ability to clear through those clearing organizations may be impaired, which may adversely affect our ability to process trades. If the capital rules are changed or expanded, or if there is an unusually large charge against capital, operations that require the intensive use of capital would be limited. Our ability to withdraw capital from our regulated subsidiaries is subject to restrictions, which, in turn, could limit our ability to pay dividends, repay debt and redeem or repurchase shares of our common stock or purchase BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers. In addition, we may become subject to capital requirements in other foreign jurisdictions in which we currently operate or in which we may enter. We cannot predict our future capital needs or our ability to obtain additional financing. For a further discussion of our capital requirements, see Business Regulation.

Extensive regulation of our businesses limits our activities and results in ongoing exposure to the potential for significant penalties, including fines or limitations on our ability to conduct our businesses.

Firms in the financial services industry, including our businesses, have experienced increased scrutiny in recent years and penalties and fines sought by regulatory authorities, including the SEC, FINRA, state securities commissions, state attorneys general and the FSA,

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have increased accordingly. This regulatory and enforcement environment may create uncertainty.

The financial services industry, including our business, is subject to extensive regulation. Our subsidiaries are subject to regulation by governmental and self-regulatory organizations in the jurisdictions in which we operate around the world. Many of these regulators, including U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or suspension or expulsion. From time to time, associated persons of our company have been and are subject to periodic investigations that have and may result in disciplinary actions by the SEC, self-regulatory organizations and state securities administrators. Currently, we and certain other inter-dealer brokers are being investigated by the SEC with respect to trading practices. See Business Legal Proceedings. In addition, the FSA s annual risk assessment of the BGC Partners group s regulated entities in 2005 identified certain failures in the BGC Partners group s risk and control functionality, monthly reporting statements and the classification of certain sub-ledger account items. See Business Regulation U.K. and European Regulation. Self-regulatory organizations such as FINRA and the NFA, along with statutory bodies such as the SEC and the FSA, require strict compliance with their rules and regulations. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us and are not designed to protect our stockholders. These regulations will often serve to limit our activities, including through capital, customer protection and market conduct requirements.

Changes in legislation and in the rules and regulations promulgated by the SEC, the CFTC, the U.S. Department of Treasury, which we refer to as the Treasury, the FSA and other domestic and international regulators and self-regulatory organizations, as well as changes in the interpretation or enforcement of existing laws and rules, often directly affect the method of operation and profitability of broker-dealers and could result in restrictions in the way we conduct our business. For example, the U.S. Congress, the Treasury, the Board of Governors of the Federal Reserve System and the SEC are continuing to review the nature and scope of their regulation and oversight of the government securities markets and U.S. markets. In Europe, the implementation of the Markets in Financial Instruments Directive in Europe, which we refer to as the MIFID, in November 2007 involved wide-ranging changes to European financial services regulation. Future legislation and/or regulation, and uncertainties resulting from the possibility of legislation and/or regulation, could adversely impact our business. Failure to comply with any of these laws, rules or regulations could result in fines, limitations on business activity, suspension or expulsion from the industry, any of which could have a material adverse effect upon us.

In addition, financial services firms are subject to numerous conflicts of interests or perceived conflicts, including for example principal trading and trading to make markets. We have adopted various policies, controls and procedures to address or limit actual or perceived conflicts and we will regularly seek to review and update our policies, controls and procedures. However, these policies, controls and procedures may result in increased costs and additional operational personnel. Failure to adhere to these policies, controls and procedures may result in regulatory sanctions or customer litigation.

Due to our current customer concentration, a loss of two, three or more of our significant customers could harm our business, financial condition and results of operations.

For each of the year ended December 31, 2007 and the three months ended March 31, 2008, on a consolidated basis, our top 10 customers, collectively, accounted for approximately 40% of our total revenues. We have limited long-term contracts with these customers. If we were to lose two, three or more of these significant customers for any reason and not be compensated for such loss by doing additional business with other customers or by adding new customers, our revenues would decline significantly and our business, financial condition and results of operations would suffer.

Our brokerage activities are subject to credit and performance risks, which could result in us incurring significant losses and as a result could materially adversely affect our business, financial condition and results of operations.

Our brokerage activities are subject to credit and performance risks. For example, our customers may not deliver securities to one of our operating subsidiaries which has sold those securities to another customer. If the securities due to be delivered have increased in value, there is a risk that we may have to expend our own funds in connection with the purchase of other securities to consummate the transaction. While we will take steps to ensure that our customers and counterparties have high credit standings and that financing transactions are adequately collateralized, the large dollar amounts that may be involved in our brokerage and financing transactions could subject us to significant losses if, as a result of customer or counterparty failures to meet commitments, we were to incur significant losses in liquidating or covering our positions in the open market.

We have adopted policies and procedures to identify, monitor and manage credit risk, in both agency and principal transactions, through reporting and control procedures and by monitoring credit standards applicable to our customers or counterparties. These policies and procedures, however, may not be fully effective. Some of these risk management methods depend upon the evaluation of information regarding markets, customers or other matters that are publicly available or otherwise accessible by us. That information may not, in all cases, be accurate, complete, up-to-date or properly evaluated. If our policies and procedures are not fully effective or we are not always successful in monitoring or evaluating the risks to which we are, or may be, exposed, our financial condition and results of operations could be materially adversely affected. In addition, our insurance policies will not provide coverage for these risks.

In agency transactions, we charge a commission for connecting buyers and sellers and assisting in the negotiation of the price and other material terms of the transaction. After all material terms of a transaction are agreed upon, we identify the buyer and seller to each other and leave them to settle the trade directly. We are exposed to credit risk for commissions, as we bill customers for our agency brokerage services. Our customers may default on their obligations to us due to disputes, bankruptcy, lack of liquidity, operational failure or other reasons. Any losses arising from such defaults could materially adversely affect our business, financial condition and results of operations.

Financial problems experienced by third parties could affect the markets in which we provide brokerage services. In addition, a disruption in the credit derivative market could affect our brokerage revenues.

Problems experienced by third parties could also affect the markets in which we provide brokerage services. For example, in recent years, hedge funds have increasingly begun to make use of credit and other derivatives as part of their trading strategies. As a result, an increasing percentage of our business, directly or indirectly, results from trading activity by hedge funds. Hedge funds typically employ a significant amount of leverage to achieve their results and, in the past, certain hedge funds have had difficulty managing this leverage, which has resulted in market-wide disruptions. If one or more hedge funds that is a significant participant in a

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derivatives market experienced similar problems in the future, the volumes in that market could be adversely affected and, accordingly, our brokerage revenues from that market could decrease.

In addition, recent reports in the United States and United Kingdom have suggested weaknesses in the way credit derivatives are assigned by participants in the credit derivative markets. Such reports expressed concern that, due to the size of the credit derivative market, the volume of assignments and the suggested weaknesses in the assignment process, one or more significant defaults by corporate issuers of debt could lead to a market-wide disruption or result in the bankruptcy or operational failure of hedge funds or other market participants. If the credit derivative markets experience a market disruption or if there was real or perceived lack of confidence that the credit derivative markets could orderly process one or more significant defaults of corporate issuers of debt, the use of credit derivatives by our customers could be reduced, leading to lower volumes and, accordingly, our brokerage revenues in that market could decrease.

The securities settlement process and the execution of matched principal transactions expose us to risks related to a counterparty failing to fulfill its obligations that may impact our liquidity and profitability and as a result could materially adversely affect our business, financial condition and results of operations.

We provide some brokerage services to our customers in the form of matched principal transactions, in which we act as a middleman by serving as counterparty for identified buyers and sellers in matching, in whole or in part, reciprocal back-to-back trades. These principal transactions are then settled through clearing institutions with whom we have a contractual relationship.

In executing matched principal transactions, we are exposed to the risk that one of the counterparties to a transaction may fail to fulfill its obligations, either because it is not matched immediately or, even if matched, one party fails to deliver the cash or securities it is obligated to deliver. The exposure we have to less liquid markets exacerbates this risk because transactions in these markets tend to be more likely not to settle on a timely basis than transactions in liquid markets. Adverse movements in the prices of securities that are the subject of these transactions can increase the risk. In addition, widespread technological failure, natural disasters (*e.g.*, tsunami and earthquakes) or communication failures, such as those which occurred as a result of the terrorist attacks on September 11, 2001 and the blackout in the eastern portion of the United States in August 2003, as well as actual or perceived credit difficulties or the insolvency of one or more large or visible market participants, could cause market-wide credit difficulties or other market disruptions. These failures, difficulties or disruptions could result in a large number of market participants not settling transactions or otherwise not fulfilling their obligations.

We are subject to financing risk in these circumstances because if a transaction does not settle on a timely basis, the resulting unmatched position may need to be financed, either directly by us or through one of the clearing organizations, at our expense. These charges may be recoverable from the failing counterparty, but sometimes they are not. In addition, in instances where the unmatched position or failure to deliver is prolonged or widespread due to rapid or widespread declines in liquidity for an instrument, there may also be regulatory capital charges required to be taken by us, which, depending on their size and duration, could limit our business flexibility or even force the curtailment of those portions of our business requiring higher levels of capital. Credit or settlement losses of this nature may impact our liquidity and profitability and as a result could adversely affect our business, financial condition and results of operations.

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We have market risk exposure from unmatched principal transactions entered into by some of our brokerage desks, which could result in losses and have a disproportionate effect on our revenues, financial condition and results of operations for any particular reporting period.

On a limited basis, our brokerage desks enter into unmatched principal transactions in the ordinary course of business due to errors or to facilitate transactions, add liquidity, improve customer satisfaction, increase revenue opportunities, attract additional order flow and, in a limited number of instances and subject to risk management limits, for the purpose of proprietary trading. As a result, we have market risk exposure on these unmatched principal transactions. Our exposure varies based on the size of the overall positions, the terms and liquidity of the instruments brokered and the amount of time the positions are held before we dispose of the position.

From a risk management perspective, we monitor risk on an end-of-day basis and desk managers generally monitor such exposure on a continuous basis. Any unmatched positions are intended to be disposed of in the short-term. Due to a number of factors, including the nature of the position and access to the market on which we trade, we may not be able to match the position or effectively hedge its exposure and often may be forced to hold a position overnight that has not been hedged. To the extent these unmatched positions are not disposed of intra-day, we mark these positions to market. Adverse movements in the securities underlying these positions or a downturn or disruption in the markets for these positions could result in a loss. In addition, any principal gains and losses resulting from these positions could on occasion have a disproportionate effect, positive or negative, on our revenues, financial condition and results of operations for any particular reporting period.

We are generally subject to risks inherent in doing business in the international markets, particularly in the regulated brokerage industry, and any failure to develop effective compliance and reporting systems could result in regulatory penalties in the applicable jurisdiction and our business could be adversely affected.

We currently provide services and products to customers in North America, Europe and the Asia-Pacific region through offices in New York and London, as well as Beijing (representative office), Chicago, Copenhagen, Hong Kong, Istanbul, Johannesburg, Mexico City, Nyon, Paris, Seoul, Singapore, Sydney, Tokyo and Toronto and we may seek to further expand our operations. On a consolidated basis, revenues from foreign countries were $230.2 million, or 67.9% of total revenues, and $816.5 million, or 73.1% of total revenues, for the three months ended March 31, 2008 and the year ended December 31, 2007, respectively. There are certain additional political, economic, legal, regulatory, operational and other risks inherent in doing business in international markets, particularly in the regulated brokerage industry. These risks include:

- less developed automation in exchanges, depositories and national clearing systems;
- additional or unexpected changes in regulatory requirements, capital requirements, tariffs and other trade barriers;
- the impact of the laws and regulations of foreign governmental and regulatory authorities of each country in which we conduct business;
- possible nationalization, expropriation and regulatory, political and price controls;
- difficulties in staffing and managing international operations;
- capital controls, exchange controls and other restrictive governmental actions;

any failure to develop effective compliance and reporting systems, which could result in regulatory penalties in the applicable jurisdiction;

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- fluctuations in currency exchange rates;
- reduced protections for intellectual property rights;
- adverse labor laws;
- outbreak of hostilities; and
- potentially adverse tax consequences arising from compliance with foreign laws and regulations to which our international subsidiaries are subject.

In many countries, the laws and regulations applicable to the securities and financial services industries are uncertain and evolving, and it may be difficult for us to determine the exact requirements of local laws in every market. Our inability to remain in compliance with local laws and regulations in a particular foreign market could have a significant and negative effect not only on our businesses in that market but also on our reputation generally. If we are unable to manage any of these risks effectively, our business could be adversely affected.

If the value of the dollar against the other currencies in which we pay expenses or if the value of the dollar against the other currencies in which we earn revenues changes dramatically, our financial results could suffer.

Because our business is global, dramatic exchange rate fluctuations are able to impact our results. Significant movements in the U.S. dollar against other currencies, including the Euro and the British Pound, in which we pay expenses or earn profits, may have an adverse effect on our financial results. Potential movements in the U.S. dollar against other currencies in which we earn revenues could also adversely affect our financial results.

We are leveraged, which could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk and prevent us from meeting our obligations under our indebtedness.

We are leveraged and as of the closing of the merger on April 1, 2008, we, through our subsidiary, BGC U.S., assumed $150,000,000 of Cantor Fitzgerald, L.P. $250,000,000 aggregate principal amount 5.19% senior notes, due April 1, 2010, which we refer to as Cantor s senior notes, as provided in a note purchase agreement, dated as of March 15, 2005, pursuant to a note purchase agreement, dated as of March 31, 2008, with the investors named therein, which we refer to as note purchase agreement, which are with third-party institutions and contains covenants that limit our ability to take selected actions or set financial tests for our business, including covenants pertaining to the incurrence of additional indebtedness, compliance with law, maintenance of insurance, maintenance of properties and payment of taxes. We refer to the notes issued pursuant to the note purchase agreement as the BGC U.S. notes. Pursuant to the guaranty of the notes by the Combined Company, dated as of March 31, 2008, which we refer to as the Combined Company guaranty, we must maintain consolidated capital at an amount not less than $227,500,000 as of the end of each fiscal quarter and cannot permit our consolidated debt to exceed 60% of our consolidated capitalization; provided, however, that if our consolidated debt exceeds 55%, then the applicable interest rate of the BGC U.S. notes will be increased by 0.25% per annum. These covenants in the note purchase agreement and the Combined Company guaranty could limit our ability to take advantage of certain business opportunities that may arise. In addition, if we are unable to maintain compliance with these covenants, the holders of such indebtedness could declare a default, thereby causing the debt to become immediately due and payable at a premium. If a default were to occur and we were unable to meet our obligations, we would be forced to restructure or refinance our indebtedness, sell additional equity or sell assets, which we may not be able to do on favorable terms or at all. Pursuant to the separation agreement, we will make semi-annual payments to Cantor during the term of BGC U.S. notes equal to the difference between 7.5% and the applicable interest rate of the BGC U.S. notes.

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Our indebtedness could have important consequences for you, including:

- it may limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our ability to borrow money, dispose of assets or sell equity for our working capital, capital expenditures, dividend payments, service our debt, strategic initiatives or other purposes;

- it may limit our flexibility in planning for, or reacting to, changes in our operations or business;

- we may be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;

- it may make us more vulnerable to downturns in our business or the economy; and

- there would be a material adverse effect on our business, financial condition and results of operations if we were unable to service our indebtedness or obtain additional financing, as needed.

Cantor has guaranteed the BGC U.S. notes, and any breach by Cantor of the covenants contained in Cantor s guaranty could result in an event of default under the BGC U.S. notes.

Cantor has guaranteed the BGC U.S. notes we assumed in connection with the merger. Cantor s guaranty contains certain covenants of Cantor, including an obligation by Cantor to maintain a specified level of partners capital. To the extent Cantor breaches any of the covenants contained in the guaranty, or if certain other events such as judgments or bankruptcy events occur with respect to Cantor, which occurrences may result due to facts unrelated to us and beyond our control, an event of default will exist under the BGC U.S. notes.

Our business is geographically concentrated and could be significantly affected by any adverse change in the regions in which we operate.

Historically, our operations have been substantially located in the United Kingdom and the United States. While we are expanding our business to new geographies, we are still highly concentrated in these geographies. Because we derived approximately 42% and approximately 32%, respectively, of our total revenues on a consolidated basis, for the three months ended March 31, 2008, from our operations in the United Kingdom and the United States, respectively, and approximately 47% and approximately 27%, respectively, of our total revenues on a consolidated basis, for the year ended December 31, 2007, from our operations in the United Kingdom and the United States, respectively, our business is exposed to adverse regulatory and competitive changes, economic downturns and changes in political conditions in these countries. Moreover, due to the concentration of our business in only these geographies, our business is less diversified and, accordingly, is subject to greater regional risks than some of our competitors.

Our business is substantially concentrated on rates products and could be significantly affected by any downturn or negative fluctuations in the rates product market.

We offer our services in four broad product categories: rates, credit, foreign exchange and other asset classes. However, our brokerage revenues are substantially derived from our rates products, which accounted for approximately 51% and approximately 56% of our total brokerage revenues on a consolidated basis, for the three months ended March 31, 2008 and the year ended December 31, 2007, respectively. While we focus on expanding and diversifying our product offerings, we are currently exposed to any adverse change or condition affecting the rates product market. Accordingly, the concentration of our operations on rates products subjects our results to a greater market risk than if we had a more diversified products offering.

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We may not be able to obtain additional financing, if needed, on terms that are acceptable to us, which could prevent us from developing or enhancing our business, taking advantage of future opportunities or responding to competitive pressure or unanticipated requirements.

We are dependent upon the availability of adequate funding and sufficient regulatory and clearing capital. Clearing capital is the amount of cash, guarantees or similar collateral that we must provide or deposit with our third-party clearing organizations in support of our obligations under contractual clearing arrangements with these organizations. Historically, these needs have been satisfied from internally generated funds and capital contributions by limited partners of Cantor. Because each of BGC U.S. and BGC Global is expected to distribute, on a quarterly basis, all of its net income to its limited partners, we may not have sufficient internally generated funds and may need to raise additional funds. If for any reason we need to raise additional funds, including in order to meet increased clearing capital requirements arising from growth in our brokerage business, to complete acquisitions or otherwise, we may not be able to obtain additional financing when needed. If we cannot raise additional funds on acceptable terms, we may not be able to develop or enhance our business, take advantage of future opportunities or respond to competitive pressure or unanticipated requirements.

The brokerage and financial services industries in general face substantial litigation and regulatory risks, and we may face damage to our professional reputation and legal liability if our services are not regarded as satisfactory or for other reasons, all of which could adversely affect our revenues and liabilities and as a result could have a materially adverse effect on our business, financial condition and results of operations.

Many aspects of our business involve substantial risks of liability and, in the normal course of business, we have been a party to lawsuits, arbitrations, investigations and other actions involving primarily claims for damages. Regulatory inquiries and subpoenas or other requests for information or testimony in connection with litigation may cause us to incur significant expenses, including fees for legal representation and fees associated with document production. The risks associated with such potential liabilities often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. The expansion of our business, including the expansion into new areas, imposes additional risks of liability. A settlement of, or judgment related to, any such claims or litigation, arbitration, investigation or other action could result in civil or criminal liability, fines, limitations on business activities and other sanctions and otherwise have a material adverse effect on our results of operations and financial condition. Any such action could also cause us significant reputational harm, which, in turn, could seriously harm our business and prospects. In addition, regardless of the outcome of these lawsuits, arbitrations, investigations and other actions, we may incur significant legal and other costs, including substantial management time, dealing with such matters, even if we are not a party to the litigation or a target of the inquiry.

As a brokerage and financial services firm, we depend to a large extent on our relationships with our customers and our reputation for integrity and high-caliber professional services to attract and retain customers. As a result, if our customers are not satisfied with our services, such dissatisfaction may be more damaging to our business than to other types of businesses. Substantial legal liability or significant regulatory action against us could adversely affect our revenues and liquidity and, as a result, could have a material adverse effect on our business, financial condition and results of operations or cause significant reputational harm to us, which could seriously harm our business and prospects. See Business Legal Proceedings and Business Regulation.

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A portion of our revenues is derived from our sale of market data to third parties, and a decline in customer purchases or adverse new legislation or regulation could have an adverse effect on our business.

A portion of our total revenues, approximately 2% on a consolidated basis for the three months ended March 31, 2008 and the year ended December 31, 2007, is derived from the sale of market data to third parties. BGCantor Market Data (formerly Cantor Market Data) is the exclusive source of real-time proprietary pricing and other data we derive for certain U.S. and European securities and derivatives. If customers cease buying data or making payments, or if new legislation or regulation were enacted affecting our right to sell or distribute this market data, it could have an adverse effect on our business.

Our revenues and profitability could be reduced or otherwise adversely affected by pricing plans relating to commissions and fees on our trading platform.

We negotiate from time to time with certain customers (including many of our largest customers) to enter into customized volume discount pricing plans. While the pricing plans are designed to encourage customers to be more active on our electronic trading platform, they reduce the amount of commissions payable to us by certain of our most active customers for certain products, which could reduce our revenues and constrain our profitability.

Reduced spreads in securities pricing, levels of trading activity and trading through market makers and/or specialists could materially adversely affect our business, financial condition and results of operations.

Computer-generated buy/sell programs and other technological advances and regulatory changes in the marketplace may continue to tighten securities spreads. In addition, new and enhanced alternative trading systems, such as electronic communications networks, have emerged as an alternative for individual and institutional investors, as well as broker-dealers. As such systems do not direct trades through market makers, their use could result in reduced revenues for us. In addition, reduced trading levels could lead to lower revenues which could materially adversely affect our business, financial condition and results of operations.

We may not be able to protect our intellectual property rights or may be prevented from using intellectual property necessary for our business.

Our success is dependent, in part, upon our intellectual property. We generally rely primarily on trade secret, contract, copyright, trademark and patent law to establish and protect our rights to proprietary technologies, methods and products. It is possible that third parties may copy or otherwise obtain and use our proprietary technologies without authorization or otherwise infringe on our rights. We cannot assure you that our intellectual property rights are sufficient to protect our competitive advantages. In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent as the laws in the United States. We may also face claims of infringement that could interfere with our ability to use intellectual property or technology that is material to our business operations. For example, we have been subject to ongoing claims by Trading Technologies International, Inc., which we refer to as TT, as discussed in Business Legal Proceedings. While our current products were determined in the dispute with TT to not infringe, if these claims are ultimately successful, in addition to paying damages, we may be required to modify or withdraw certain products from the market. Restrictions on the distribution of some of the market data generated by our brokerage desks could limit the comprehensiveness and quality of the data we are able to distribute or sell. Although we have taken steps to protect ourselves, we may not be able to protect our technology from disclosure or from other developing technologies that are similar or superior to our technology.

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In the future, we may have to rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such claims or litigation, whether successful or unsuccessful, could result in substantial costs and the diversion of resources and the attention of management, any of which could negatively affect our business. Responding to these claims could also require us to enter into royalty or licensing agreements with the third parties claiming infringement. Such royalty or licensing agreements, if available, may not be available on terms acceptable to us.

Intellectual property rights of third parties may have an important bearing on our ability to offer certain of our products and services. Although we have taken steps to protect ourselves, there can be no assurance that we will be aware of all patents or copyrights containing claims that may pose a risk of infringement by our products and services. We are currently defending a patent infringement claim, which could have a material adverse effect on our business.

In addition, in the past several years, there has been a proliferation of so-called business method patents applicable to the computer and financial services industries. There has also been a substantial increase in the number of such patent applications filed. Under current law, U.S. patent applications remain secret for 18 months and may, depending upon where else such applications are filed, remain secret until a patent is issued. In light of these factors, it is not economically practicable to determine in advance whether our products or services may infringe the present or future patent rights of others. See Business Legal Proceedings.

If we are unable to protect the intellectual property rights we own, our ability to operate electronic marketplaces may be materially adversely affected.

Our business is dependent on proprietary technology and other intellectual property rights. We cannot guarantee that the concepts which are the subject of the patents and patent applications that we own are patentable or that issued patents are or will be valid and enforceable or that such concepts will be marketable or profitable for our business. Additionally, from time to time, issued patents may expire and we may no longer receive revenue related to such patents, including United States Patent No. 4,903,201, which we refer to as the Wagner Patent, which expired on February 20, 2007. Where patents are granted in the United States, we can give no assurance that equivalent patents will be granted in Europe or elsewhere, as a result of differences in local laws affecting patentability and validity. Moreover, we cannot guarantee that third parties competing or intending to compete with us will not infringe any of these patents. Despite precautions we have taken to protect the intellectual property rights that we own, it is possible that third parties may copy or otherwise obtain and use our proprietary technology without authorization. It is also possible that third parties may independently develop technologies similar to ours. It may be difficult for us to monitor unauthorized use of our proprietary technology and intellectual property rights. We cannot assure you that the steps we take will prevent misappropriation of our technologies or intellectual property rights.

If our software licenses from third parties are terminated or adversely changed or amended or if any of these third parties were to cease doing business, our ability to operate our business may be materially adversely affected.

We license databases and other software from third parties, much of which is integral to our systems and our business. The licenses are terminable if we breach our obligations under the license agreements. If any material relationships were terminated or adversely changed or amended, or if any of these third parties were to cease doing business, we may be forced to spend significant time and money to replace the licensed software, and our ability to operate

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our business may be materially adversely affected. Although we take steps to locate replacements, there can be no assurance that the necessary replacements will be available on reasonable terms, if at all.

The financial markets in which we operate are generally affected by seasonality which could have a material adverse effect on our financial performance in a given period.

Traditionally, the financial markets around the world experience lower volume during the summer and at the end of the year due to a general slowdown in the business environment and, therefore, our transaction volume levels may decrease during those periods. The timing of local holidays also affects transaction volume. These factors could have a material adverse effect on our financial performance in a given period.

We operate in a rapidly evolving business environment. If we are unable to adapt our business effectively to keep pace with these changes, our ability to succeed will be adversely affected, which could have a material adverse effect on our business, financial condition and results of operations.

The pace of change in the industry in which we operate is extremely rapid. Operating in such a rapidly changing business environment involves a high degree of risk. Our ability to succeed will depend on our ability to adapt effectively to these changing market conditions. If we are unable to keep up with rapid technological changes, we may not be able to compete effectively.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality, accessibility and features of our proprietary software, network distribution systems and technologies. Our business environment is characterized by rapid technological changes, changes in use and customer requirements and preferences, frequent product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render our existing proprietary technology and systems obsolete. Our success will depend, in part, on our ability to:

- develop, license and defend intellectual property useful in our business;
- enhance our existing services;
- develop new services and technologies that address the increasingly sophisticated and varied needs of our existing and prospective customers;
- respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis;
- respond to the demand for new services, products and technologies on a cost-effective and timely basis; and
- adapt to technological advancements and changing standards to address the increasingly sophisticated requirements and varied needs of our customers and prospective customers.

There can be no assurance that we will be able to respond in a timely manner to changing market conditions or customer requirements. The development of proprietary electronic trading technology entails significant technical, financial and business risks. Further, the adoption of new Internet, networking or telecommunications technologies may require us to devote substantial resources to modify, adapt and defend our technology. There can be no assurance that we will successfully implement new technologies or adapt our proprietary technology and

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transaction-processing systems to customer requirements or emerging industry standards, or that we will be able to successfully defend any challenges to any technology we develop. Any failure on our part to anticipate or respond adequately to technological advancements, customer requirements or changing industry standards, or any significant delays in the development, introduction or availability of new services, products or enhancements, could have a material adverse effect on our business, financial condition and results of operations.

Our networks and those of our third-party service providers may be vulnerable to security risks, which could make our customers hesitant to use our electronic marketplaces.

The secure transmission of confidential information over public networks is a critical element of our operations. Our networks, those of our third-party service vendors, including Cantor and associated clearing corporations, and those of our customers may be vulnerable to unauthorized access, computer viruses and other security problems. These networks are provisioned using redundant connections, service providers and routes to provide a high level of redundancy and availability and also to allow partitioning and containment of potential security threats. However, there can be no assurance such measures will be effective against all future threats. People who circumvent security measures could wrongfully use our information or cause interruptions or malfunctions in our operations, which could make our customers hesitant to use our electronic marketplaces. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches.

If we experience computer systems failures or capacity constraints, our ability to conduct our operations could be harmed.

We support and maintain many of our computer systems and networks internally. Our failure to monitor or maintain these systems and networks or, if necessary, to find a replacement for this technology in a timely and cost-effective manner would have a material adverse effect on our ability to conduct our operations. Although all of our business critical systems have been designed and implemented with fault tolerant and/or redundant clustered hardware and diversely routed network connectivity, our redundant systems or disaster recovery plans may prove to be inadequate. Although we have three geographically disparate main data centers, they could be subject to failure due to environmental factors, power outage and other factors. Accordingly, we may be subject to system failures and outages which might impact our revenues and relationships with customers. In addition, we will be subject to risk in the event that systems of our partners, customers or vendors are subject to failures and outages.

We rely on third parties for various computer and communications systems, such as telephone companies, online service providers, data processors, clearance organizations and software and hardware vendors. Our systems, or those of our third-party providers, may fail or operate slowly, causing one or more of the following:

- unanticipated disruptions in service to our customers;
- slower response times;
- delays in our customers trade execution;
- failed settlement of trades;
- incomplete or inaccurate accounting, recording or processing of trades;
- financial losses;

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- litigation or other customer claims; and

- regulatory sanctions.

There can be no assurance that we will not experience additional systems failures in the future from power or telecommunications failures, acts of God or war, terrorist attacks, human error, natural disasters, fire, power loss, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism and similar events. Any system failure that causes an interruption in service or decreases the responsiveness of our service, including failures caused by customer error or misuse of our systems, could damage our reputation, business and brand name.

If we fail to implement and maintain an effective internal control environment, our business and stock price could suffer and we may need to restate our financial statements.

We are subject to the requirements of the Sarbanes-Oxley Act and the applicable SEC rules and regulations that require an annual management report on our internal controls over financial reporting. Such a report includes, among other matters, management s assessment of the effectiveness of our internal control over financial reporting, and an attestation report by our independent registered public accounting firm addressing these assessments. Prior to the separation and merger, BGC Partners was not subject to the requirements of the Sarbanes-Oxley Act and the applicable SEC rules and regulations that require an annual management report on internal controls over financial reporting but eSpeed was.

Subsequent to the issuance of eSpeed s consolidated financial statements for the year ended December 31, 2006, its management became aware that certain revenues and expenses related to a portion of the development of related party software covered under the JSA with Cantor required restatement. eSpeed had accounted for certain fees paid by related parties for software development as revenue in the period when the cash was received. eSpeed concluded that some of these paid fees should have been deferred and recognized ratably over the future period when such software will be used to provide services to Cantor. The restatement correction reduces revenue from current periods, thereby creating a deferred revenue liability. The restatement also corrected the amortization expense that was recorded in connection with the determination of the period of benefit provided by the developed software. eSpeed filed an Amendment to its Annual Report on Form 10-K for the year ended December 31, 2006, to reflect the restatement of its audited financial statements for the years ended December 31, 2006, 2005 and 2004, the financial information in the Selected Financial Data for the five-year period ended December 31, 2006, the unaudited selected quarterly financial information for each quarter in the years ended December 31, 2006 and 2005, and related financial information and disclosures originally filed with the SEC on Form 10-K on March 15, 2007.

In connection with that restatement, eSpeed also concluded that its internal control over financial reporting was not effective at December 31, 2006. In addition, eSpeed s independent registered public accounting firm issued a revised report concluding that its internal control over financial reporting was not effective at December 31, 2006. eSpeed s independent registered public accounting firm issued a report concluding that its internal control over financial reporting was effective at December 31, 2007.

In November 2007, the BGC Division, comprising the BGC businesses we acquired in the merger, completed a restatement of its financial statements with respect to errors related to accounting for certain intercompany transactions between the BGC Division and certain affiliates. Also in 2007, the management of the BGC Division identified a material weakness in its internal control over financial reporting, as defined in the standards established by the Public

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Company Accounting Oversight Board, including the lack of a formal, documented closing process designed to identify key financial reporting risks. This weakness may indicate a heightened risk that our BGC Division and Combined Company annual or interim financial statements could contain a material misstatement. We are in the process of implementing the following initiatives which are aimed at addressing this weakness:

- establishing what we believe are appropriate internal controls for the monthly closing process, including a more formal schedule and account substantiation and reconciliation tools;

- establishing a single global general ledger with a standard global chart of accounts; and

- taking steps aimed at ensuring that we have the appropriate staff within our organization.

These and our future initiatives may not remediate the identified material weakness and additional significant deficiencies and we may identify a material weakness in our internal control over financial reporting in the future. We cannot assure you that our initiatives will be implemented in a timely or effective manner.

Our management has not conducted an assessment of our internal control over financial reporting on a combined basis giving effect to the merger. We cannot be certain as to our ability to comply with the requirements of the Sarbanes-Oxley Act. If we cannot comply with the requirements of the Sarbanes-Oxley Act in a timely manner or with adequate compliance, we may be subject to sanctions or investigation by regulatory authorities, including the SEC or the Nasdaq Global Market. In addition, if a material weakness is identified, there can be no assurance that we would be able to remediate such material weakness in a timely manner in future periods. Moreover, if we are unable to assert that our internal control over financial reporting is effective in any future period (or if our independent auditors are unable to express an opinion on the effectiveness of our internal controls), we could lose investor confidence in the accuracy and completeness of our financial reports, which may have an a material adverse effect on our stock price.

Compliance with the Sarbanes-Oxley Act may require significant expenses and management resources that would need to be diverted from our operations and could require a restructuring of our internal controls over financial reporting. Any such expenses, time reallocations or restructuring could have a material adverse effect on our operations.

We recently announced our final pro forma combined company GAAP first quarter 2008 financial results. These results reflected a $46.5 million pro forma GAAP net loss for fully diluted shares. Our final pro forma combined company GAAP net loss for fully diluted shares represents an increased loss versus the amount reported in our preliminary pro forma GAAP first quarter 2008 financial results.

While portions of our compensation structure are variable, significant parts of our cost structure are fixed, and if our revenues decline and we are unable to reduce our costs in the amount that our revenues decline, our profitability could be materially adversely affected.

While portions of our compensation structure are variable, significant parts of our cost structure are fixed. We base our overall cost structure on historical and expected levels of demand for our products and services. If demand for these products and services and our resulting revenues decline, we may not be able to adjust our cost structure on a timely basis. If we are unable to reduce our costs in the amount that our revenues decline, our profitability could be materially adversely affected.

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We may be required to pay Cantor for a significant portion of the tax benefit relating to any additional tax depreciation or amortization deductions we claim as a result of any step-up in the tax basis in the assets of BGC U.S. and BGC Global resulting from the exchange of interests in BGC Holdings for BGC Partners common stock.

Certain interests in BGC Holdings may, in effect, be exchanged in the future for shares of BGC Partners Class A common stock or BGC Partners Class B common stock on a one-for-one basis (subject to customary anti-dilution adjustments). The exchanges may result in increases to our share of the tax basis of the tangible and intangible assets of each of BGC U.S. and BGC Global that otherwise would not have been available, although the Internal Revenue Service may challenge all or part of that tax basis increase, and a court could sustain such a challenge by the Internal Revenue Service. These increases in tax basis, if sustained, may reduce the amount of tax that we would otherwise be required to pay in the future.

In connection with the separation and related transactions, BGC Partners OldCo entered into, and, in the merger, we assumed BGC Partners OldCo s rights and obligations under, the tax receivable agreement with Cantor that provides for the payment by us to Cantor of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of these increases in tax basis and of certain other tax benefits related to its entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. It is expected that we will benefit from the remaining 15% of cash savings, if any, in income tax that we realize.

Pursuant to the tax receivable agreement, we will determine, after consultation with Cantor, the extent to which we are permitted to claim any such tax benefits, and such tax benefits will be taken into account in computing any cash savings so long as our accountants agree that it is at least more likely than not that such tax benefit is available.

Pursuant to the tax receivable agreement, 20% of each payment that would otherwise be made by us will be deposited into an escrow account until the expiration of the statute of limitations for the tax year to which the payment relates. If the Internal Revenue Service successfully challenges the availability of any tax benefit and determines that a tax benefit is not available, we will be entitled to receive reimbursements from Cantor for amounts we previously paid under the tax receivable agreement and Cantor will indemnify us and hold us harmless with respect to any interest or penalties and any other losses in respect of the disallowance of any deductions which gave rise to the payment under the tax receivable agreement (together with reasonable attorneys and accountants fees incurred in connection with any related tax contest, but the indemnity for such reasonable attorneys and accountants fees shall only apply to the extent Cantor is permitted to control such contest). Any such reimbursement or indemnification payment will be satisfied first from the escrow account (to the extent funded in respect of such payments under the tax receivable agreement). See Certain Relationships and Related Transactions Tax Receivable Agreement.

For purposes of the tax receivable agreement, cash savings in income and franchise tax will be computed by comparing our actual income and franchise tax liability to the amount of such taxes that we would have been required to pay had there been no depreciation or amortization deductions available to us that were attributable to an increase in tax basis (or any imputed interest) as a result of an exchange and had BGC Partners OldCo not entered into the tax receivable agreement. The tax receivable agreement was entered into on March 31, 2008, in connection with the transactions contemplated by the separation agreement, and will continue until all such tax benefits have been utilized or expired, unless we (with the approval by a majority of our independent directors) exercise our right to terminate the tax receivable agreement for an amount based on an agreed value of payments remaining to be made under

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the agreement, provided that if Cantor and we cannot agree upon a value, the agreement will remain in full force and effect. While the actual amount and timing of any payments under the tax receivable agreement will vary depending upon a number of factors, including the timing of exchanges, the extent to which such exchanges are taxable and the amount and timing of the income that we achieve, it is expected that as a result of the anticipated magnitude of the increases in the tax basis of the tangible and intangible assets of BGC U.S. and BGC Global attributable to our interest in BGC U.S. and BGC Global, during the term of the tax receivable agreement, the payments that we may make to Cantor could be substantial. Our ability to achieve benefits from any remaining cash savings in income tax that we realize will depend upon a number of factors, including the timing and amount of our future income.

The recent separation and merger might be challenged by creditors as a fraudulent transfer or conveyance, and equity holders and creditors of the entity held liable could be adversely affected should a court agree with such a challenge.

Although we do not believe that the separation or the merger resulted in a fraudulent conveyance or transfer, if a court in a suit by an unpaid creditor or representative of creditors of Cantor or another entity transferring consideration to pre-merger BGC Partners or us, such as a trustee in bankruptcy, or Cantor or such other entity itself, as debtor-in-possession in a reorganization case under Title 11 of the U.S. Code, were to find that:

- the separation or the merger, as the case may be (or any component transaction thereof), was undertaken for the purpose of hindering, delaying or defrauding creditors of Cantor or another entity by transferring consideration to pre-merger BGC Partners as part of the separation or us as part of the merger, as the case may be; or

- Cantor or another entity transferring consideration to the BGC businesses as part of the separation or us as part of the merger received less than reasonably equivalent value or fair consideration in connection with the separation or the merger, as the case may be, and (1) any of Cantor or such other entity (as applicable) were insolvent immediately before, or were rendered insolvent by, the separation or the merger, as the case may be, (2) Cantor or such other entity (as applicable) immediately prior to, or as of the effective time of, the completion of the separation or the merger, as the case may be, and after giving effect thereto, intended or believed that it would be unable to pay its debts as they became due or (3) the capital of any of Cantor or such other entity (as applicable) immediately before, or at the effective time of, the completion of the separation or the merger, as the case may be, and after giving effect thereto, was inadequate to conduct its business;

then that court could determine that the separation or the merger, as the case may be (or any component transaction thereof), violated applicable provisions of the U.S. Bankruptcy Code or applicable non- bankruptcy fraudulent transfer or conveyance laws. This determination would permit unpaid creditors, the bankruptcy trustee or debtor-in-possession to rescind the separation or the merger, as the case may be (or component transaction thereof), to recover the consideration transferred or an amount equal to the value thereof from us, or to subordinate or render unenforceable the debt incurred in furtherance thereof, or to require us or the holder of such debt to fund liabilities for the benefit of creditors. Our equity holders and creditors held liable as a result of such a determination would be adversely affected to the extent each is required to surrender value to satisfy its liability.

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The measure of insolvency for purposes of the foregoing considerations will vary depending upon the law of the jurisdiction that is being applied. Generally, however, an entity would be considered insolvent if:

- the sum of its liabilities, including contingent liabilities, is greater than its assets, at a fair valuation;

- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities, including contingent liabilities, as they become absolute and matured; or

- it is generally not paying its debts as they become due.

Similar provisions would also apply in any other jurisdiction in which the separation and/or merger took effect.

If we were deemed an investment company under the Investment Company Act of 1940, as amended, as a result of our ownership of BGC U.S., BGC Global or BGC Holdings, applicable restrictions could make it impractical for us to continue our business as contemplated and could materially adversely affect our business, financial condition and results of operation.

If Cantor ceases to hold a majority of our voting power, Cantor s interest in us could be deemed an investment security under the Investment Company Act of 1940, as amended, which we refer to as the Investment Company Act. If we were to cease participation in the management of BGC Holdings (or if BGC Holdings, in turn, was to cease participation in the management of BGC U.S. or BGC Global) or not be deemed to have a majority of the voting power of BGC Holdings (or if BGC Holdings, in turn, was deemed not to have a majority of the voting power of BGC U.S. or BGC Global), our interest in BGC Holdings or BGC U.S. or BGC Global could be deemed an investment security for purposes of the Investment Company Act. If BGC Holdings ceased to participate in the management of BGC U.S. or BGC Global or be deemed not to have a majority of the voting power of BGC U.S. or BGC Global, its interest in BGC U.S. or BGC Global could be deemed an investment security for purposes of the Investment Company Act. Generally, an entity is an investment company if it owns investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items), absent an applicable exemption. We are a holding company and hold BGC U.S. limited partnership interests, BGC Global limited partnership interests, the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Holdings. A determination that we hold more than 40% of our assets in investment securities could result in us being an investment company under the Investment Company Act and becoming subject to registration and other requirements of the Investment Company Act.

The Investment Company Act and the rules thereunder contain detailed prescriptions for the organization and operations of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, limit the issuance of debt and equity securities, prohibit the issuance of stock options and impose certain governance requirements. If anything were to happen that would cause us, BGC Holdings or Cantor to be deemed to be an investment company under the Investment Company Act, the Investment Company Act would limit our or its capital structure, ability to transact business with affiliates (including Cantor, BGC Holdings or us, as the case may be) and ability to compensate key employees. Therefore, if Cantor, BGC Holdings or we became subject to the Investment Company Act, it could make it impractical to continue our business, impair agreements and arrangements, and the transactions contemplated by those agreements and arrangements,

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between and among us, BGC Holdings, BGC U.S., BGC Global and Cantor or any combination thereof and materially adversely affect our business, financial condition and results of operations.

Risks Related to our Relationship with Cantor and its Affiliates

We are controlled by Cantor, which has potential conflicts of interest with us and may exercise its control in a way that favors its interests to our detriment.

Cantor s Control

Cantor effectively is able to exercise control over our management and affairs and all matters requiring stockholder approval, including the election of our directors and determinations with respect to acquisitions and dispositions, as well as material expansions or contractions of our business, entry into new lines of business and borrowings and issuances of Class A common stock and Class B common stock or other securities. This control is subject to the approval of our independent directors on those matters requiring such approval. Cantor s voting power may also have the effect of delaying or preventing a change of control of us. Conflicts of interest may arise between us and Cantor in a number of areas relating to our past and ongoing relationships, including:

- potential acquisitions and dispositions of businesses;
- the issuance or disposition of securities by us;
- the election of new or additional directors to our board of directors;
- the payment of dividends by us (if any), distribution of profits by BGC U.S., BGC Global and/or BGC Holdings and repurchases of shares of our common stock or purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers;
- business operations or business opportunities of ours and Cantor s that would compete with the other party s business opportunities, including Cantor s and our brokerage and financial services;
- labor, tax, employee benefits, indemnification and other matters arising from the separation or the merger;
- intellectual property matters;
- business combinations involving us;
- conflicts between our agency trading for primary and secondary bond sales and Cantor s investment banking bond origination business;

- competition between our and Cantor s other equity derivatives and cash equity inter-dealer brokerage businesses; and

- the nature, quality and pricing of administrative services to be provided by Cantor and/or Tower Bridge International Services, L.P., which we refer to as Tower Bridge.

We also expect Cantor to manage its ownership of us so that it will not be deemed to be an investment company under the Investment Company Act, including by maintaining its voting power in us above a majority absent an applicable exemption from the Investment Company Act. This may result in conflicts with us, including those relating to acquisitions or offerings by us involving issuances of Class A common stock or Class B common stock, or securities convertible or exchangeable into shares of Class A common stock or Class B common stock, that would dilute the voting power in us of the holders of BGC Holdings exchangeable limited partnership interests.

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In addition, Cantor has from time to time in the past considered possible strategic realignments of the business relationships that exist between and among Cantor and us and may do so in the future. Any future related party transaction or arrangement between Cantor and ourselves, until Cantor ceases to hold 5% of our voting power, is subject to the prior approval by a majority of our independent directors, but generally does not otherwise require the separate approval of our stockholders, and if such approval is required, Cantor will retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders.

In addition, the service of officers or partners of Cantor as our executive officers and directors, and those persons ownership interests in and payments from Cantor, and its affiliates, could create conflicts of interest when we and those directors or officers are faced with decisions that could have different implications for us and Cantor. See Risks Related to our Business Our ability to retain our key employees and the ability of certain key employees to devote adequate time to us are critical to the success of our business, and failure to do so may adversely affect our revenues and as a result could materially adversely affect our business, financial condition and results of operations.

Our agreements and other arrangements with Cantor may be amended upon agreement of the parties to those agreements upon approval of our audit committee. During the time that we are controlled by Cantor, Cantor may be able to require us to agree to amendments to these agreements. We may not be able to resolve any potential conflicts and, even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated party.

Corporate Opportunities

In order to address potential conflicts of interest between Cantor and its representatives and us, our certificate of incorporation contains provisions regulating and defining the conduct of our affairs as they may involve Cantor and its representatives, and our powers, rights, duties and liabilities and those of our representatives in connection with our relationship with Cantor and its affiliates, officers, directors, general partners or employees. Our certificate of incorporation provides that no Cantor Company or any of the representatives of a Cantor Company will owe any fiduciary duty to, nor will any Cantor Company or any of their respective representatives be liable for breach of fiduciary duty to, us or any of our stockholders. The corporate opportunity policy that is included in our certificate of incorporation is designed to resolve potential conflicts of interest between us and Cantor and its representatives. The principles for defining such corporate opportunities and resolving such potential conflicts of interest, and the definitions of Cantor Company and representatives, are set forth under Description of Capital Stock Anti-Takeover Effects of our Certificate of Incorporation and Bylaws and Delaware Law Corporate Opportunity.

In addition, our certificate of incorporation provides that Cantor and its respective representatives will have no duty to refrain from:

- engaging in the same or similar business activities or lines of business as us; or

- doing business with any of our customers.

The BGC Holdings limited partnership agreement contains similar provisions with respect to BGC Partners and/or Cantor and their respective representatives, and the BGC U.S. and BGC Global limited partnership agreements contain similar provisions with respect to BGC Partners and/or BGC Holdings and their respective representatives.

If Cantor competes with us, it could materially harm our business operations.

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Agreements between us and Cantor are between related parties and the terms of these agreements may be less favorable to us than those that we could have negotiated with third parties.

Our relationship with Cantor results in agreements with Cantor that are between related parties. As a result, the prices charged to us or by us for services provided under agreements with Cantor may be higher or lower than prices that may be charged by third parties and the terms of these agreements may be less favorable to us than those that we could have negotiated with third parties. For example, pursuant to the separation agreement, Cantor has a right, subject to certain conditions, to be our customer and to pay the lowest commissions paid by any other customer, whether by volume, dollar or other applicable measure. In addition, Cantor has an unlimited right to internally use market data from BGCantor Market Data without any cost. Any future related party transactions or arrangements between us and Cantor, until Cantor ceases to hold 5% of our voting power, is subject to the prior approval by a majority of our independent directors, but generally does not otherwise require the separate approval of our stockholders, and if such approval were required, Cantor will retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders. See Certain Relationships and Related Transactions.

Risks Related to This Offering and Our Structure

The market price of our Class A common stock may fluctuate significantly, and it may trade at prices below the offering price.

The market price of our Class A common stock after this offering may fluctuate significantly from time to time as a result of many factors, including:

- investors perceptions of our prospects;
- investors perceptions of the prospects of the brokerage business and more broadly, the financial services industry;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts recommendations or projections;
- fluctuations in quarterly operating results;
- announcements by us or our competitors of significant acquisitions, strategic partnerships or divestitures;
- changes or trends in our industry, including price volatility, trading volumes, competitive or regulatory changes or changes in the brokerage business;
- adverse resolution of new or pending litigation against us;
- additions or departures of key personnel;
- changes in general economic conditions; and

broad market fluctuations.

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In particular, announcements of potentially adverse developments, such as proposed regulatory changes, new government investigations or the commencement or threat of litigation against us, as well as announced changes in our business plans or those of our competitors, could adversely affect the trading price of our stock, regardless of the likely outcome of those developments. Broad market and industry factors may adversely affect the market price of our Class A common stock, regardless of our actual operating performance. As a result, our Class A common stock may trade at prices significantly below the offering price. Declines in the price of our Class A common stock may adversely affect our ability to recruit and retain key employees, including our working partners and other key professional employees.

The market price of our Class A common stock has fluctuated and the market price of our Class A common stock may fluctuate in the future. In addition, future sales of shares of Class A common stock, including in this offering, could adversely affect the market price of our Class A common stock. BGC Partners stockholders, other than Cantor and its affiliates, could be diluted by such future sales and be further diluted upon exchange of BGC Holdings limited partnership interests into our common stock and upon issuance of additional BGC U.S. and BGC Global limited partnership interests to BGC Holdings as a result of future issuances of BGC Holdings limited partnership interests. We have also repurchased shares of our Class A common stock from time to time, and may cease doing so at any time.

The market price of our Class A common stock has fluctuated widely since eSpeed s initial public offering in December 1999 and the market price of Class A common stock may fluctuate widely, depending upon many factors, including our actual results of operations and perceived prospects, the prospects of our competition and of the financial marketplaces in general, differences between our actual financial and operating results and those expected by investors and analysts, changes in analysts recommendations or projections, seasonality, changes in general valuations for companies in our business segment, changes in general economic or market conditions and broad market fluctuations.

Future sales of our shares also could adversely affect the market price of our common stock. If our existing stockholders sell a large number of shares, or if we issue a large number of shares of our common stock in connection with future acquisitions, strategic alliances, third-party investments and private placements or otherwise, such as this offering, the market price of common stock could decline significantly. Moreover, the perception in the public market that these stockholders might sell shares could depress the market price of common stock.

We have registered under the U.S. Securities Act of 1933, as amended, which we refer to as the Securities Act, 30,430,000 shares of common stock, which are reserved for issuance upon exercise of options, restricted stock and other incentive compensation granted under our Long-Term Incentive Plan. These shares can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates. We may in the future register additional shares of common stock under the Securities Act that become reserved for issuance under our Long-Term Incentive Plan. In addition, we have registered under the Securities Act 425,000 shares of common stock issuable under our stock purchase plan.

Cantor is permitted to exchange up to an aggregate of 20 million of its BGC Holdings limited partnership interests prior to March 31, 2009, the first anniversary of the completion of the separation, for shares of common stock in connection with a broad-based public offering, including all shares received upon such exchange, of common stock underwritten by a nationally recognized investment banking firm, none of which are intended to be exchanged in connection with this offering, and all of its BGC Holdings limited partnership interests after March 31, 2009, the first anniversary of the completion of the separation.

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The BGC Holdings founding partner interests that Cantor has provided are exchangeable with us for Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), in accordance with the terms of the BGC Holdings limited partnership agreement, are as follows:

20% of the BGC Holdings founding partner interests held by each founding partner (other than Messrs. Amaitis and Lynn) became exchangeable upon the closing of the merger, with one-third of the shares receivable by such BGC Holdings founding partner upon a full exchange becoming saleable on each of the first, second and third anniversaries of the closing of the merger (subject to acceleration), subject to applicable law;

(1) 1,100,000 of the 3,160,215 BGC Holdings founding partner interests held by Mr. Amaitis at the closing of the merger became exchangeable upon the closing of the merger, (2) 40% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the second anniversary of the closing of the merger, (3) 60% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the third anniversary of the closing of the merger, (4) 80% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the fourth anniversary of the closing of the merger, and (5) 100% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the fifth anniversary of the closing of the merger (and any exchange of founding partner interests by Mr. Amaitis will be subject to the terms and conditions of the BGC Holdings limited partnership agreement and the Amaitis letter agreement), with the shares received by Mr. Amaitis upon exchange being immediately saleable, subject to applicable law; and

(1) 600,000 of the 2,515,898 BGC Holdings founding partner interests held by Mr. Lynn at the closing of the merger became exchangeable upon the closing of the merger, (2) 40% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the second anniversary of the closing of the merger, (3) 50% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the third anniversary of the closing of the merger, (4) 60% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the fourth anniversary of the closing of the merger, (5) 70% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the fifth anniversary of the closing of the merger, (6) 80% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the sixth anniversary of the closing of the merger, (7) 90% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the seventh anniversary of the closing of the merger, and (8) 100% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the eighth anniversary of the closing of the merger (and any exchange of founding partner interests by Mr. Lynn will be subject to the terms and conditions of the BGC Holdings limited partnership agreement and the Lynn letter agreement), with the shares received by Mr. Lynn upon exchange being immediately saleable, subject to applicable law.

See Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges.

Any working partner interests that are issued will not be exchangeable with us unless otherwise determined by us with the written consent of a BGC Holdings exchangeable limited

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partnership interest majority in interest. The shares ultimately issuable pursuant to the BGC Holdings REUs (if exchangeable) and the RSUs that were issued upon the closing of the merger would be shares of common stock issued pursuant to our Long-Term Incentive Plan or similar plan.

In connection with the merger, 111,890,929 shares of common stock were reserved for issuance upon the exchange of the BGC Holdings exchangeable limited partnership interests, which are entitled to registration rights under the terms of a registration rights agreement with Cantor that we assumed as a part of the merger, which we refer to as the separation registration rights agreement, and BGC Holdings founding partner interests (if exchangeable) and BGC Holdings REUs (if exchangeable). In addition, shares of common stock issuable upon conversion of shares of Class B common stock held by Cantor are entitled to registration rights under a registration rights agreement entered into in connection with the formation of eSpeed, which we refer to as the formation registration rights agreement. In light of the number of shares of common stock issuable in connection with the full exchange of the BGC Holdings exchangeable limited partnership interests, BGC Holdings founding partner interests (if exchangeable), and BGC Holdings REUs (if exchangeable), the price of common stock may decrease and our ability to raise capital through the issuance of equity securities may be adversely impacted as these exchanges occur and transfer restrictions lapse. Cantor has exercised its piggyback rights under the separation registration rights agreement to participate in this offering.

In addition, the following table reflects the timetable for distributions by Cantor of shares of our common stock that it holds or will hold in respect of the distribution rights that Cantor provided to limited partners of Cantor, including to the founding partners, in connection with the separation and merger, assuming that such persons were entitled to accelerated distribution of the shares underlying such distribution rights, as described under Certain Relationships and Related Transactions Continuing Interests in Cantor. All of these shares of our common stock will be distributed by Cantor. Cantor expects to use shares of our Class A common stock received upon its conversion of Class B common stock, shares of our Class A common stock received upon exchange of BGC Holdings exchangeable limited partnership interests and purchases of shares of our Class A common stock in the open market to satisfy its distribution obligation under the distribution rights.

Anniversary of the merger (April 1, 2008)	Number of shares of our common stock that are required to be distributed by Cantor in respect of the distribution rights(1)
12 month	10,276,471
18 month	7,642,341
24 month	10,276,471
30 month	1,257,181
36 month	3,891,310
Total	33,343,774

(1) As of May 16, 2008. Includes 6,073,355 shares of our Class A common stock that are expected to be distributed by Cantor to selling stockholders selling shares of our Class A common stock pursuant to this offering.

In addition to the table above, the managing general partner of Cantor will be able to grant earlier distribution of the shares in its discretion.

In addition, we have issued shares of our common stock, warrants and convertible preferred stock and granted registration rights in connection with certain of our strategic alliances. See Certain Relationships and Related Transactions.

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During the year ended December 31, 2006, we repurchased common stock for a total of $0.5 million. We did not repurchase any common stock in 2007. The reacquired shares have been designated treasury shares and will be used for general corporate purposes. As of December 31, 2007, our board of directors had authorized the repurchase of up to an additional $100 million of our outstanding common stock. In May 2008, our board of directors and our audit committee authorized repurchases of our Class A Common Stock or purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers, using the remaining $58 million available under this authorization. We will consider making additional stock repurchases in 2008, including from executive officers in connection with this offering, but may cease making repurchases at anytime.

Because our voting control is concentrated among the holders of Class B common stock, the market price of Class A common stock may be adversely affected by disparate voting rights.

As of April 1, 2008, Cantor beneficially owned 91.7% of our combined voting power and, after giving effect to this offering, will beneficially own 86.5% of our combined voting power, assuming the number of shares to be sold by Cantor and the other selling stockholders in this offering set forth on the cover page of this prospectus are sold. As long as Cantor beneficially owns a majority of our combined voting power, it will have the ability, without the consent of the public stockholders, to elect all of the members of our board of directors and to control our management and affairs. In addition, it will be able to determine the outcome of matters submitted to a vote of our stockholders for approval and will be able to cause or prevent a change of control of us. In certain circumstances, such as when transferred to an entity controlled by Cantor or Howard W. Lutnick, the shares of Class B common stock issued to Cantor may be transferred without conversion to Class A common stock.

The holders of Class A common stock and Class B common stock have substantially identical rights, except that holders of Class A common stock are entitled to one vote per share, while holders of Class B common stock are entitled to 10 votes per share on all matters to be voted on by stockholders in general. These votes are controlled by Cantor and are not subject to conversion or termination by our board of directors or any committee thereof, or any other stockholder or third-party. This differential in the voting rights could adversely affect the market price of common stock.

We are a holding company, and accordingly we are dependent upon distributions from BGC U.S. and BGC Global to pay dividends, taxes and other expenses and to make repurchases.

We are a holding company with no independent means of generating revenues. Any dividends declared by us and all applicable taxes payable in respect of our net taxable income, if any, are paid from distributions to us from BGC U.S. and BGC Global. To the extent that we need funds to pay dividends or to pay taxes on our share of BGC U.S. s and BGC Global s net taxable income, or to repurchase shares of our common stock or BGC Holdings exchangeable limited partnership interests or if we need funds to pay dividends, make repurchases or for any other purpose, and either BGC U.S. or BGC Global is restricted from making such distributions under applicable law or regulation, or is otherwise unable to provide such funds, it could materially adversely affect our business, financial condition and results of operations and our ability to declare dividends. In addition, any unanticipated accounting or other charges against net income could adversely affect our ability to pay dividends, taxes and other expenses and to make repurchases.

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Although we intend to pay dividends, we may not be able to pay dividends on our common stock.

We are a holding company with no direct operations and will be able to pay dividends only from our available cash on hand and funds received from distributions from BGC U.S. and BGC Global. BGC U.S. and BGC Global intend to distribute to their limited partners, including us, on a pro rata and quarterly basis, cash that is not required to meet BGC U.S. s and BGC Global s anticipated business needs. As a result, BGC U.S. s and BGC Global s ability, and in turn our ability, to make any distributions will depend upon the continuing profitability and strategic and operating needs of our business. As described in Price Range and Dividend Policy of Our Common Stock, we expect to pay not less than 75% of our post-tax distributable earnings per fully diluted share as cash dividends to all common stockholders, with the balance of such distributable earnings to be available to repurchase shares of our common stock or purchase BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers. Our board of directors and our audit committee have authorized repurchases of our common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries of up to $58 million as part of this policy, including those held by Cantor or our executive officers, at the volume weighted average price, to the extent available, of such securities on the date on which such purchase or repurchase is made, all of which is currently available. In addition, from time to time, we may reinvest all or a portion of the distributions we receive in BGC U.S. s and BGC Global s respective businesses, although we have no current plans to do so nor do we expect to so long as we maintain our current dividend policy. As a result, there can be no assurance that future dividends will be paid.

Delaware law and our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. Some provisions of the Delaware General Corporation Law, which we refer to as the DGCL, and our amended and restated certificate of incorporation, which we refer to as the certificate of incorporation, and amended and restated bylaws, which we refer to as the bylaws, could make the following more difficult:

- acquisition of us by means of a tender offer;
- acquisition of us by means of a proxy contest or otherwise; or
- removal of our incumbent officers and directors.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection give us the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us and outweigh the disadvantages of discouraging those proposals because negotiation of them could result in an improvement of their terms.

Our bylaws provide that special meetings of stockholders may be called only by the Chairman of our board of directors, or in the event the Chairman of our board of directors is unavailable, by any Co-Chief Executive Officer or by the holders of a majority of the voting power of our Class B common stock, which is held by Cantor and CFGM, the managing general partner of Cantor, an entity controlled by our Chairman and Co-Chief Executive Officer, Howard W. Lutnick. In addition, our certificate of incorporation permits us to issue blank check preferred stock.

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Our bylaws require advance written notice prior to a meeting of stockholders of a proposal or director nomination which a stockholder desires to present at such a meeting, which generally must be received by our Secretary not later than 120 days prior to the first anniversary of the date of our proxy statement for the preceding year s annual meeting. Our bylaws provide that all amendments to our bylaws must be approved by either the holders of a majority of the voting power of all outstanding capital stock entitled to vote or by a majority of our board of directors.

We are subject to Section 203 of the DGCL. In general, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder, unless the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a business combination includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns 15% or more of a corporation s outstanding voting stock, or was the owner of 15% or more of a corporation s outstanding voting stock at any time within the prior three years, other than interested stockholders prior to the time our common stock was quoted on the Nasdaq Global Market. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging takeover attempts that might result in a premium over the market price for the shares of our common stock held by stockholders.

In addition, our brokerage businesses are heavily regulated and some of our regulators require that they approve transactions which could result in a change of control, as defined by the then-applicable rules of our regulators. The requirement that this approval be obtained may prevent or delay transactions that would result in a change of control.

Further, our Long Term Incentive Plan contains provisions pursuant to which grants that are unexercisable or unvested may automatically become exercisable or vested as of the date immediately prior to certain change of control events. Additionally, change in control and employment agreements between us and our named executive officers also provide for payments in the event of certain change of control events.

The foregoing factors, as well as the significant common stock ownership by Cantor, could impede a merger, takeover or other business combination or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock. See Description of Capital Stock Anti-Takeover Effects of our Certificate of Incorporation and Bylaws and Delaware Law.

Delaware law may protect decisions of our board of directors that have a different effect on holders of Class A common stock and Class B common stock.

Stockholders may not be able to challenge decisions that have an adverse effect upon holders of Class A common stock if our board of directors acts in a disinterested, informed manner with respect to these decisions, in good faith and in the belief that it is acting in the best interests of our stockholders. Delaware law generally provides that a board of directors owes an equal duty to all stockholders, regardless of class or series, and does not have separate or additional duties to either group of stockholders, subject to applicable provisions set forth in a company s charter.

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If our dividend policy is materially different than the distribution policy of BGC Holdings, upon the exchange of any BGC Holdings limited partnership interests, such BGC Holdings limited partners could receive a disproportionate interest in the aggregate distributions by BGC U.S. and BGC Global that have not been distributed by us.

To the extent BGC Holdings distributes to its limited partners a greater share of income received from BGC U.S. and BGC Global than we distribute to our stockholders, then as founding/working partners, REU partners and/or Cantor exercise any exchange right to acquire Class A common stock or Class B common stock, as applicable, exchanging partners may receive a disproportionate interest in the aggregate distributions by BGC U.S. and BGC Global that have not been distributed by us. The reason is that the exchanging partner could receive both (1) the benefit of the distribution that have not been distributed by us from BGC U.S. and BGC Global to BGC Holdings (in the form of a distribution by BGC Holdings to its limited partners) and (2) the benefit of the distribution from BGC U.S. and BGC Global to us (in the form of a subsequent cash dividend, a greater percentage indirect interest in BGC U.S. and BGC Global following a repurchase by us or a greater value of assets following a purchase of assets with the cash that otherwise would be distributed to our stockholders). Consequently, if our dividend policy does not match the distribution policy of BGC Holdings, holders of Class A common stock and Class B common stock as of the date of an exchange could experience a reduction in their interest in the profits previously distributed by BGC U.S. and BGC Global that have not been distributed by us. Our current dividend policy could result in distributions to our common stockholders that are different from the distributions made by BGC Holdings to its equity holders. Our previously described intention to match the distribution policy of BGC Holdings was superseded by a decision (which we announced on May 7, 2008) by our board of directors to provide for greater flexibility by our management.

The consolidated pro forma financial information in this prospectus may not permit you to predict the Combined Company s or the BGC Division s costs of operations, and the estimates and assumptions used in preparing the consolidated pro forma financial information may be materially different from the Combined Company s or the BGC Division s actual experience as a reorganized, combined company and their actual results of operations could materially differ from the consolidated pro forma financial information in this prospectus.

In preparing the consolidated pro forma financial information in this prospectus, we have made adjustments to the combined and consolidated financial information of the BGC Division and eSpeed to reflect the separation and the merger, based upon currently available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of the transactions contemplated by the separation and the merger. The adjustments for the separation and merger include, among other items, a forgiveness of intercompany balances with Cantor; settlement of outstanding executive loans; the assumption of long-term debt; a calculation of distributions of net income to founding partners; a calculation of Cantor s minority interest in the Combined Company; a transfer of business lines between the Combined Company and Cantor; a deduction and charge to earnings for estimated income taxes based on an estimated tax rate, estimated salaries, payroll taxes and benefits for founding/working partners; and an elimination of intercompany transactions between eSpeed and the BGC Division. These and other estimates and assumptions used in the calculation of the pro forma financial information in this prospectus may be materially different from the actual experience of the BGC Division as a separate, independent business from Cantor and the Combined Company s actual experience combining the historic operations of the BGC Division and eSpeed. The pro forma consolidated financial information in this prospectus does not purport to represent what the Combined Company s or BGC U.S. s or BGC Global s results of operations would actually have been had the BGC Division, the Combined Company, BGC

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U.S. or BGC Global operated as a combined company, with the BGC Division separated from Cantor, during the periods presented, nor does the pro forma consolidated information give effect to any events other than those discussed in the unaudited pro forma consolidated financial information and related notes. The pro forma consolidated financial information also does not purport to be indicative of results of operations as of any future date or future period. The Combined Company s actual results of operations could materially differ from the pro forma consolidated financial information in this prospectus.

In addition, because the BGC Division s businesses, other than Euro Brokers, Aurel Leven, AS Menkul, BGC Shoken Kaisha Limited and Foreign Exchange Broker (Korea) Limited, have historically operated as entities treated as partnerships in the U.S., little or no taxes on profits in the U.S., other than New York City Unincorporated Business Tax, which we refer to as UBT, have been paid by us with respect to these businesses. As a result, the operating income for the BGC Division, other than those listed above, set forth in the combined financial statements included elsewhere in this prospectus does not reflect a provision for U.S. corporate federal, state or local income taxes.

Cantor s businesses, including the BGC Division s, also have been able to rely, to some degree, on the earnings, assets and cash flows of each other for capital and cash flow requirements. Accordingly, the combined results of operations and financial position of the BGC Division s businesses included elsewhere in this prospectus are not necessarily indicative of our supplemental consolidated results of operations and financial position after completion of the separation. For additional information about the past financial performance and the basis of presentation of the supplemental consolidated financial statements, see BGC Partners, Inc. s Selected Supplemental Consolidated Financial Data, eSpeed s Selected Consolidated Financial Data, BGC Division s Selected Combined Financial Data, the BGC Partners, Inc. s Management s Discussion and Analysis of Financial Condition and Results of Operations, eSpeed s Management s Discussion and Analysis of Financial Condition and Results of Operations, the BGC Partners, Inc. s Supplemental Consolidated Financial Statements, the BGC Division s Combined Financial Statements, eSpeed, Inc. and Subsidiaries Consolidated Financial Statements and the accompanying notes included elsewhere in this prospectus.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as may, will, should, estimates, predic potential, continue, strategy, believes, anticipates, plans, expects, intends and similar expressions are intended to ident forward-looking statements.

Our actual results and the outcome and timing of certain events may differ significantly from the expectations discussed in the forward-looking statements. Factors that might cause or contribute to such a discrepancy include, but are not limited to:

- our relationship with Cantor and its affiliates and any related conflicts of interest, competition for and retention of brokers and other managers and key employees;
- pricing and commissions and market position with respect to any of our products and that of our competitors;
- the effect of industry concentration and consolidation;
- market conditions, including trading volume and volatility;
- economic or geopolitical conditions or uncertainties;
- the extensive regulation of the company s businesses and risks relating to compliance matters;
- factors related to specific transactions or series of transactions, including credit, performance and unmatched principal risk as well as counterparty failure;
- the costs and expenses of developing, maintaining and protecting intellectual property, including judgments or settlements paid or received in connection with intellectual property or employment or other litigation and their related costs and certain financial risks, including the possibility of future losses and negative cash flow from operations, risks of obtaining financing and risks of the resulting leverage, as well as interest and currency rate fluctuations;
- the ability to enter new markets or develop new products, trading desks, marketplaces or services and to induce customers to use these products, trading desks, marketplaces or services and to secure and maintain market share;
- the ability to enter into marketing and strategic alliances, and other transactions, including acquisitions, dispositions, reorganizations, partnering opportunities and joint ventures, and the integration of any completed transactions;
- the ability to hire new personnel;

the ability to expand the use of technology for screen-assisted, voice-assisted and fully electronic trading;

effectively managing any growth that may be achieved;

financial reporting, accounting and internal control factors, including identification of any material weaknesses in our internal controls and our ability to prepare historical and pro forma financial statements and reports in a timely manner;

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- the ability to meet expectations with respect to payment of dividends and repurchases of our common stock or purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers; and

- other factors, including those that are discussed under Risk Factors to the extent applicable.

We believe that all forward-looking statements are based upon reasonable assumptions when made. However, we caution that it is impossible to predict actual results or outcomes or the effects of risks, uncertainties or other factors on anticipated results or outcomes and that accordingly you should not place undue reliance on these statements. Forward-looking statements speak only as of the date when made, and we undertake no obligation to update these statements in light of subsequent events or developments.

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USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $74.1 million ($97.3 million if the underwriters exercise their option to purchase additional shares in full, assuming all of the option shares are sold by BGC Partners) based on the public offering price per share of $8.00, after deducting the underwriting discounts and commissions and estimated expenses payable by us.

We intend to use a portion of the net proceeds from this offering to purchase 175,000 shares of our Class A common stock from Stephen M. Merkel, one of our executive officers. The per share price that such executive officer will receive for each such share will be equal to the public offering price, net of underwriting discounts and commissions applicable to such share. We intend to contribute all of the remaining net proceeds to us from this offering (including the net proceeds from any shares sold by us pursuant to the underwriters option to purchase additional shares) to BGC U.S. and BGC Global in exchange for BGC U.S. limited partnership interests and BGC Global limited partnership interests, in each case, on a one-for-one basis (subject to customary anti-dilution adjustments) for each share issued by us in this offering.

BGC U.S. and BGC Global intend to use the net proceeds they receive from us for various purposes, including for general partnership purposes, including potential strategic alliances, acquisitions, joint ventures or broker hires. In addition, from time to time, we have and we expect to continue to evaluate and potentially pursue possible strategic alliances, acquisitions, joint ventures or broker hires.

We will not receive any proceeds from the sale of Class A common stock by the selling stockholders in this offering. Cantor has informed us that it will use the proceeds it receives from the sale of shares of our Class A common stock in this offering to acquire assets intended to be used in the operation of its business and that it does not expect to distribute the proceeds it receives to its partners.

We have agreed to pay the offering expenses of the selling stockholders. The selling stockholders will pay the underwriting discounts and commissions and custodial fees applicable to the shares they sell.

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PRICE RANGE AND DIVIDEND POLICY OF OUR COMMON STOCK

Price Range of our Common Stock

Our Class A common stock is traded in the Nasdaq Global Market under the symbol BGCP and prior to the closing of the merger, was traded under the symbol ESPD. There is no public trading market for our Class B common stock, which is held by Cantor and CFGM, the managing general partner of Cantor, an entity controlled by our Chairman and Co-Chief Executive Officer, Howard W. Lutnick. The following table sets forth, for the fiscal quarters indicated, the high and low sales prices per share of our Class A common stock, as reported in the consolidated transaction reporting system. No quarterly dividends were declared during such periods. These prices are the historical prices of eSpeed s Class A common stock prior to the merger, except for the second quarter of 2008, which reflects the prices of the Combined Company Class A common stock on and after the closing of the merger.

	Sales Price	
	High	Low
2008		
Second quarter (until June 4, 2008)	$ 12.11	$ 8.19
First quarter	$ 12.97	$ 10.62
2007		
Fourth quarter	$ 9.80	$ 7.22
Third quarter	$ 11.28	$ 8.50
Second quarter	$ 9.00	$ 7.02
First quarter	$ 11.64	$ 8.51
2006		
Fourth quarter	$ 9.57	$ 7.47
Third quarter	$ 8.55	$ 7.15
Second quarter	$ 9.23	$ 7.47
First quarter	$ 10.45	$ 8.45

On June 4, 2008, the last reported closing price of our Class A common stock on the NASDAQ Global Market was $8.19 per share. As of June 3, 2008, there were 365 holders of record of our Class A common stock and two holders of record of our Class B common stock.

Dividend Policy

In May 2008, our board of directors and our audit committee authorized a dividend policy which provides that we expect to pay not less than 75% of our post-tax distributable earnings per fully diluted share (defined below) as cash dividends to all common stockholders, with the balance of such distributable earnings to be available to repurchase shares of our common stock or purchase BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor or our executive officers. We calculate our post-tax distributable earnings generally as our GAAP income (loss) from continuing operations before minority interest and income taxes and excluding certain non-cash compensation and other non-cash expenses as well as non-cash undistributed income or non-cash losses from our equity investments, adjusted to assume that such earnings were taxed at the same effective tax rate as BGC Partners, Inc. (please see below for a more detailed definition of post-tax distributable earnings).

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Our board of directors and our audit committee have authorized repurchases of our common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries of up to $58 million as part of this policy, including those held by Cantor or our executive officers, at the volume weighted average price, to the extent available of such securities on the date on which such purchase or repurchase is made all of which is currently available. We expect to pay such dividends, if and when declared by our board of directors and our audit committee, on a semi-annual basis. The dividend to our stockholders is expected to be calculated based on our post-tax distributable earnings generated over the two consecutive fiscal quarters ending prior to the record date for the dividend.

We are a holding company with no direct operations and therefore we are able to pay dividends only from our available cash on hand and funds received from distributions from BGC U.S. and BGC Global.

The declaration, payment, timing and amount of any future dividends payable by us will be at the sole discretion of our board of directors. Our ability to pay dividends may also be limited by regulatory considerations as well as covenants contained in future financing or other agreements. In addition, under Delaware law, dividends may be payable only out of surplus, which is our net assets minus our liabilities and our capital, or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. Accordingly, any unanticipated accounting or other charges against net income may adversely affect our ability to declare dividends. While we intend to declare and pay dividends semi-annually, there can be no assurance that our board of directors will declare dividends at all or on a regular basis or that the amount of dividend will not change.

Certain Definitions

Pre-tax distributable earnings and post-tax distributable earnings are supplemental measures of operating performance that will be used by our management to evaluate our and our subsidiaries performance. We believe that distributable earnings best reflects the operating earnings generated by the Combined Company on a consolidated basis and are the earnings which management considers available for distribution to us and our common stockholders as well as to holders of BGC Holdings exchangeable limited partnership interests during any period. As compared to income (loss) from continuing operations before minority interest and income taxes, net income (loss) for fully diluted shares, and fully diluted earnings per share, all prepared in accordance with GAAP, distributable earnings calculations exclude certain non-cash compensation and other non-cash expenses as well as non-cash undistributed income or non-cash loss from our equity investments which do not involve the receipt or outlay of cash by BGC Partners, and which do not dilute existing stockholders, as described below.

We measure our pre-tax distributable earnings as GAAP income (loss) from continuing operations before minority interest and income taxes and exclude the following items:

- non-cash stock based equity compensation charges, for equity granted or issued prior to the merger, as well as post-merger non-cash, non-dilutive equity-based compensation related to REU conversion;
- non-cash undistributed income or non-cash loss from our equity investments such as Aqua and ELX;
- allocation of net income to founding partners interests; and
- non-cash asset impairment charges, if any.

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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 as BGC Partners, Inc. 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 such period.

Distributable earnings is not meant to be an exact measure of cash generated by operations and available for distribution, nor should it be considered in isolation or as an alternative to cash flow from operations or income (loss) for fully diluted shares.

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CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2008, on (i) an actual basis for BGC Partners, Inc., (ii) on a pro forma basis, giving effect to (1) 133,860,000 shares of our common stock and rights to acquire shares of our common stock issued in the merger, and (2) the assumption of $150 million of indebtedness with third-party institutions and the retirement of long-term indebtedness to Cantor, and (iii) on a pro forma as adjusted basis to give further effect to the issuance by us of 10,000,000 shares of our Class A Common Stock and the application of the estimated net proceeds to be received by us after deducting underwriting discounts and commissions and estimated offering expenses payable by us as if this offering had occurred on March 31, 2008.

This table should be read in conjunction with eSpeed s Management s Discussion and Analysis of Financial Condition and Results of Operations, BGC Partners, Inc. s Management s Discussion and Analysis of Financial Condition and Results of Operations, and the supplemental consolidated financial statements and related notes and our unaudited pro forma consolidated financial information and related notes, in each case included elsewhere in this prospectus. The data assume that there has been no exercise, in whole or in part, of the underwriters option to purchase additional shares of our Class A common stock in this offering.

	BGC Partners, Inc. As of March 31, 2008		
	Supplemental Consolidated	Pro Forma for the Merger	Pro Forma as Adjusted for this offering
		(in thousands)	
Long-term indebtedness:			
BGC U.S. Notes	$ 150,000	$ 150,000	$ 150,000
Mandatorily redeemable partnership interest		94,112	94,112
Minority interest	3,007	139,103	139,103
Stockholders and members equity:			
Members equity	263,799		
Class A common stock, par value of $0.01 per share, 200,000 shares authorized and 37,960 issued and 31,458 outstanding on an actual basis, 500,000 shares authorized and 47,579 issued and 41,077 outstanding on a pro forma basis, and 57,579 issued and 51,077 outstanding on a pro forma as adjusted basis	380	476	576
Class B common stock, par value of $0.01 per share, 100,000 shares authorized, 19,498 issued and outstanding on an actual basis and 100,000 shares authorized, 31,848 issued and outstanding on a pro forma as adjusted basis	195	319	319
Additional paid-in-capital	314,955	231,027	305,027
Treasury stock, at cost; 6,502 shares of Class A common stock on an actual, pro forma and pro forma as adjusted basis	(62,597)	(62,597)	(62,597)
Accumulated deficit	(17,808)	(17,808)	(17,808)
Total stockholders and members equity	498,924	151,417	225,517
Total capitalization	$ 651,931	$ 534,632	$ 608,732

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The Unaudited Pro Forma Consolidated Financial Data set forth below give effect to the transactions contemplated by the merger agreement as if they had been consummated on March 31, 2008, for purposes of the consolidated statement of financial condition, and on January 1 of the applicable period for purposes of the consolidated statements of operations, subject to the assumptions and adjustments in the accompanying Notes to Unaudited Pro Forma Consolidated Financial Data, which we refer to as the Notes.

The pro forma adjustments reflecting the consummation of the transactions contemplated by the merger agreement are accounted for as a combination of entities under common control in accordance with U.S. GAAP, and upon the assumptions set forth in the Notes herein. You should read the following information in connection with Structure of BGC Partners, BGC Division s Selected Combined Financial Data, BGC Partners, Inc. s Selected Supplemental Consolidated Financial Data, BGC Partners, Inc. s Management s Discussion and Analysis of Financial Condition and Results of Operations, eSpeed s Selected Consolidated Financial Data, eSpeed s Management s Discussion and Analysis of Financial Condition and Results of Operations, the BGC Division Combined Financial Statements, BGC Partners, Inc., Supplemental Consolidated Financial Statements, eSpeed s Consolidated Financial Statements, and the accompanying Notes thereto included elsewhere in this prospectus.

BGC Partners, Inc. pro forma adjustments principally give effect to the impact of the merger as well as the following matters:

Ownership Structure: BGC Partners, Inc. consolidated the worldwide interests of the Opcos. For financial reporting purposes under U.S. GAAP, the ownership interest held in Combined Company common stock, the BGC Holdings founding/working partner interests and BGC Holdings limited partnership interests held by Cantor are accounted for as described below. A reconciliation of the calculation of fully diluted earnings per share is reflected in the footnotes to the supplemental consolidated financial statements. The details of this reconciliation are outlined in the tables below. For purposes of providing an explanation of the capital structure we have labeled the three economic ownerships as: (1) Combined Company; (2) founding/working partners; and (3) BGC Holdings limited partnership interests held by Cantor. The Combined Company interests held by the public (including Combined Company common stock held by Cantor) are in the form of Combined Company Class A common stock and Class B common stock. The interests held by Cantor and the founding/working partners are in the form of BGC Holdings limited partnership interests. The BGC Holdings exchangeable limited partnership interests received by Cantor may, in effect, be exchanged in the future for shares of Combined Company Class B common stock (or, at Cantor s option or if there are no additional authorized but unissued shares of Combined Company Class B common stock, Combined Company Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). In addition, Cantor has provided all founding partners (other than Messrs. Amaitis and Lynn) with the right to immediately exchange 20% of their BGC Holdings founding partner interests for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), subject to applicable law. Cantor provided certain exchange rights to Messrs. Amaitis and Lynn (see the bullet entitled Exchangeability of Partnership Interests below). No working partner interests were issued at the time of the separation and merger. Any working partner interests that are issued will not be exchangeable with the Combined Company unless otherwise determined by BGC Partners with the written consent of a BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement.

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The accounting for the three economic ownership categories is described in the table below:

Economic Ownership	Consolidated Statement of Operations Presentation	Consolidated Statement of Financial Condition Presentation
Combined Company Combined Company Stockholders (Class A and B common stockholders)	The public stockholders (including Cantor) basic EPS in the Combined Company is based on net income after allocations to the founding/working partners divided by the number of outstanding shares of Combined Company common stock.	Public stockholders (including Cantor s) equity will be included in stockholders equity in the consolidated statement of financial condition.
Founding/working partners Founding/working partner interests (BGC Holdings limited partnership interests holders)	The founding/working partners may receive allocations of net income based on their pro rata share of the fully diluted shares in the Combined Company. This charge will be called allocation of net income to founding/working partner units which will be a separate component listed in compensation expense.	The capital balance, generally the amount of capital contributed by founding/working partners, will be classified on a separate liability line in the consolidated statement of financial condition called mandatorily redeemable partnership interest.
BGC Holdings limited partnership interests held by Cantor BGC Holdings limited partnership interests held by Cantor (BGC Holdings limited partnership interests holders)	Cantor s pro rata share of the net income in the Combined Company will be reported as a minority interest charge in the consolidated statement of operations.	Cantor s pro rata share of the capital held in BGC Holdings will be included as a component of minority interest in the consolidated statement of financial condition.
Consolidated BGC Partners, Inc.	EPS on a fully diluted basis for the Combined Company are presented as follows: Net income allocations to the founding/working partners and the minority interest to Cantor described above will be added back to net income. The number of units held in BGC Holdings by both the founding/working partners and Cantor will be added to the Combined Company common stock (plus common stock equivalents) to determine fully diluted shares	The three economic ownership categories will be accounted for as components of the Combined Company s liabilities and equity on the consolidated statement of financial condition. The founding/working partner interests will be recorded as mandatorily redeemable partnership interest; Cantor s BGC Holdings limited partnership interests will be treated as a component of minority interest and the interests held by the public

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Economic Ownership	Statement of Operations Presentation	Statement of Financial Condition Presentation
	outstanding. The adjusted net income will be divided by the adjusted fully diluted shares to calculate fully diluted EPS. Because basic EPS and fully diluted EPS (with the exception of the impact of stock options) are based on pro rata ownership in the Combined Company, there should not be any difference in the calculations.	will be a component of stockholders equity in the Combined Company.

Upon closing of the merger, the indirect economic ownership percentages in BGC U.S. and BGC Global were 40.2% held by the public (including Cantor) through ownership of our common stock, 35.5% held by Cantor through ownership of BGC Holdings limited partnership interests, and 24.3% held by the founding partners through ownership of BGC Holdings limited partnership interests. See footnote (6) below. In addition, concurrently with the merger, and, in the future from time to time, as part of its compensation process, BGC Holdings issued and may issue certain REUs and BGC Partners issued and may issue certain RSUs to certain employees of BGC Partners and other persons who provide services to BGC Partners. The calculation of the economic ownership percentages is described in the following table (in thousands, except percentages):

Ownership	Pre-Merger Common Stock(1)	Issued Common Stock(2)	Issued BGC Holdings Units(3)	Issued Restricted Equity Units(4)	Issued Restricted Stock Units(5)	Total	Percentage(6)
Class A and Class B common stock and options to acquire Class A common stock held by the public(7)	52,450	21,969			2,153	76,572	40.2%
Founding/working partner interests and REU interests			44,821	1,263		46,084	24.3%
Limited partnership interests held by Cantor			67,070	307		67,377	35.5%
Total shares of common stock/BGC Holdings limited partnership interest outstanding	52,450	21,969	111,891	1,570	2,153	190,033	100.0%

(1) Common stock amounts represent total Combined Company common stock including common stock options outstanding and exercisable at April 1, 2008.

(2) Reflects shares issued by the Combined Company to Cantor as consideration for Maxcor. A separate valuation was performed on Maxcor on May 25, 2007 to determine the amount of shares to be issued in the merger.

(3) Reflects the issuance of BGC Holdings limited partnership interests to the founding partners and Cantor upon completion of the separation. As part of the separation and the merger, founding partners had each of their Cantor units redeemed for 10 founding partner interests and two distribution rights. Cantor partners had each of their Cantor units redeemed for a new Cantor unit and two distribution rights, and they did not receive any founding partner interests as they are not BGC Holdings founding partners. Cantor is obligated to distribute an aggregate of 33.4 million shares of our common stock, including an aggregate of 7.9 million shares of our common stock to the founding partners.

(4) Reflects REUs issued upon completion of the separation. These REUs entitle the holder to participate in distributions of BGC Holdings income and to receive post-termination payments equal to the notional value of the grant in four equal yearly installments after the holder s termination provided that the holder has not engaged in any competitive activity with the Combined Company or its affiliates prior to the date each payment is due. These REUs may also be exchangeable for Class A common stock in accordance with the terms and conditions of the grant of such REUs.

(5) Upon closing of the merger, the Combined Company issued RSUs to certain employees and others who provide services to the Combined Company. These awards vest over two and three-year periods from the date of award.

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(6) The collective management of BGC Partners, including founding partners and certain executives of Cantor who hold BGC Partners management positions, indirectly own approximately 32.8% of the economics of BGC U.S. and BGC Global. This is derived by taking founding partner interests of 24.3% of the Combined Company (calculated above) and adding the impact of the 8.0 million distribution rights and 0.3 million of REUs held by executives of Cantor who hold BGC Partners management positions (or 4.3% of the Combined Company) and 7.9 million distribution rights attributable to founding partners (or 4.3% of the Combined Company). For purposes of the table above, these distribution rights are a component of the 67.1 million units of BGC Holdings limited partnership interests held by Cantor. These amounts exclude any shares of our Class A common stock, Class B common stock or options previously granted to, held directly by, or held beneficially, or otherwise controlled by the management of BGC Partners.

(7) Included in the balance are shares of Class A common stock and Class B common stock held by Cantor of 11.2 million and 31.8 million, respectively. Also included in the balance are 1.2 million shares held by officers of Cantor as public stockholders.

The economic ownership percentages calculated above determine certain income statement and balance sheet allocations in BGC Partners, Inc. s pro forma consolidated financial statements as of March 31, 2008. The allocations are calculated below (in thousands, except per share data and percentages):

Consolidated Statement of Operations	Units/ Shares	%(1)	Amount
Net income allocations			
Pro forma consolidated BGC Partners, Inc. net income prior to allocations to founding/working partners and Cantor			$ (46,491)
Cantor minority interest allocation percentage and charge based on a pro rata ownership in the Combined Company(2)			28,194
BGC Partners, Inc. net income after founding/working partner distributions and minority interest allocations			$ (18,297)
Basic and Fully Diluted Share Calculations			
Basic weighted-average shares of common shares outstanding(3)	72,794		
Restricted equity units	282		
BGC Holdings units held by founding/working partners(4)	44,821		
BGC Holdings units held by Cantor(4)	67,070		
Total fully diluted weighted-average shares outstanding	184,967		
Earnings Per Share Calculations			
Basic earnings per share			
Pro forma consolidated BGC Partners, Inc. net income			$ (18,297)
Basic weighted-average shares outstanding	72,794		
Basic earnings per share			$ (0.25)
Fully diluted earnings per share			
Pro forma consolidated BGC Partners, Inc. net income adjusted to add back net income allocations to founding/working partners and Cantor minority interest allocations			$ (46,491)
Total fully diluted weighted-average shares outstanding	184,967		
Fully diluted earnings per share			$ (0.25)
Consolidated Statement of Financial Condition			
Founding/working partner interests(5)	46,084	24.3%	$ 94,112
Units held by and minority interest allocation to Cantor at the assumed time of the merger(6)	67,377	35.5%	136,096
Public company shares of common stock outstanding and stockholder equity allocation at the time of the merger	76,572	40.2%	151,417
Total mandatorily redeemable partnership interest, minority interest and stockholders equity	190,033	100%	$ 381,625

(1) The collective management of BGC Partners, including founding partners and certain executives of Cantor who hold BGC Partners management positions, indirectly own approximately 32.8% of the economics of BGC U.S. and BGC Global. This is derived by taking founding partner interests of 24.3% of the Combined Company (calculated above) and adding the impact of the 8.0 million distribution rights and 0.3

million of REUs held by executives of Cantor who hold BGC Partners management positions (or 4.3% of the Combined Company) and 7.9 million distribution rights attributable to founding partners (or 4.3% of the Combined Company). For purposes of the table above, these distribution rights are a component of the 67.1 million units of BGC Holdings limited partnership interests held by Cantor. These amounts exclude any shares of our Class A common stock, Class B common stock or options previously granted to, held directly by, or held beneficially, or otherwise controlled by the management of BGC Partners.

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(2) When there is a net loss for a particular period, there is no allocation to founding partners, but rather the founding partners and Cantor s ownership percentages are aggregated and a minority interest charge is calculated based on the combined ownership of Cantor and the founding partners indirectly in BGC U.S. and BGC Global.

(3) The weighted-average basic common shares outstanding amounts include 50.8 million shares that were taken from eSpeed s consolidated financial statements included elsewhere in this prospectus. The pro forma consolidated Combined Company basic weighted-average common shares takes that share amount and includes our Class A common stock and our Class B common stock issued by the Combined Company to Cantor as consideration for Maxcor assuming those shares were outstanding for the entire three months ended March 31, 2008.

(4) Data are as of April 1, 2008.

(5) The value of founding/working partner interests on the Combined Company statement of financial condition reflects the adjusted partner capital balance as of March 31, 2008, adjusted for any pro forma redemptions and/or adjustments in connection with the separation and merger. The 1.3 million of REUs issued to founding/working partners were not factored in the calculation of the founding/working partners mandatorily redeemable partnership interests.

(6) The 0.3 million of REUs issued to Cantor partners were not factored in the calculation of the Cantor s minority interest.

Separation: BGC Partners separation from Cantor, which is described in more detail in the Certain Relationships and Related Transactions Separation Agreement section of this prospectus.

Sale of Partnership Interests: Following the separation, but prior to the merger, certain limited partners of Cantor and certain founding partners sold to Cantor for cash all or a portion of the distribution rights and/or BGC Holdings founding partner interests held by such persons, or, in the case of Mr. Lee Amaitis, his limited partnership interests in Cantor were redeemed by Cantor for cash. Specifically, in connection with the separation and prior to the merger, Messrs. Amaitis, Lynn and Merkel, as well as two other individuals who are employed by us or one or more of our affiliates, used some of the proceeds that they received in respect of the purchases of distribution rights and/or BGC Holdings founding partner interests and/or redemption of their Cantor limited partnership interests to repay certain loans made or guaranteed by Cantor for repayment of borrowings to their applicable lenders or for payment of required capital contributions, for the substantial majority of which Cantor was the lender, or in the case of capital contributions, the recipient, and the remainder of which were guaranteed by Cantor. These transactions resulted in a reduction in pro forma equity and cash and cash equivalents on the supplemental consolidated Combined Company s statement of financial condition. To settle the loan balances, Messrs. Lynn, Merkel and two other individuals who are employed by one or more of BGC s affiliates immediately after the separation sold to Cantor, for cash, distribution rights and/or founding partner interests provided to them in connection with the redemption of their Cantor limited partnership interests in connection with the separation at a price per interest or share equal to $11.75 per share, the closing price of eSpeed Class A common stock on the date of closing of the merger. The distribution rights and founding partner interests were derived by taking each of the identified partner s Cantor partnership units and exchanging each of the Cantor units held for two distribution rights and 10 founding partner interests in the Combined Company. Mr. Merkel did not receive a founding partner interest. Cantor redeemed a portion of Mr. Amaitis Cantor limited partnership interests for $135.00 a unit at the same time. This price is based on a value determined by Cantor. The amount of the compensation charge is based on the closing price of eSpeed Class A common stock at the date of the transaction, or in Mr. Amaitis case the $135.00 value determined by Cantor, less the partner s basis in their Cantor interest or distribution rights and founding partner interests required to settle the outstanding debt at such date. Partner basis is based on the value of each partner s capital accounts at the time of the merger divided by their total units. The total amount of BGC executive officer debt on April 1, 2008 was $58.1 million. The sale of the distribution rights, founding partner interests and Cantor interests generated a compensation charge of $47.3 million in the first quarter of 2008. Terms of the loan repayment are described in more detail in the Certain Relationships and Related Transactions Repayment of Existing Loans and Required Capital Contributions section of this prospectus.

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The following table shows the calculation of the compensation charge in connection with the redemption of the executive officers Cantor interests or distribution rights and founding partner interests (in thousands, except for price and cost basis data):

Executive Officer	Total Loan Outstanding(a)(b)	Share Redemption Price	Cantor Interest	Distribution Rights and BGC Holdings Founding Partner Interests Required to Repay Outstanding Loan	Cost Basis(a)	Compensation Charge (Total Proceeds Less Cost Basis) From Sale
Lee Amaitis	$ 46,283	$ 135.00	373		$ 39.46	$ 34,198
Shaun Lynn	8,096	$ 11.75		1,102	$ 2.91	9,744
Stephen Merkel	466	$ 11.75		41	$ 2.89	352
Other executives	3,265	$ 11.75		343	$ 2.93	3,019
Totals	$ 58,110		373	1,486		$ 47,313

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(a) Outstanding loan balances and partner cost basis were based on March 31, 2008 Cantor partnership data.
(b) Loan balances include accrued interest.

Issuance of Additional Partnership Interests: Immediately after the redemption, Cantor provided Messrs. Amaitis and Lynn with 1,100,000 and 200,000, respectively, of additional BGC Holdings founding partner interests, that were immediately exchangeable into shares of Class A common stock in the Combined Company (see Exchangeability of Partnership Interests below). Mr. Lynn also had 400,000 units of his existing founding partner interests become immediately exchangeable into shares of Class A common stock in the Combined Company. The additional founding partner interests were treated as 100% compensation and Mr. Lynn s existing partnership interests that became immediately exchangeable were treated as compensation to the extent the assumed share price exceeds his basis. The value of the interest is based on the closing price of eSpeed Class A common stock on the closing date of the merger, which price was $11.75 per share. Additionally, the remaining founding partner interests held by Messrs. Amaitis and Lynn are exchangeable over a set timetable described in the Exchangeability of Partnership Interests section below. The activation of exchangeability on all founding partner interests held by Messrs. Amaitis and Lynn resulted in a compensation charge of $36.8 million in the first quarter of 2008.

Merger Structure: The structure of the merger, which includes the issuance of 133,860,000 shares of Combined Company common stock and rights to acquire shares of Combined Company common stock and Cantor s exchangeable interest and the founding partner interests. The structure of the merger is described in more detail in the Structure of BGC Partners section of this prospectus.

Exchangeability of Partnership Interests: The BGC Holdings founding partner interests that Cantor has provided are exchangeable with us for Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), in accordance with the terms of the BGC Holdings limited partnership agreement, are as follows:

20% of the BGC Holdings founding partner interests held by each founding partner (other than Messrs. Amaitis and Lynn) became exchangeable upon the closing of the merger, with one-third of the shares receivable by such BGC

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Holdings founding partner upon a full exchange becoming saleable on each of the first, second and third anniversaries of the closing of the merger (subject to acceleration), subject to applicable law;

(1) 1,100,000 of the 3,160,215 BGC Holdings founding partner interests held by Mr. Amaitis at the closing of the merger became exchangeable upon the closing of the merger, (2) 40% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the second anniversary of the closing of the merger, (3) 60% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the third anniversary of the closing of the merger, (4) 80% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the fourth anniversary of the closing of the merger, and (5) 100% of such BGC Holdings founding partner interests (less the Amaitis applicable shares) will become exchangeable on the fifth anniversary of the closing of the merger (and any exchange of founding partner interests by Mr. Amaitis will be subject to the terms and conditions of the BGC Holdings limited partnership agreement and the Amaitis letter agreement), with the shares received by Mr. Amaitis upon exchange being immediately saleable, subject to applicable law; and

(1) 600,000 of the 2,515,898 BGC Holdings founding partner interests held by Mr. Lynn at the closing of the merger became exchangeable upon the closing of the merger, (2) 40% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the second anniversary of the closing of the merger, (3) 50% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the third anniversary of the closing of the merger, (4) 60% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the fourth anniversary of the closing of the merger, (5) 70% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the fifth anniversary of the closing of the merger, (6) 80% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the sixth anniversary of the closing of the merger, (7) 90% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the seventh anniversary of the closing of the merger, and (8) 100% of such BGC Holdings founding partner interests (less the Lynn applicable shares) will become exchangeable on the eighth anniversary of the closing of the merger (and any exchange of founding partner interests by Mr. Lynn will be subject to the terms and conditions of the BGC Holdings limited partnership agreement and the Lynn letter agreement), with the shares received by Mr. Lynn upon exchange being immediately saleable, subject to applicable law.

Finance Restructuring: In connection with the separation, BGC U.S. assumed the liabilities of Cantor in respect of Cantor s senior notes pursuant to the note purchase agreement. See Certain Relationships and Related Transactions Separation Agreement Separation and Contribution. The obligations of BGC U.S. under the BGC U.S. notes have been guaranteed by the Combined Company pursuant to the Combined Company guaranty and by Cantor pursuant to a guaranty, dated as of March 31, 2008, which we refer to as the Cantor guaranty. Pursuant to a letter agreement between Cantor and BGC Partners, dated as of March 31, 2008, the letter agreement, Cantor agreed to immediately reimburse the Combined Company in the event that the Combined Company pays any amount under the Combined Company guaranty. The BGC U.S. notes bear interest, payable semi-annually, at a rate of 5.19% per annum; provided, however, that this rate is increased by 0.25% per annum

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for any fiscal quarter during which the consolidated debt of the Combined Company exceeds 55% but not 60% of its consolidated capitalization, as such terms are defined in the Combined Company guaranty. The interest rate increases by 0.50% per annum during any period in which any holder of a BGC U.S. note is required under applicable insurance regulations to post reserves with respect to the BGC U.S. notes greater than the reserve requirement, as such term is defined in the note purchase agreement, in effect immediately prior to March 31, 2008. Pursuant to the separation agreement, the Combined Company will make semi-annual payments to Cantor during the term of the BGC U.S. notes equal to the difference between 7.5% and the applicable interest rate of the BGC U.S. notes.

Accounting for the Combined Company: The transaction contemplated by the merger agreement was accounted for as a combination of entities under common control. For this purpose, eSpeed was deemed the acquirer and the BGC Division was deemed the acquiree. The Statement of Financial Accounting Standards, which we refer to as SFAS, No. 141 requires that in a transaction between entities under common control, the net assets of the acquiree, the BGC Division, be recognized at their carrying amounts in the accounts of the transferring entity at the date of transfer; which for purposes of the statement of financial condition is assumed to be March 31, 2008.

Consolidation: The businesses of the Combined Company are held under two subsidiaries: BGC U.S., which holds the U.S. businesses, and BGC Global, which holds the non-U.S. businesses. The Opcos are consolidated under Emerging Issues Task Force 04-05, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights, as it has been determined there are no variable interest entities.

The pro forma adjustments do not reflect any operating efficiencies or inefficiencies which may result from the transactions contemplated by the merger agreement. Therefore, the Unaudited Pro Forma Consolidated Financial Data are not necessarily indicative of results that would have been achieved had the businesses been combined during the periods presented or the results that the Combined Company will experience after the transactions contemplated by the merger agreement are completed. In addition, the preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are preliminary and have been made solely for purposes of developing the Unaudited Pro Forma Consolidated Financial Data. Actual results could differ, perhaps materially, from these estimates and assumptions.

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2008

(in thousands, except per share data)

	eSpeed			BGC Division				BGC Partners, Inc.			
	Historical eSpeed	Separation from Cantor (a)	Adjusted Pro Forma eSpeed Stand-Alone	Historical BGC Division	Separation from Cantor (b)	Debt Restructuring (c)	Adjusted Pro Forma BGC partners Stand-Alone	eSpeed and BGC Division Eliminations (d)	Reclassification of Revenue and Expense Line Items (d)	Distributions to Founding Partners Minority Interest (f)	Pro Forma BGC Partners, Inc.
Revenues:											
Transaction revenues											
Fully electronic transactions with related parties	$ 13,506	$ (1,259)	$ 12,247	$	$	$	$	$ (1,593)	$ (10,654)	$	$
Fully electronic transactions with unrelated parties											
Total fully electronic transactions	13,506	(1,259)	12,247					(1,593)	(10,654)		
Voice-assisted brokerage transactions with related parties	8,212		8,212					(6,259)	(1,953)		
Screen-assisted open outcry transactions with related parties	2,313	(185)	2,128					(2,081)	(47)		
Total transaction revenues	24,031	(1,444)	22,587					(9,933)	(12,654)		
Software Solutions fees from related parties	12,969		12,969					(4,865)	(8,104)		
Software Solutions and licensing fees from unrelated parties	2,083		2,083						(2,083)		
Commissions				236,417	5,504		241,921		12,110		254,031
Principal transactions				51,896			51,896				51,896
Fees from related parties				13,073			13,073	(808)	8,648		20,913
Interest income	1,643		1,643	2,210		(571)	1,639				3,282
Market data				5,544			5,544				5,544
Software solutions									2,083		2,083
Other revenues				589			589	(3)			586
Total revenues	40,726	(1,444)	39,282	309,729	5,504	(571)	314,662	(15,609)			338,335
Expenses:											
Compensation and employee benefits	14,256		14,256	260,289			260,289				274,545(1)
Allocation of net income to founding partners holding units											

Total compensation	14,256		14,256	260,289			260,289			274,545
Occupancy and equipment	14,281		14,281	16,441			16,441			30,722
Fees to related parties	3,445		3,445	18,701		866	19,567	(15,606)		7,406
Professional and consulting fees	2,187		2,187	13,359			13,359			15,546
Communications and client networks	2,840	(118)	2,722	13,998			13,998			16,720
Selling and promotion				14,338			14,338		897	15,235
Interest expense				7,663		(3,479)	4,184			4,184
Commissions and floor brokerage				3,101	612		3,713			3,713
Other expenses	4,227		4,227	4,273	428		4,701		(897)	8,031
Total operating expenses	41,236	(118)	41,118	352,163	1,040	(2,613)	350,590	(15,606)		376,102

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (Continued)

THREE MONTHS ENDED MARCH 31, 2008

(in thousands, except per share data)

	eSpeed			BGC Division				BGC Partners, Inc.			
	Historical eSpeed	Separation from Cantor (a)	Adjusted Pro Forma eSpeed Stand-Alone	Historical BGC Division	Separation from Cantor (b)	Debt Restructuring (c)	Adjusted Pro Forma BGC Partners Stand-Alone	eSpeed and BGC Division Eliminations (d)	Reclassification of Revenue and Expense Line Items (d)	Distributions to Founding Partners/ Minority Interest (f)	Pro Forma BGC Partners, Inc.
Income (loss) before minority interest and income taxes	$ (510)	$ (1,326)	$ (1,836)	$ (42,434)	$ 4,464	$ 2,042	$ (35,928)	$ (3)	$	$	$ (37,767)
Minority interest				657			657	(3)		(28,194)	(27,540)
(Benefit) provision for income taxes	(55)		(55)	7,947	178(e)		8,125				8,070
Net (loss) income	(455)	(1,326)	(1,781)	(51,038)	4,286	2,042	(44,710)			28,194	(18,297)
Allocation of net income to founding partners holding units											
Minority interest Cantor										(28,194)	(28,194)
Net (loss) income for fully diluted shares	$ (455)	$ (1,326)	$ (1,781)	$ (51,038)	$ 4,286	$ 2,042	$ (44,710)	$	$	$	$ (46,491)
Per share data:											
Basic loss per share	$ (0.01)										$ (0.25)
Diluted loss per share	$ (0.01)										$ (0.25)
Basic weighted-average shares of common stock outstanding	50,825										72,794(g)
BGC REUs											282(g)
BGC Holding units held by founding partners											44,821(g)
BGC Holdings Units held by Cantor											67,070(g)
Diluted weighted-average shares of common stock outstanding	50,825										184,967

(1) Includes $84.1 million of non-cash, one-time merger related compensation charges.

See accompanying Notes to Unaudited Pro Forma Consolidated Statement of Operations.

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2007

(in thousands, except per share data)

	eSpeed			BGC Division				BGC Partners, Inc.			
	Historical eSpeed	Separation from Cantor (a)	Adjusted Pro Forma eSpeed Stand-Alone	Historical BGC Division	Separation from Cantor (b)	Debt Restructuring (c)	Adjusted Pro Forma BGC Partners Stand-Alone	eSpeed and BGC Division Eliminations (d)	Reclassification of Revenue and Expense Line Items (d)	Distributions to Founding Partners/ Minority Interest (f)	Pro Forma BGC Partners, Inc.
Revenues:											
Transaction revenues											
Fully electronic transactions with related parties	$ 63,941	$ (5,278)	$ 58,663	$	$	$	$	$ (7,208)	$ (51,455)	$	$
Fully electronic transactions with unrelated parties	2,395		2,395						(2,395)		
Total fully electronic transactions	66,336	(5,278)	61,058					(7,208)	(53,850)		
Voice-assisted brokerage transactions with related parties	27,822		27,822					(21,316)	(6,506)		
Screen-assisted open outcry transactions with related parties	7,887	(1,019)	6,868					(6,558)	(310)		
Total transaction revenues	102,045	(6,297)	95,748					(35,082)	(60,666)		
Software Solutions fees from related parties	36,414	(9,674)	26,740					(14,792)	(11,948)		
Software Solutions and licensing fees from unrelated parties	10,983		10,983						(10,983)		
Commissions				715,064	28,042		743,106		59,850		802,956
Principal transactions				205,049			205,049				205,049
Fees from related parties				45,390			45,390	(4,345)	12,764		53,809
Interest income	9,773		9,773	13,195		(17)	13,178				22,951
Market data				18,981			18,981				18,981
Software solutions									10,983		10,983

Other revenues				2,916			2,916	(21)			2,895
Total revenues	159,215	(15,971)	143,244	1,000,595	28,042	(17)	1,028,620	(54,240)			1,117,624
Expenses:											
Compensation and employee benefits	73,218	(4,515)	68,703	580,804			580,804				649,507
Allocation of net income to founding partners holding units										10,774	10,774
Total compensation	73,218	(4,515)	68,703	580,804			580,804			10,774	660,281
Occupancy and equipment	57,398	(4,345)	53,053	62,630			62,630				115,683
Fees to related parties	13,824		13,824	72,281		3,465	75,746	(54,219)			35,351
Professional and consulting fees	17,361	(124)	17,237	46,995			46,995				64,232
Communications	9,117	(398)	8,719	49,616			49,616				58,335
Selling and promotion		(3)	(3)	51,186			51,186		4,536		55,719
Interest expense				26,251		(17,372)	8,879				8,879
Commissions and floor brokerage				17,975	4,075		22,050				22,050
Other expenses	27,062	(289)	26,773	27,524	1,543		29,067		(4,536)		51,304
Total operating expenses	197,980	(9,674)	188,306	935,262	5,618	(13,907)	926,973	(54,219)		10,774	1,071,834

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (Continued)

YEAR ENDED DECEMBER 31, 2007

(in thousands, except per share data)

	eSpeed			BGC Division				BGC Partners, Inc.			
	Historical eSpeed	Separation from Cantor (a)	Adjusted Pro Forma eSpeed Stand-Alone	Historical BGC Division	Separation from Cantor (b)	Debt Restructuring (c)	Adjusted Pro Forma BGC Partners Stand-Alone	eSpeed and BGC Division Eliminations	Reclassification of Revenue and Expense Line Items (d)	Distributions to Founding Partners/ Minority Interest (f)	Pro Forma BGC Partners, Inc.
(Loss) income before minority interest and income taxes	$ (38,765)	$ (6,297)	$ (45,062)	$ 65,333	$ 22,424	$ 13,890	$ 101,647	$ (21)	$	$ (10,774)	$ 45,790
Minority interest				2,373			2,373	(21)		16,161	18,513
(Benefit) provision for income taxes	(6,267)		(6,267)	14,691	896(e)		15,587				9,320
Net (loss) income	(32,498)	(6,297)	(38,795)	48,269	21,528	13,890	83,687			(26,935)	17,957
Allocation of net income to founding partners holding units										10,774	10,774
Minority interest Cantor										16,161	16,161
Net (loss) income for fully diluted shares	$ (32,498)	$ (6,297)	$ (38,795)	$ 48,269	$ 21,528	$ 13,890	$ 83,687	$	$	$	$ 44,892
Per share data:											
Basic (loss) earnings per share	$ (0.64)										$ 0.25
Fully diluted (loss) earnings per share	$ (0.64)										$ 0.24
Basic weighted-average shares of common stock outstanding	50,466										72,435(g)
Stock option											934(g)
Restricted stock units											222(g)
BGC Holding units held by founding/working partners											44,821(g)
BGC Holding units held by Cantor											67,070(g)
Fully diluted weighted-average shares of common stock outstanding	50,466										185,482

See accompanying Notes to Unaudited Pro Forma Consolidated Statement of Operations.

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2006

(in thousands, except per share data)

	eSpeed			BGC Division			BGC Partners, Inc.		
	Historical eSpeed	Separation from Cantor (a)	Adjusted Pro Forma eSpeed Stand-Alone	Historical BGC Division	Separation from Cantor (b)	Adjusted Pro Forma BGC Partners Stand-Alone	eSpeed and BGC Division Eliminations (d)	Reclassification of Revenue and Expense Line Items (d)	Consolidated BGC Partners, Inc.
Revenues:									
Transaction revenues									
Fully electronic transactions with related parties	$ 62,084	$ (7,426)	$ 54,658	$	$	$	$ (6,824)	$ (47,834)	$
Fully electronic transactions with unrelated parties	6,937		6,937					(6,937)	
Total fully electronic transactions	69,021	(7,426)	61,595				(6,824)	(54,771)	
Voice-assisted brokerage transactions with related parties	26,043		26,043				(18,635)	(7,408)	
Screen-assisted open outcry transactions with related parties	5,675	(1,135)	4,540				(4,540)		
Total transaction revenues	100,739	(8,561)	92,178				(29,999)	(62,179)	
Software Solutions fees from related parties	30,822	(9,148)	21,674				(10,678)	(10,996)	
Software Solutions and licensing fees from unrelated parties	16,981		16,981					(16,981)	
Commissions				512,075	25,576	537,651		61,835	599,486
Principal transactions				134,939		134,939			134,939
Fees from related parties				22,498		22,498	(5,200)	11,340	28,638
Interest income	9,541		9,541	21,545		21,545			31,086
Market data				17,409		17,409			17,409
Software solutions								16,981	16,981
Other revenues	6,600		6,600	19,614		19,614	(11)		26,203
Total revenues	164,683	(17,709)	146,974	728,080	25,576	753,656	(45,888)		854,742
Expenses:									
Compensation and employee benefits	52,765	(3,642)	49,123	510,893		510,893			560,016
Total compensation	52,765	(3,642)	49,123	510,893		510,893			560,016
Occupancy and equipment	61,091	(4,653)	56,438	70,790	26	70,816			127,254
Administrative fees to related parties	12,598		12,598	47,842		47,842	(45,877)		14,563
	11,490	(313)	11,177	43,906	109	44,015			55,192

Professional and consulting fees									
Communications and client networks	8,101	(302)	7,799	47,712		47,712			55,511
Selling and promotion	852		852	43,912		43,912		3,899	48,663
Interest expense				30,069		30,069			30,069
Commissions and floor brokerage				8,593	4,472	13,065			13,065
Other expenses	10,169	(238)	9,931	38,861	2,724	41,585		(3,899)	47,617
Total operating expenses	157,066	(9,148)	147,918	842,578	7,331	849,909	(45,877)		951,950

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2006

(in thousands, except per share data)

	eSpeed			BGC Division			BGC Partners, Inc.		
	Historical eSpeed	Separation from Cantor (a)	Adjusted Pro Forma eSpeed Stand-Alone	Historical BGC Division	Separation from Cantor (b)	Adjusted Pro Forma BGC Partners Stand-Alone	eSpeed and BGC Division Eliminations (d)	Reclassification of Revenue and Expense Line Items (d)	Consolidated BGC Partners, Inc.
Income (loss) from continuing operations before minority interest and income taxes	7,617	(8,561)	(944)	(114,498)	18,245	(96,253)	(11)		(97,208)
Minority interest				11		11	(11)		
Provision (benefit) for income taxes	2,965	(3,399)(e)	(434)	(1,843)	730(e)	(1,113)			(1,547)
Net income (loss) from continuing operations	$ 4,652	$ (5,162)	$ (510)	$ (112,666)	$ 17,515	$ (95,151)	$	$	$ (95,661)
Per share data:									
Basic earnings per share	$ 0.09								$ (0.52)
Fully diluted earnings per share	$ 0.09								$ (0.52)
Basic weighted-average shares of common stock outstanding	50,214								184,074(g)
Stock option programs	1,044								
Fully diluted weighted-average shares of common stock outstanding	51,258								184,074(g)

See accompanying Notes to Unaudited Pro Forma Consolidated Statement of Operations.

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2005

(in thousands, except per share data)

	eSpeed			BGC Division			BGC Partners, Inc.		
	Historical eSpeed	Separation from Cantor(a)	Adjusted Pro Forma eSpeed Stand Alone	Historical BGC Division	Separation from Cantor(b)	Adjusted Pro Forma BGC Partners Stand Alone	eSpeed and BGC Division Eliminations(d)	Reclassification of Revenue and Expense Line Item(d)	Consolidated BGC Partners, Inc.
Revenues:									
Transaction revenues									
Fully electronic transactions with related parties	$ 74,669	(7,992)	$ 66,677	$	$	$	$ (3,377)	$ (63,300)	$
Fully electronic transactions with unrelated parties									
Total fully electronic transactions	74,669	(7,992)	66,677				(3,377)	(63,300)	
Voice-assisted brokerage transactions with related parties	25,192		25,192				(19,078)	(6,114)	
Screen-assisted open outcry transactions with related parties	2,863		2,863				(2,470)	(393)	
Total transaction revenues	102,724	(7,992)	94,732				(24,925)	(69,807)	
Software Solutions fees from related parties	24,709	(6,916)	17,793				(8,605)	(9,188)	
Software Solutions and licensing fees from unrelated parties	15,534		15,534					(15,534)	
Commissions				343,327	33,284	376,611		69,767	446,378
Principal transactions				119,586		119,586			119,586
Fees from related parties				13,059		13,059	(7,043)	9,228	15,244
Interest income	6,160		6,160	9,048		9,048			15,208
Market data				16,283		16,283			16,283
Software solutions								15,534	15,534
Other revenues	2,707		2,707	2,432		2,432	16		5,155
Total revenues	151,834	(14,908)	136,926	503,735	33,284	537,019	(40,557)		633,388
Expenses:									
Compensation and employee benefits	50,633	(2,523)	48,110	386,752		386,752			434,862
Total compensation	50,633	(2,523)	48,110	386,752		386,752			434,862
Occupancy and equipment	50,771	(3,811)	46,960	43,890	31	43,921			90,881
Fees to related parties	13,938		13,938	33,277		33,277	(40,573)		6,642
Professional and consulting fees	12,115	(72)	12,043	30,603		30,603			42,646

Communications	8,157	(273)	7,884	37,214		37,214			45,098
Selling and promotion	1,596		1,596	33,550		33,550		4,397	39,543
Interest expense				13,875		13,875			13,875
Commissions and floor brokerage				7,000	4,016	11,016			11,016
Other expenses	12,600	(238)	12,362	21,158	3,532	24,690		(4,397)	32,655
Total operating expenses	149,810	(6,917)	142,893	607,319	7,579	614,898	(40,573)		717,218

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (Continued)

YEAR ENDED DECEMBER 31, 2005

(in thousands, except per share data)

	eSpeed			BGC Division			BGC Partners, Inc.		
	Historical eSpeed	Separation from Cantor(a)	Adjusted Pro Forma eSpeed Stand Alone	Historical BGC Division	Separation from Cantor(b)	Adjusted Pro Forma BGC Partners Stand Alone	eSpeed and BGC Division Eliminations(c)	Reclassification of Revenue and Expense Line Item(d)	Consolidated BGC Partners, Inc.
Income (loss) from continuing operations before minority interest and income taxes	2,024	(7,991)	(5,967)	(103,584)	25,705	(77,879)	16		(83,830)
Minority interest				(16)		(16)	16		
Provision (benefit) for income taxes	490	(3,151)(e)	(2,661)	(7,634)	1,028(e)	(6,606)			(9,267)
Net income (loss) from continuing operations	$ 1,534	$ (4,840)	$ (3,306)	$ (95,934)	$ 24,677	$ (71,257)	$	$	$ (74,563)
Minority interest Cantor									
Net income (loss) from continuing operations	$ 1,534	$ (4,840)	$ (3,306)	$ (95,934)	$ 24,677	$ (71,257)	$	$	$ (74,563)
Per share data:									
Basic earnings per share	$ 0.03								$ (0.40)
Fully diluted earnings per share	$ 0.03								$ (0.40)
Basic weighted-average shares of common stock outstanding	51,349								185,209(g)
Stock option programs	717								(g)
Fully diluted weighted-average shares of common stock outstanding	52,066								185,209

See accompanying Notes to Unaudited Pro Forma Consolidated Statement of Operations.

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Notes to Unaudited Pro Forma Consolidated Statement of Operations The Three Months Ended March 31, 2008 and the Years Ended December 31, 2007, 2006 and 2005

(a) Reflects adjustments necessary to remove the consolidated results from businesses included in eSpeed s operations that were transferred to Cantor upon completion of the merger. Pursuant to the terms of the merger agreement, the JSA and the administrative services agreement, dated as of December 15, 1999, by and among Cantor, BGC International, eSpeed, eSpeed Securities, Inc., eSpeed Markets, Inc. and eSpeed Securities International Limited, which we refer to as the pre-merger administrative services agreement, terminated upon the completion of the merger. The separation is described in more detail in the Certain Relationships and Related Transactions Separation Agreement section of this prospectus. As a result of the separation, the Combined Company no longer recognizes revenue and expense from the Cantor Index and CO2e businesses. Additionally, certain employees who devoted a substantial portion of their time to Cantor became Cantor employees effective prior to completion of the merger. These adjustments reflect the termination of the JSA and the pre-merger administrative services agreement and the removal of operational historical revenues and expenses of the Cantor Index and CO2e businesses as well as the compensation and operational expenses of the employees transferred to Cantor as part of the merger.

(b) To reflect North American fully electronic trading revenues. As part of the separation, Cantor transferred to BGC Partners all rights and obligations to receive revenue under this line of business. Under the JSA, which terminated upon the consummation of the merger, these rights included the recognition of fulfillment revenues; fees paid to eSpeed under revenue share arrangements; and costs required to settle and clear the transactions. The separation is described in more detail in the Certain Relationships and Related Transactions Separation Agreement section of this prospectus. The adjustments include 35% recognition of fulfillment revenues (eSpeed recognizes 65%) and actual costs incurred by Cantor to support the business.

(c) Reflects a net decrease in interest income and interest expense related to the separation and recapitalization transactions in connection with the merger. Per the separation agreement, as described in the Certain Relationships and Related Transactions Separation Agreement section of this prospectus, the BGC Division s then-existing notes from Cantor and debt obligations to Cantor were forgiven in exchange for interests in BGC Holdings. In connection with the separation, BGC U.S. assumed the liabilities of Cantor in respect of $150 million aggregate principal amount of Cantor s senior notes. The BGC U.S. notes bear interest, payable semi-annually, at a rate of 5.19% per annum; provided, however, that this rate is increased by 0.25% per annum for any fiscal quarter during which the consolidated debt of the Company exceeds 55% but not 60% of its consolidated capitalization, as such terms are defined in the Combined Company guaranty. In addition, the interest rate increases by 0.50% per annum during any period in which any holder of a BGC U.S. note is required under applicable insurance regulations to post reserves with respect to the BGC U.S. notes greater than the reserve requirement, as such term is defined in the note purchase agreement, in effect immediately prior to March 31, 2008. Pursuant to the separation agreement, the Combined Company will make semi-annual payments to Cantor during the term of the BGC U.S. notes equal to the difference between 7.5% and the applicable interest rate of the BGC U.S. notes.

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The three months ended March 31, 2008:

The retirement of existing indebtedness and the assumption of new long-term debt resulted in a net decrease in interest expense of $3.5 million. The details of the adjustment are as follows ($ in thousands):

Description	Amount
Elimination of recorded related party interest expense	$ (5,425)
Assume three months of interest expense on the net long-term debt obligation ($150,000 at 5.19%)	1,946
Total interest expense reduction	$ (3,479)

In connection with the Combined Company s obligation to make payments on the differential between 7.5% and the applicable interest rate (assumed 5.19%) resulting in an intercompany charge of $0.9 million. The charge is calculated as follows ($ in thousands):

Principal amount of the note	$ 150,000
Difference between 7.5% and applicable interest rate of the note (assumed 5.19%)	2.31%
Total intercompany charge	$ 866

The year ended December 31, 2007:

The retirement of existing indebtedness and the assumption of new long-term debt resulted in a net decrease in interest expense of $17.4 million. The details of the adjustment are as follows ($ in thousands):

Description	Amount
Elimination of recorded related party interest expense	$ (25,157)
Assume full year of interest expense on the net long-term debt obligation ($150.0 million at 5.19%)	7,785
Total interest expense reduction	$ (17,372)

In connection with the Combined Company's obligation to make payments on the differential between 7.5% and the applicable interest rate (assumed 5.19%) resulting in an intercompany charge of $3.5 million. The charge is calculated as follows ($ in thousands):

Principal amount of the note	$ 150,000
Difference between 7.5% and applicable interest rate of the note (5.19%)	2.31%
Total intercompany charge	$ 3,465

(d) Elimination of related party transactions between eSpeed and BGC Division and reclassification of certain revenue and expense items. The adjustments eliminate transactions that take both eSpeed and BGC Partners from stand-alone entities to one consolidated entity. The nature of each elimination and reclassification is described as follows:

For the three months ended March 31, 2008, $15.6 million of intercompany revenue between eSpeed and BGC Division was eliminated. The eliminated revenues were as follows:

(1) $9.9 million of the elimination related to revenues previously recognized under the JSA, which terminated upon closing of the merger.

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(2) $4.9 million of the elimination related to software solutions services eSpeed provided to BGC Partners.

(3) $0.8 million related to back office service BGC Partners provided eSpeed through its Tower Bridge service entity.

(4) $3,000 of minority interest in Freedom International Brokerage that was recorded in BGC Division stand-alone financials as that minority interest related to eSpeed s share of Freedom International Brokerage s profits and is recorded in eSpeed s historical financial statements.

Certain eSpeed revenue and expense lines will be reclassified into the Combined Company revenue and expense line items. These reclassifications are as follows:

(1) $12.1 million of eSpeed transaction revenues were reclassified to commissions.

(2) $8.1 million of software solutions fees with related parties and $0.5 million of fully electronic revenues from Freedom International Brokerage were reclassified to fees from related parties.

(3) $2.1 million of software solutions and licensing fees from unrelated parties will be reclassified to software solutions.

(4) $0.9 million of eSpeed other expenses which represent travel and entertainment expenses will be reclassified to Selling and promotion expense, which is where BGC records its travel and entertainment expense.

For the year ended December 31, 2007, $54.2 million of intercompany revenue between eSpeed and BGC Division was eliminated. The eliminated revenues were as follows:

(1) $35.1 million of the elimination related to revenues previously recognized under the JSA, which terminated upon closing of the merger.

(2) $14.8 million of the elimination related to software solutions services eSpeed provided to BGC Partners.

(3) $4.3 million related to back office service BGC Partners provided eSpeed through its Tower Bridge service entity.

(4) $21,000 of minority interest in Freedom International Brokerage that was recorded in BGC Division stand-alone financials as that minority interest related to eSpeed s share of Freedom International Brokerage s profits and is recorded in eSpeed s historical financial statements.

Certain eSpeed revenue and expense lines will be reclassified into the Combined Company revenue and expense line items. These reclassifications are as follows:

(1) $59.9 million of eSpeed transaction revenues were reclassified to commissions.

(2) $12.0 million of software solutions fees with related parties and $0.8 million of fully electronic revenues from Freedom International Brokerage were reclassified to fees from related parties.

(3) $11.0 million of software solutions and licensing fees from unrelated parties will be reclassified to software solutions.

(4) $4.5 million of eSpeed other expenses which represent travel and entertainment expenses will be reclassified to Selling and promotion expense, which is where BGC records its travel and entertainment expense.

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For the year ended December 31, 2006, $45.9 million of intercompany revenue between eSpeed and BGC Division was eliminated. The eliminated revenues were as follows:

(1) $30.0 million of the elimination related to revenues previously recognized under the JSA, which terminated upon closing of the merger.

(2) $10.7 million of the elimination related to software solutions services eSpeed provided to BGC Partners.

(3) $5.2 million related to back office service BGC Partners provided eSpeed through its Tower Bridge service entity.

(4) $11,000 of minority interest in Freedom International Brokerage that was recorded in BGC Division stand-alone financials as that minority interest related to eSpeed s share of Freedom International Brokerage s profits and is recorded in eSpeed s historical financial statements.

Certain eSpeed revenue and expense lines will be reclassified into the Combined Company revenue and expense line items. These reclassifications are as follows:

(1) $61.8 million of eSpeed transaction revenues were reclassified to commissions.

(2) $11.0 million of software solutions fees with related parties and $0.3 million of fully electronic revenues from Freedom International Brokerage were reclassified to fees from related parties.

(3) $17.0 million of software solutions and licensing fees from unrelated parties will be reclassified to software solutions.

(4) $3.9 million of eSpeed other expenses which represent travel and entertainment expenses will be reclassified to selling and promotion expense, which is where BGC records its travel and entertainment expense.

For the year ended December 31, 2005, $40.6 million of intercompany revenue between eSpeed and BGC Division was eliminated. The eliminated revenues were as follows:

(1) $24.9 million of the elimination related to revenues previously recognized under the JSA, which terminated upon closing of the merger.

(2) $8.6 million of the elimination related to software solutions services eSpeed provided to BGC Partners.

(3) $7.0 million related to back office service BGC Partners provided eSpeed through its Tower Bridge service entity.

(4)

$16,000 of minority interest in Freedom International Brokerage that was recorded in BGC Division stand-alone financials as that minority interest related to eSpeed s share of Freedom International Brokerage s profits and is recorded in eSpeed s historical financial statements.

Certain eSpeed revenue and expense lines will be reclassified into the Combined Company revenue and expense line items. These reclassifications are as follows:

(1) $69.8 million of eSpeed transaction revenues were reclassified to commissions.

(2) $9.2 million of software solutions fees with related parties and $0.3 million of fully electronic revenues from Freedom International Brokerage were reclassified to fees from related parties.

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(3) $15.5 million of software solutions and licensing fees from unrelated parties will be reclassified to software solutions.

(4) $4.4 million of eSpeed other expenses, which represent travel and entertainment expenses, will be reclassified to selling and promotion expense, which is where BGC records its travel and entertainment expense.

(e) To reflect tax adjustments had the merger taken place at the beginning of the applicable period. Historically, certain U.S. entities included within the BGC Division were taxed as U.S. partnerships and were subject to the Unincorporated Business Tax (UBT) in the City of New York for which they record an income tax provision. Also, under applicable U.S. federal and state laws, the taxable income or loss of a partnership is allocated to each partner based upon his or her ownership interest. Each partner s tax status, in turn, determines the appropriate income tax for its allocated share of taxable income or loss. Maxcor and eSpeed, Inc. and its subsidiaries are subject to U.S., state and local corporate income tax. In addition, the BGC Division s and eSpeed s foreign subsidiaries are taxed as corporations in their local jurisdictions.

From and after the consummation of the merger, BGC Holdings and its subsidiaries operate in the U.S. as partnerships and generally as corporate entities in non-U.S. jurisdictions. Accordingly, several BGC U.S. entities, including eSpeed s U.S. and U.K. entities and ultimately Maxcor, will be subject to UBT and the non-U.S. entities will be subject to corporate income tax in jurisdictions in which they operate. In addition, the entity surviving the merger, BGC Partners, Inc., may be subject to additional entity level U.S., state and local corporate income taxes.

In calculating the pro forma income tax provision for the periods, the following assumptions were made:

The amount of eSpeed s historical net income before taxes was adjusted in the separation from the Cantor column to remove the results from businesses recognized in eSpeed s operating results that are no longer recognized upon completion of the merger. In addition, eSpeed was subject to foreign corporate income tax and UBT. Further, the eSpeed historical tax provision was adjusted for the tax rate differences due to the eSpeed and BGC Division eliminations.

The amount of BGC Division s historical net income (loss) before taxes was adjusted in the separation from Cantor column to reflect the transfer of the North American fully electronic trading business from Cantor to BGC Division. This adjustment includes 35% recognition of fulfillment revenues and actual costs required to support the business. This adjustment was subject only to UBT. In addition, BGC Division historical net income (loss) before taxes was adjusted to reflect the decrease in interest expense related to the separation and recapitalization transactions in connection with the merger. This adjustment was $3.5 million for the three months ended March 31, 2008 and $17.4 million for the year ended December 31, 2007. This increase in income resulted in no additional income tax due to the utilization of net operating loss carry forwards. Further, the BGC Division historical tax provision or benefit was adjusted for the tax rate differences due to the eSpeed and BGC Division eliminations.

(f) Adjustments to reflect net income (loss) allocations to the founding partners and Cantor. Allocation to founding partners will be treated as an additional compensation charge and allocations to Cantor will be treated as minority interest. When there is a net loss in a particular period, there is no allocation to founding partners, but rather the founding

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partners and Cantor s ownership percentages are aggregated and a minority interest charge is calculated based on the combined ownership of the founding partners and Cantor indirectly in BGC U.S. and BGC Global. Previously, distributions to partners were accounted for as distributions of partners capital. Under Accounting Research Bulletin, which we refer to as ARB, No. 51: 14-4 *Minority Interest in a Subsidiary Owned by the Parent or Affiliate of a Reporting Entity,* which we refer to as ARB 51, Cantor s interest in the Combined Company s net income is treated as minority interest where its proportionate share of net income will be shown as a deduction in a single line item between the deduction for income taxes and income from continuing operations.

For the three months ended March 31, 2008, the Combined Company had a pro forma net loss prior to allocations of $46.5 million. The founding partners and Cantor s combined ownership was 60.6%, resulting in a minority interest benefit of $28.2 million.

For the year ended December 31, 2007, the founding partners assumed ownership percentage was 24.0% and Cantor s was 36.0%. Pro forma net income for the year ended December 31, 2007 was $44.9 million resulting in an additional compensation charge for the founding partners of $10.8 million and a minority interest charge for Cantor of $16.2 million.

(g) To reflect weighted-average basic and fully diluted earnings per share for the Combined Company. Pro forma net income per common share was calculated by dividing pro forma net income available to common stockholders by the pro forma weighted-average shares outstanding as if the transactions contemplated by the merger agreement had occurred on January 1 for each of the years presented.

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The adjustment to calculate pro forma weighted-average basic and diluted shares for the three months ended March 31, 2008 was as follows (in thousands):

	Public shares (other than Cantor shares)	Cantor Shares/Units	Founding Partners Units	Total
eSpeed shares pre-merger(1)				
Basic shares pre-merger:				
Shares of Class A common stock	29,292	1,785		31,077
Shares of Class B common stock		19,748		19,748
Total basic shares pre-merger	29,292	21,533		50,825
Dilutive securities pre-merger(2):				
Stock options				
RSUs				
Total dilutives shares pre-merger	29,292	21,533		50,825
Combined Company shares post-merger				
Basic shares post-merger:				
Total basic shares pre-merger	29,292	21,533		50,825
Issuance of additional shares of Class A common stock(3)		21,969		21,969
Total basic shares post merger	29,292	43,502		72,794
Dilutive securities post-merger:				
Stock options				
RSUs				
BGC Holdings units held by founding/working partners(4)(5)			44,821	44,821
BGC Holdings units held by Cantor(5)(6)		67,070		67,070
REUs held by REU partners			282	282
Total dilutives shares post-merger	29,292	110,572	45,103	184,967

(1) Weighted-average share amount of 50.8 million shares was taken from eSpeed s consolidated financial statements included elsewhere in this prospectus.

(2) Common stock equivalents resulting from the assumed exercise of stock options are not included in eSpeed s or the Combined Company s diluted net loss per common share calculation for the three months ended March 31, 2008 because inclusion thereof would be antidilutive.

(3) Reflects shares issued by the Combined Company to Cantor as consideration for Maxcor. A separate valuation was performed on Maxcor to determine the amount of shares to be issued in the merger. The above assumes these shares were outstanding for the entire three months ended March 31, 2008.

(4) Cantor has provided all founding partners (other than Messrs. Amaitis and Lynn) with the right to immediately exchange 20% of their BGC Holdings founding partner interests for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), subject to applicable law. Cantor also provided certain additional exchange rights to Messrs. Amaitis and Lynn. See Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges .

(5) Data are as of April 1, 2008.

(6) Reflects the issuance of 59.2 million of BGC Holdings units to Cantor. Each such unit is exchangeable with us into one share of our Class B common stock (or, at the option of Cantor or if there is an insufficient number of our authorized but unissued Class B common stock at the time of such exchange, one share of our Class A common stock). Also includes rights to receive distributions of 7.9 million shares of Class A common stock that were distributed to the founding partners by Cantor. For the purposes of calculating pro forma earnings per share, it is assumed these units were outstanding for the entire three months ended March 31, 2008.

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The adjustment to calculate pro forma weighted-average basic and diluted shares for the year ended December 31, 2007 was as follows (in thousands):

	Public Shares (other than Cantor shares)	Cantor Shares/ Units	Founding Partners Units	Total
eSpeed shares pre-merger(1)				
Basic shares pre-merger:				
Shares of Class A common stock	28,828	1,140		29,968
Shares of Class B common stock		20,498		20,498
Total basic shares pre-merger	28,828	21,638		50,466
Dilutive securities pre-merger(2):				
Stock options				
RSUs				
Total dilutive shares pre-merger	28,828	21,638		50,466
Combined Company shares post-merger				
Basic shares post-merger:				
Total basic shares pre-merger	28,828	21,638		50,466
Issuance of additional shares of Class A common stock and Class B common stock(3)		21,969		21,969
Total basic shares post merger	28,828	43,607		72,435
Dilutive securities post-merger:				
Stock options(2)	934			934
RSUs(2)	222			222
BGC Holdings units held by Cantor(4)(5)		67,070		67,070
BGC Holdings units held by founding/working partners(5)(6)			44,821	44,821
Total dilutive shares post-merger	29,984	110,677	44,821	185,482

(1) Weighted-average share amount of 50.5 million shares was taken from eSpeed s consolidated financial statements included elsewhere in this prospectus.

(2) Common stock equivalents resulting from the assumed exercise of stock options are not included in eSpeed s diluted net loss per common share calculation for the year ended December 31, 2007 because inclusion thereof would be antidilutive.

(3) Reflects shares issued by the Combined Company to Cantor as consideration for Maxcor. A separate valuation was performed on Maxcor to determine the amount of shares to be issued in the merger. The above assumes these shares were outstanding for the entire year ended December 31, 2007.

(4) Reflects the issuance of 59.2 million of BGC Holdings units to Cantor. Each such unit is exchangeable with us into one share of our Class B common stock (or, at the option of Cantor or if there is an insufficient number of our authorized but unissued Class B common stock at the time of such exchange, one share of our Class A common stock). Also includes rights to receive distributions of 7.9 million shares of Class A common stock that were distributed to the founding partners by Cantor. For the purposes of calculating pro forma earnings per share, it is assumed these units were outstanding for the entire year ended December 31, 2007.

(5) Data are as of April 1, 2008.

(6) Cantor has provided all founding partners (other than Messrs. Amaitis and Lynn) with the right to immediately exchange 20% of their BGC Holdings founding partner interests for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), subject to applicable law. Cantor also provided certain additional exchange rights to Messrs. Amaitis and Lynn. See Certain

Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges.

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The adjustment to calculate pro forma weighted-average basic and diluted shares for the year ended December 31, 2006 was as follows (in thousands):

	Public Shares (other than Cantor shares)	Cantor Shares/ Units	Founding Partners Units	Total
eSpeed shares pre-merger(1)				
Basic shares pre-merger:				
Shares of Class A common stock	28,557	1,159		29,716
Shares of Class B common stock		20,498		20,498
Total basic shares pre-merger	28,557	21,657		50,214
Dilutive securities pre-merger:				
Stock options	890			890
RSUs	154			154
Total dilutive shares pre-merger	29,601	21,657		51,258
Combined Company shares post-merger				
Basic shares post-merger:				
Total basic shares pre-merger	28,557	21,657		50,214
Issuance of additional Class A common stock and Class B common stock(2)		21,969		21,969
Total basic shares post merger	28,557	43,626		72,183
Dilutive securities post-merger:				
Stock options(3)				
RSUs(3)				
BGC Holdings units held by Cantor(4)(5)		67,070		67,070
BGC Holdings units held by founding/working partners(5)(6)			44,821	44,821
Total dilutive shares post-merger	28,557	110,696	44,821	184,074

(1) Weighted-average share amounts of 50.2 million basic shares and 51.3 million diluted shares were taken from eSpeed s consolidated financial statements included elsewhere in this prospectus.

(2) Reflects shares issued by the Combined Company to Cantor as consideration for Maxcor. A separate valuation was performed on Maxcor to determine the amount of shares to be issued in the merger. The above assumes these shares were outstanding for the entire year ended December 31, 2006.

(3) Common stock equivalents resulting from the assumed exercise of stock options are not included in the pro forma Combined Company diluted net loss per common share calculation for the year ended December 31, 2006 because inclusion thereof would be antidilutive.

(4) Reflects the issuance of 59.2 million of BGC Holdings units to Cantor. Each such unit is exchangeable with us into one share of our Class B common stock (or, at the option of Cantor or if there is an insufficient number of our authorized but unissued Class B common stock at the time of such exchange, one share of our Class A common stock). Also includes rights to receive distributions of 7.9 million shares of Class A common stock that were distributed to the founding partners by Cantor. For the purposes of calculating pro forma earnings per share, it is assumed these units were outstanding for the entire year ended December 31, 2006.

(5) Data are as of April 1, 2008.

(6) Cantor has provided all founding partners (other than Messrs. Amaitis and Lynn) with the right to immediately exchange 20% of their BGC Holdings founding partner interests for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), subject to applicable law. Cantor also provided certain additional exchange rights to Messrs. Amaitis and Lynn. See Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges.

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The adjustment to calculate pro forma weighted-average basic and diluted shares for the year ended December 31, 2005 was as follows (in thousands):

	Public Shares (other than Cantor shares)	Cantor Shares/ Units	Founding Partners Units	Total
eSpeed shares pre-merger(1)				
Basic shares pre-merger:				
Shares of Class A common stock	28,285	925		29,210
Shares of Class B common stock		22,139		22,139
Total basic shares pre-merger	28,285	23,064		51,349
Dilutive securities pre-merger:				
Stock options	605			605
RSUs	112			112
Total dilutive shares pre-merger	29,002	23,064		52,066
Combined Company shares post-merger				
Basic shares post-merger:				
Total basic shares pre-merger	28,285	23,064		51,349
Issuance of additional Class A common stock and Class B common stock(2)		21,969		21,969
Total basic shares post-merger	28,285	45,033		73,318
Dilutive securities post-merger:				
Stock options(3)				
RSUs(3)				
BGC Holdings units held by Cantor(4)(5)		67,070		67,070
BGC Holdings units held by founding/working partners(5)(6)			44,821	44,821
Total dilutive shares post-merger	28,285	112,103	44,821	185,209

(1) Weighted-average share amounts of 51.3 million basic shares and 52.1 million diluted shares were taken from eSpeed s consolidated financial statements included elsewhere in this prospectus.

(2) Reflects shares issued by the Combined Company to Cantor as consideration for Maxcor. A separate valuation was performed on Maxcor to determine the amount of shares to be issued in the merger. The above assumes these shares were outstanding for the entire year ended December 31, 2005.

(3) Common stock equivalents resulting from the assumed exercise of stock options are not included in the pro forma Combined Company diluted net loss per common share calculation for the year ended December 31, 2005 because inclusion thereof would be antidilutive.

(4) Reflects the issuance of 59.2 million of BGC Holdings units to Cantor. Each such unit is exchangeable with us into one share of our Class B common stock (or, at the option of Cantor or if there is an insufficient number of our authorized but unissued Class B common stock at the time of such exchange, one share of our Class A common stock). Also includes rights to receive distributions of 7.9 million shares of Class A common stock that were distributed to the founding partners by Cantor. For the purposes of calculating pro forma earnings per share, it is assumed these units were outstanding for the entire year ended December 31, 2005.

(5) Data are as of April 1, 2008.

(6) Cantor has provided all founding partners (other than Messrs. Amaitis and Lynn) with the right to immediately exchange 20% of their BGC Holdings founding partner interests for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), subject to applicable law. Cantor also provided certain additional exchange rights to Messrs. Amaitis and Lynn. See Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges.

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

AS OF MARCH 31, 2008

(in thousands)

	eSpeed	BGC Division		BGC Partners, Inc.		
	Historical eSpeed	Historical BGC Division	eSpeed and BGC Divison Eliminations	Capitalization (d)	Mandatorily Redeemable Interest/ Minority Interest (e)	Pro Forma BGC Partners, Inc.
Assets						
Cash and cash equivalents	$ 17,555	$ 201,378	$	$	$	$ 218,933
Cash segregated under regulatory requirements		2,220				2,220
Loan receivable from related party	115,000		(115,000)(a)			
Securities purchased under agreements to resell	1,240	361,196				362,436
Securities owned	2,267	32,803				35,070
Receivables from brokers, dealers, clearing organizations, customers and related broker-dealers		189,966				189,966
Accrued commissions receivable		177,370				177,370
Forgivable and other loans receivable from employees and partners		68,880				68,880
Fixed assets, net	60,627	72,265				132,892
Investments	26,944	9,931	(7,066)(b)			29,809
Goodwill	12,184	55,642				67,826
Other intangible assets, net	5,523	9,588				15,111
Receivable from related parties	40,395	2,884	(22,967)(c)			20,312
Other assets	19,242	45,780				65,022
Total assets	$ 300,977	$ 1,229,903	$ (145,033)	$	$	$ 1,385,847

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

AS OF MARCH 31, 2008

(in thousands)

	eSpeed	BGC Division		BGC Partners, Inc.		
	Historical eSpeed	Historical BGC Division	eSpeed and BGC Division Eliminations	Capitalization (d)	Mandatorily Redeemable Interest/ Minority Interest (e)	Pro Forma BGC Partners, Inc.
Liabilities, Minority Interest, Net Assets and Stockholders Equity						
Liabilities:						
Accrued compensation	$	$ 107,243	$	$	$	$ 107,243
Payables to brokers, dealers, clearing organizations, customers and related broker-dealers		403,866				403,866
Payable to related parties	11,838	116,417	(22,967)(c)			105,288
Short-term borrowings with related parties		115,000	(115,000)(a)			
Long-term debt		150,000				150,000
Accounts payable and accrued liabilities	35,340	180,804				216,144
Deferred revenue	18,674					18,674
Total liabilities	65,852	1,073,330	(137,967)			1,001,215
Commitments, contingencies and guarantees						
Mandatorily redeemable partnership interest					94,112	94,112
Minority interest		10,073	(7,066)(b)		136,096	139,103
Net assets		146,500		(146,500)		

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BGC PARTNERS, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

AS OF MARCH 31, 2008

(in thousands)

	eSpeed	BGC Division		BGC Partners, Inc.		
	Historical eSpeed	Historical BGC Division	eSpeed and BGC Division Eliminations	Capitalization (d)	Mandatorily Redeemable Interest/ Minority Interest (e)	Pro Forma BGC Partners, Inc.
Stockholders equity:						
Class A common stock, par value $0.01 per share; 200,000 shares authorized; 36,796 shares issued and 30,294 outstanding at March 31, 2008	380					380
Issuance of Class A common stock in connection with inclusion of BGC Financial, Inc. (Maxcor) in the merger, par value $0.01 per share; 9,619 shares outstanding at March 31, 2008 on a pro forma basis				96		96
Class B common stock, par value $0.01 per share; 100,000 shares authorized; 19,498 shares issued and outstanding at March 31, 2008 convertible to Class A common stock	195					195
Issuance of Class B common stock in connection with inclusion of BGC Financial, Inc. (Maxcor) in the merger, par value $0.01 per share; 12,350 shares outstanding at March 31, 2008 on a pro forma basis				124		124
Issuance of 111,891 holding units at March 31, 2008; convertible to shares of Class A and Class B common stock, par value $0.01 per share.				1,119	(1,119)	
Additional paid-in capital	314,955			145,161	(229,089)	231,027
Treasury stock, at cost; 6,502 shares of Class A common stock at March 31, 2008	(62,597)					(62,597)
Accumulated deficit	(17,808)					(17,808)
Total stockholders equity	235,125			146,500	(230,208)	151,417
Total net assets and stockholders equity	235,125	146,500			(230,208)	151,417
Total liabilities, minority interest, stockholders equity, and net assets	$ 300,977	$ 1,229,903	$ (145,033)	$	$	$ 1,385,847

See accompanying Notes to Unaudited Pro Forma Consolidated Statement of Financial Condition

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Notes to Unaudited Pro Forma Consolidated Statement of Financial Condition As of March 31, 2008

(a) To reflect the elimination of the $115.0 million pre-contribution loan from eSpeed to BGC Holdings in connection with the separation. Pursuant to the merger agreement, at Cantor s request, eSpeed funded the pre-contribution loan on or prior to the closing date of the separation. Prior to Cantor s contribution of assets, BGC Holdings borrowed $115.0 million from eSpeed, which was repaid in full on April 4, 2008.

(b) To reflect the elimination of BGC Partners minority interest in Freedom. As part of a global reorganization, Cantor s share in Freedom was transferred to the BGC Division. The BGC Division consolidates Freedom and recognizes minority interest for eSpeed s share of Freedom International Brokerage. As a result of the merger, Freedom minority interest in the amount of $7.1 million recorded on BGC Partners books was eliminated against the investment recorded on eSpeed s books.

(c) To reflect the elimination of intercompany receivables and payables balance of $23.0 million between the BGC Division and eSpeed assuming the merger closed at March 31, 2008. At March 31, 2008, eSpeed had a receivable balance from and a payable balance to the BGC Division of $18.0 million and $5.0 million, respectively.

(d) To reflect the Combined Company s issuance of additional Combined Company common stock and BGC Holdings limited partnership interests in connection with the merger. In the merger, a total of 133.9 million shares of Combined Company common stock and rights to acquire shares of Combined Company common stock were issued in connection with the merger. These shares include 9.6 million shares of Class A common stock and 12.4 million shares of Class B common stock associated with the direct contribution of Maxcor to the Combined Company and an additional 100 shares of Class B common stock. The remaining 111.9 million shares of the Combined Company common stock and rights to receive Combined Company common stock are in the form of BGC Holdings limited partnership interests. These BGC Holdings limited partnership interests are held by Cantor and the founding partners. As of March 31, 2008, Cantor holds 67.1 million BGC Holdings limited partnership interests. These interests are exchangeable into our Class A common stock or our Class B common stock on a one-for-one basis (subject to customary anti-dilution adjustments), subject to applicable law. As of March 31, 2008, the founding partners hold 44.8 million BGC Holdings limited partnership interests. These interests are not exchangeable by the partners unless Cantor provides that they are exchangeable into Combined Company Class A common stock. Cantor has provided all founding partners (other than Messrs. Amaitis and Lynn) with the right to immediately exchange 20% of their BGC Holdings founding partner interests for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), subject to applicable law. Cantor also provided certain additional exchange rights to Messrs. Amaitis and Lynn (see Certain Relationships and Related Transactions Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges).

The adjustment assumes taking the net assets in BGC Division and converting to equivalent stockholders equity in the Combined Company. The shares and units are valued at $0.01 per share/unit. The remaining difference is allocated to additional-paid-in capital.

(e) To reflect an adjustment to record projected capital interest due to the BGC Holdings founding/working partners and Cantor s minority interest allocation of $94.1 million and $136.1 million, respectively as of March 31, 2008. The capital interest due to the BGC Holdings founding/working partners was reclassified in the merger from stockholders equity to a separate liability line on the statement of financial condition called mandatorily redeemable partnership interest and the Cantor minority interest was also reclassified from stockholders equity and recorded as minority interest on the consolidated balance sheet.

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The mandatorily redeemable partnership interest adjustment is based on the adjusted partner capital balance as of March 31, 2008, adjusted for any pro forma redemptions and/or adjustments in connection with the separation and merger. Under SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, which we refer to as SFAS 150, a mandatorily redeemable financial instrument is any of various financial instruments issued in the form of shares that embody an unconditional obligation requiring the issuer to redeem the instrument by transferring its assets at a specified or determinable date (or dates) or upon an event that is certain to occur. For example, an equity share that is required to be redeemed by the issuer upon the death of the holder would be classified as a liability under SFAS 150. The capital interest of the founding partners are redeemable to the partners upon termination and bankruptcy from the partnership; therefore, under SFAS 150, that interest should be classified as mandatorily redeemable partnership interest.

The minority interest adjustment is based on the 67.1 million BGC Holdings limited partnership interests held by Cantor after the merger. This interest represents Cantor s proportionate share of outstanding BGC Holdings partnership interests. Under ARB 51, the Combined Company will record Cantor s interest in a manner similar to a traditional minority interest based on Cantor s assumed ownership percentage. The interest held by Cantor are presented as a component of minority interest between the Combined Company s liabilities and equity.

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BGC PARTNERS, INC. S SELECTED SUPPLEMENTAL CONSOLIDATED FINANCIAL DATA

The following table sets forth selected supplemental consolidated financial data for BGC Partners for the periods and at the dates indicated. The selected supplemental financial data set forth below as of March 31, 2008 and for the three months ended March 31, 2008 and 2007 have been derived from BGC Partners unaudited interim supplemental condensed consolidated financial statements for such periods included elsewhere in this prospectus, which include all adjustments (of a normal recurring nature) that in management s opinion are necessary for a fair presentation of financial position and results of operations as of those dates and for those periods. The selected supplemental consolidated financial data set forth below as of December 31, 2007 and 2006 and for the years ended December 31, 2007, 2006 and 2005 have been derived from BGC Partners audited supplemental consolidated financial statements which are included elsewhere in this prospectus. The selected supplemental consolidated financial data set forth below as of December 31, 2005, 2004 and 2003 and for the years ended December 31, 2004 and 2003 have been derived from BGC Partners unaudited supplemental consolidated financial statements, which are not included in this prospectus.

Historical operating data may not be indicative of future performance. The results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year. This selected historical supplemental consolidated financial data should be read in conjunction with the BGC Partners, Inc. s Management s Discussion and Analysis of Financial Condition and Results of Operations and BGC Partners supplemental consolidated financial statements and the accompanying notes thereto included elsewhere in this prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(in thousands, except for per share data)						
Supplemental Consolidated Statement of Operations Data:							
Revenues:							
Commissions	$ 254,031	$ 190,104	$ 802,956	$ 599,486	$ 446,378	$ 311,787	$ 273,605
Principal transactions	51,896	53,010	205,049	134,939	119,586	125,272	121,680
Total brokerage revenues	305,927	243,114	1,008,005	734,425	565,964	437,059	395,285
Fees from related parties	20,913	10,893	53,809	28,638	15,244	11,073	8,227
Market data	5,544	4,373	18,981	17,409	16,283	14,307	10,825
Software solutions	2,083	3,564	10,983	16,981	15,534	13,418	9,125
Interest income	3,853	9,067	22,968	31,086	15,208	4,500	4,077
Other revenues	586	2,065	2,895	26,203	5,155	10,331	25,206
Total revenues	338,906	273,076	1,117,641	854,742	633,388	490,688	452,745
Expenses:							
Compensation and employee benefits(1)(2)	274,545	158,707	649,507	560,016	434,862	232,028	188,301
Other expenses	104,170	92,841	425,460	391,934	282,356	183,355	138,488
Total expenses	378,715	251,548	1,074,967	951,950	717,218	415,383	326,789
(Loss) income from continuing operations before minority interest and income taxes	(39,809)	21,528	42,674	(97,208)	(83,830)	75,305	125,956
Minority interest	654	155	2,352				
Provision (benefit) for income taxes	8,070	2,332	9,320	(1,547)	(9,267)	16,036	27,263
(Loss) income from continuing operations	(48,533)	19,041	31,002	(95,661)	(74,563)	59,269	98,693
Loss from discontinued operations, net of tax				(650)	(117)		
Cumulative effect of a change in accounting principle				(10,080)			
Net (loss) income	$ (48,533)	$ 19,041	$ 31,002	$ (106,391)	$ (74,680)	$ 59,269	$ 98,693
Per share data:							
Net (loss) income	$ (48,533)	$ 19,041	$ 31,002	$ (106,391)	$ (74,680)	$ 59,269	$ 98,693
Basic (loss) earnings per share	$ (0.26)	$ 0.10	$ 0.17	$ (0.58)	$ (0.40)	$ 0.31	$ 0.52

Diluted (loss) earnings per share	$ (0.26)	$ 0.10	$ 0.17	$ (0.58)	$ (0.40)	$ 0.31	$ 0.52
Basic weighted-average shares of common stock outstanding	184,967	184,283	184,326	184,074	185,209	188,838	189,205
Diluted weighted-average shares of common stock outstanding	184,967	185,301	185,482	184,074	185,209	190,178	191,359

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	As of March 31, 2008	As of December 31, 2007	2006 (in thousands)	2005	2004	2003
Supplemental Consolidated Statement of Financial Condition Data:						
Cash and cash equivalents	$ 218,933	$ 277,299	$ 130,888	$ 164,437	$ 39,099	$ 72,735
Total assets	$ 1,503,146	$ 1,377,629	$ 1,497,624	$ 1,233,043	$ 823,785	$ 556,200
Long-term debt	$ 150,000	$ 196,818	$ 248,896	$ 154,318	$	$
Total liabilities	$ 1,001,215	$ 905,952	$ 1,072,764	$ 744,318	$ 381,293	$ 135,854
Total stockholders equity	$ 498,924	$ 469,325	$ 424,860	$ 488,725	$ 442,492	$ 420,346

(1) As a result of adopting SFAS No. 123R, which we refer to as SFAS 123R, on January 1, 2006, the Combined Company incurred a non-cash expense of $10.1 million in the first quarter of 2006 in conjunction with the fair value of the liability incurred by Cantor for the grant units that were held by BGC employees.

(2) Includes $84.1 million of non-cash, one-time merger related compensation charges.

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BGC DIVISION S SELECTED COMBINED FINANCIAL DATA

The following table sets forth selected combined financial data for the BGC Division for the periods and at the dates indicated. The selected combined financial data set forth below as of March 31, 2008 and for the three months ended March 31, 2008 and 2007 have been derived from BGC Division s unaudited interim condensed combined financial statements for such periods included elsewhere in this prospectus, which include all adjustments (of a normal recurring nature) that in management s opinion are necessary for a fair presentation of financial position and results of operations as of those dates and for those periods. The selected combined financial data set forth below as of December 31, 2007 and 2006 and for the years ended December 31, 2007, 2006 and 2005 have been derived from BGC Division s audited combined financial statements which are included elsewhere in this prospectus. The selected combined financial data set forth below as of December 31, 2005 has been derived from the BGC Division s audited combined financial statements, which are not included in this prospectus. The selected combined financial data set forth below as of December 31, 2004 and 2003 and for the years ended December 31, 2004 and 2003 have been derived from BGC Division s unaudited combined financial statements, which are not included in this prospectus.

Historical operating data may not be indicative of future performance. The results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year. This selected combined financial data should be read in conjunction with BGC Division s Combined Financial Statements and the accompanying Notes thereto included elsewhere in this prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
				(in thousands)			
Combined Statement of Operations Data:							
Revenues:							
Commissions	$ 236,417	$ 166,964	$ 715,064	$ 512,075	$ 343,327	$ 165,410	$ 123,811
Principal transactions	51,896	53,010	205,049	134,939	119,586	125,272	121,680
Total brokerage revenues	288,313	219,974	920,113	647,014	462,913	290,682	245,491
Fees from related parties	13,073	8,878	45,390	22,498	13,059	11,501	8,389
Market data	5,544	4,373	18,981	17,409	16,283	14,307	10,825
Interest income	2,210	6,594	13,195	21,545	9,048	1,055	1,769
Other revenues	589	2,072	2,916	19,614	2,432	10,276	25,223
Total revenues	309,729	241,891	1,000,595	728,080	503,735	327,821	291,697
Expenses:							
Compensation and employee benefits	260,289	146,250	580,804	510,893	386,752	193,405	154,075
Other expenses	91,874	79,773	354,458	331,685	220,567	130,770	95,173
Total expenses	352,163	226,023	935,262	842,578	607,319	324,175	249,248
(Loss) income from continuing operations before minority interest and income taxes	(42,434)	15,868	65,333	(114,498)	(103,584)	3,646	42,449
Minority interest	657	162	2,373	11	(16)	(54)	17
Provision (benefit) for income taxes	7,947	2,177	14,691	(1,843)	(7,634)	2,577	13,871
(Loss) income from continuing operations	(51,038)	13,529	48,269	(112,666)	(95,934)	1,123	28,561
Loss from discontinued operations, net of tax				(650)	(117)		
Cumulative effect of a change in accounting principle (1)				(10,080)			
Net (loss) income	$ (51,038)	$ 13,529	$ 48,269	$ (123,396)	$ (96,051)	$ 1,123	$ 28,561

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	As of March 31,	As of December 31,				
	2008	2007	2006	2005	2004	2003
			(in thousands)			
Combined Statement of Financial Condition Data:						
Cash and cash equivalents	$ 201,378	$ 239,248	$ 109,050	$ 127,367	$ 19,215	$ 17,417
Total assets	$ 1,229,903	$ 1,001,685	$ 1,117,866	$ 875,059	$ 454,409	$ 232,052
Long-term debt	$ 150,000	$ 196,818	$ 248,896	$ 154,318	$	$
Total liabilities	$ 1,073,330	$ 871,154	$ 1,038,150	$ 709,803	$ 340,153	$ 110,047
Net assets	$ 146,500	$ 121,115	$ 72,673	$ 158,224	$ 107,208	$ 114,902

(1) As a result of adopting SFAS 123R on January 1, 2006, the BGC Division incurred a non-cash expense of $10.1 million in the first quarter of 2006 in conjunction with the fair value of the liability incurred by Cantor for the grant units that were held by BGC Division employees.

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eSPEED S SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth selected consolidated financial data for eSpeed for the periods and at the dates indicated. The selected consolidated financial data set forth below as of March 31, 2008 and for the three months ended March 31, 2008 and 2007 have been derived from eSpeed s unaudited interim condensed consolidated financial statements for such periods included elsewhere in this prospectus, which include all adjustments of a normal recurring nature that in management s opinion are necessary for a fair presentation of financial position and results of operations as of those dates and for those periods. The selected consolidated financial statements set forth below as of December 31, 2007 and 2006 and for the years ended December 31, 2007, 2006 and 2005 have been derived from eSpeed s audited consolidated financial statements which are included elsewhere in this prospectus. The selected financial data set forth below as of December 31, 2005, 2004 and 2003 and for the years ended December 31, 2005, 2004 and 2003 has been derived from the eSpeed audited consolidated financial statements, which are not included in this prospectus.

Historical operating data may not be indicative of future performance. This selected consolidated financial data should be read in conjunction with eSpeed s Management s Discussion and Analysis of Financial Condition and Results of Operations and eSpeed s Consolidated Financial Statements and the accompanying Notes thereto included elsewhere in this prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(in thousands, except for per share data)						
Consolidated Statement of Operations Data:							
Revenues:							
Total revenues	$ 40,726	$ 41,634	$ 159,215	$ 164,683	$ 151,834	$ 165,299	$ 155,815
Expenses:							
Compensation and employee benefits(1)	14,256	14,166	73,218	52,765	50,633	40,671	36,114
Occupancy and equipment:							
Amortization of software development costs and other intangibles	4,190	5,525	20,331	23,811	20,093	16,310	12,906
Other occupancy and equipment	10,091	9,377	37,067	37,280	30,678	25,202	23,733
Professional and consulting fees(2)	2,187	2,895	17,361	9,464	8,788	5,594	3,519
Provision for loss contingency(3)			3,500				
Impairment of long-lived assets			4,757	1,861	2,386	6,268	
Communications and client networks	2,840	2,103	9,117	8,101	8,157	6,487	6,714
Marketing		226	918	852	1,596	1,442	1,454
Administrative fees to related parties	3,445	3,521	13,824	12,598	13,938	13,228	10,442
Amortization of business partner and non-employee securities				19	318	856	2,167
Acquisition-related costs(4)			6,641	2,026	3,327		
Other expenses(5)	4,227	2,439	11,246	8,289	9,896	8,219	6,334
Total operating expenses	41,236	40,252	197,980	157,066	149,810	124,277	103,383
(Loss) income before income taxes	(510)	1,382	(38,765)	7,617	2,024	41,022	52,432
(Benefit) provision for income taxes	(55)	546	(6,267)	2,965	490	16,036	16,059
Net (loss) income	$ (455)	$ 836	$ (32,498)	$ 4,652	$ 1,534	$ 24,986	$ 36,372
Per share data:							
Basic (loss) earnings per share	$ (0.01)	$ 0.02	$ (0.64)	$ 0.09	$ 0.03	$ 0.45	$ 0.66
Diluted (loss) earnings per share	$ (0.01)	$ 0.02	$ (0.64)	$ 0.09	$ 0.03	$ 0.44	$ 0.63
Basic weighted-average shares of common stock outstanding	50,825	50,423	50,466	50,214	51,349	54,978	55,345
	50,825	51,441	50,466	51,258	52,066	56,318	57,499

Diluted weighted-average shares of common stock outstanding

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	As of March 31,		Year Ended December 31,			
	2008	2007	2006	2005	2004	2003
			(in thousands)			
Consolidated Statement of Financial Condition Data:						
Cash and cash equivalents	$ 18,795	$ 97,857	$ 187,847	$ 178,435	$ 209,688	$ 228,500
Total assets	$ 300,977	$ 283,972	$ 293,073	$ 280,934	$ 310,092	$ 297,602
Total liabilities	$ 65,852	$ 50,101	$ 39,994	$ 37,188	$ 41,726	$ 26,901
Total stockholders equity	$ 235,125	$ 233,871	$ 253,079	$ 243,746	$ 268,366	$ 270,701

(1) Compensation costs for 2007 were $73.2 million compared with $52.8 million for 2006. The $20.4 million or 38.6% increase in compensation costs resulted from higher salaries and benefits, headcount growth, severance payments and the expense related to the acceleration of unvested, and the granting of fully vested, stock options and restricted stock units.

(2) Professional and consulting fees were $17.4 million for 2007 compared with $9.5 million for 2006, an increase of $7.9 million, or 83.2%. The increase was primarily the result of on-going litigation costs as well as increased consulting and audit expenses.

(3) On October 10, 2007, a jury rendered a verdict that eSpeed and ECCO willfully infringed the patents in suit, and eSpeed did not invalidate the patents. As such, we have accrued a loss contingency of $3.5 million for 2007. For more information, see Note 8, Commitment and Contingencies, of eSpeed s Consolidated Financial Statements.

(4) During 2007, we recorded $6.6 million of acquisition-related costs, which were primarily related to the merger, an increase of $4.6 million, compared with $2.0 million of acquisition-related costs we recorded in 2006. These costs primarily included legal, advisory and other related expenses.

(5) Other expenses consist primarily of insurance costs, recruiting, travel, net losses from our equity investments, promotional and entertainment expenditures. For 2007, other expenses were $11.2 million, an increase of $2.9 million, or 34.9%, compared with other expenses of $8.3 million for the comparable period in 2006. This increase was primarily due to higher recruiting fees and equity losses in Aqua.

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BGC PARTNERS, INC. S MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis relates to BGC Partners and should be read in conjunction with the BGC Partners, Inc. s supplemental consolidated financial statements and related notes included elsewhere in this prospectus, as well as with the unaudited pro forma consolidated financial information contained in the Unaudited Pro Forma Consolidated Financial Data section of this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, see Special Note Regarding Forward-Looking Statements. Actual results may differ materially from those contained in any forward-looking statements. In addition, certain of the descriptions of BGC Partners supplemental consolidated operating and financial measures may not be directly comparable to similar classifications used by other companies.

For purposes of this section of the prospectus, references to BGC Partners refer to BGC Partners, Inc. (as defined in Note 1 to BGC Partners, Inc. Supplemental Consolidated Financial Statements for the three months ended March 31, 2008 and the years ended December 31, 2007, 2006 and 2005, included elsewhere in this prospectus).

Overview

BGC Partners is a leading global inter-dealer broker specializing in the brokering of a broad range of financial products globally, including fixed income securities, interest rate swaps, foreign exchange, equity derivatives, credit derivatives, commodities, futures, structured products and other instruments. BGC Partners provides a full range of services, including execution, clearing, processing and other back office services. Through its eSpeed and BGCantor Market Data brands, BGC Partners also offers financial technology solutions and market data and analytics related to select financial instruments and markets. BGC Partners customers include many of the world s largest and most creditworthy banks, broker-dealers, investment banks and investment firms. BGC Partners integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use voice, screen-assisted, voice-assisted or, where available, fully electronic brokerage services in connection with transactions executed either OTC or through an exchange. BGC Partners has offices in New York and London, as well as in Beijing (representative office), Chicago, Copenhagen, Hong Kong, Istanbul, Johannesburg, Mexico City, Nyon, Paris, Seoul, Singapore, Sydney, Tokyo and Toronto.

Prior to the events of September 11, 2001, BGC Partners brokerage business was widely recognized as one of the leading full-service wholesale inter-dealer brokers in the world. After September 11, 2001 and the loss of the majority of its U.S.-based employees, its brokerage business operated primarily in Europe. In August 2004, Cantor announced the restructuring of its inter-dealer brokerage business, renaming it BGC, in honor of B. Gerald Cantor, Cantor s co-founder and a pioneer in screen brokerage services and fixed income market data products. Over the past three years, BGC Partners has re-established its U.S. presence and has continued to expand its global presence through the acquisition and integration of established brokerage companies and the hiring of experienced brokers. Through these actions, BGC Partners has been able to expand its presence in key markets and position its business for sustained growth.

In May 2005, BGC Partners acquired Euro Brokers for approximately $97.3 million. With this acquisition, BGC Partners re-established its presence in the United States and added approximately 325 brokers worldwide. In September 2005, BGC Partners completed its acquisition of ETC Pollak, an inter-dealer broker based in Paris, for approximately $13.1 million, adding approximately 70 brokers.

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In November 2006, BGC Partners acquired Aurel Leven for $18.2 million. Aurel Leven is an independent inter-dealer broker in Paris, active in the equities, equity derivatives and fixed income markets. This acquisition added scale to BGC Partners equity derivatives franchise and expanded its reach into Europe, adding approximately 75 brokers. In December 2006, BGC Partners acquired AS Menkul, an established broker in Turkey, for $1.6 million. AS Menkul is a member of the Istanbul Stock Exchange and, as such, has direct access to the Turkish equities market and the Turkish electronic bond market.

In December 2007, BGC Partners and 11 other leading financial institutions announced the establishment of a fully electronic futures exchange, ELX. BGC Partners, through a subsidiary, will hold approximately a 25% interest in the exchange s operating limited partnership, ELX Futures, L.P., which we refer to as ELX LP, and its holding company general partner, ELX Futures Holdings LLC, which we refer to as ELX LLC.

In March 2008, BGC Partners acquired Radix for $10.0 million. Radix is an OTC energy broker based in Singapore. This acquisition will enable BGC Partners to offer its clients voice and electronic brokerage services in the world s energy markets for the first time, with products including crude oil, fuel oil, naptha and middle distillates.

Additionally, BGC Partners has also added departments and staff to many product desks globally to facilitate growth in its business. Through these actions, BGC Partners has been able to expand its presence in key markets and position its business for sustained growth.

The Merger

On April 1, 2008, the merger of BGC Partners and eSpeed was completed. eSpeed is a leader in developing and deploying electronic marketplaces and related trading technology that offers traders access to some of the most liquid, efficient and neutral financial markets in the world. eSpeed is an innovator in its core electronic marketplaces, the government bond markets of the world. The merger combined eSpeed s electronic marketplaces and related electronic trading technology expertise in the government bond and its other markets with BGC Partners inter-dealer brokerage businesses. Management believes this combination will position BGC Partners as one of the few inter-dealer brokers with hybrid capabilities and technology thus allowing them to offer superior execution to its clients and drive higher trading volumes. Prior to the merger, BGC Partners and eSpeed had a strong relationship through the JSA under which revenue for certain services were shared. Management believes that the merger will help drive efficiencies and align the interests of both firms so that they can better focus eSpeed s technology on supporting BGC Partners brokerage services.

Business Environment

Over the past several years, the inter-dealer broker sector has been a competitive sector that has experienced robust growth due to several factors. One factor is the increasing use of derivatives to manage risk or to take advantage of the anticipated direction of a market by allowing holders to guard against gains or losses in the price of underlying assets without having to buy or sell the underlying assets. Derivatives are often used to mitigate the risks associated with interest rate movements, equity ownership, changes in the value of foreign currency, credit defaults by corporate and sovereign debtors and changes in the prices of commodity products. Demand from financial institutions, financial services intermediaries and large corporations have increased volumes in the wholesale derivatives market, thereby increasing the business opportunity for inter-dealer brokers.

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Another key factor in the growth of the inter-dealer broker sector has been the increase in the number of new products. As market participants and their customers strive to mitigate risk, new types of equity and fixed income securities, futures, options and other financial instruments are developed. These new securities and derivatives are not immediately ready for more liquid and standardized electronic markets, and generally increase the need for trading and require broker-assisted execution.

Finally, the heightened levels of volatility in commodity, currency, interest rate, equity and credit markets have led to continued demand for hedging and risk mitigation by market participants, which, in turn, has led to growth in commodity, equity, interest rate and credit derivatives and currency options markets. We believe this additional volatility, the increasing utilization of derivatives and the continual development of new products, among other factors, will continue to drive growth in the industry for the foreseeable future.

BGC Partners has invested significantly to capitalize on the current business environment through acquisitions, technology spending and the hiring of new brokers. The business climate for these acquisitions has been competitive and it is expected that these conditions will persist for the foreseeable future. BGC Partners has been able to attract businesses and brokers to its platform as it believes they recognize that BGC Partners has the scale, technology, experience and expertise to succeed in the current business environment.

Financial Overview

Revenues

BGC Partners revenues are derived primarily from brokerage commissions charged for either agency or matched principal transactions, fees charged for market data and analytics products, software solutions, fees from related parties and interest income.

Brokerage

BGC Partners earns revenues from inter-dealer voice brokerage services on both an agency and matched principal basis. In agency transactions, BGC Partners charges a commission for connecting buyers and sellers and assisting in the negotiation of the price and other material terms of the transaction. After all material terms of a transaction are agreed upon, BGC Partners identifies the buyer and seller to each other and leaves them to settle the trade directly. Principal transaction revenues are primarily derived from matched principal transactions whereby revenues are earned on the spread between the buy and the sell price of the brokered security, commodity or derivative. Customers either see the buy or sell price on a screen or are given this information over the phone. The brokerage fee is then added to the buy or sell price, which represents the spread BGC Partners earns as principal transactions revenues. On a limited basis, BGC Partners enters into unmatched principal transactions to facilitate a customer s execution needs for transactions initiated by such customers, or for the purpose of proprietary trading. BGC Partners also provides market data products for selected financial institutions. BGC Partners earns revenues from selling these products with subscription fees and fees from customized one-time sales.

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BGC Partners offer our services in four broad product categories: rates, credit, foreign exchange and other asset classes. The chart below details brokerage revenues by product category and by voice versus fully electronic ($ in thousands):

	Three Months Ended March 31,		Year Ended December 31,		
	2008	2007	2007	2006	2005
Brokerage revenue by product (dollars):					
Rates	$ 155,080	$ 139,511	$ 568,346	$ 465,747	$ 358,532
Credit	84,388	51,862	227,990	167,728	116,976
Foreign exchange	37,844	33,047	128,935	84,063	62,574
Other asset classes	28,615	18,694	82,734	16,887	27,882
Total brokerage revenues	$ 305,927	$ 243,114	$ 1,008,005	$ 734,425	$ 565,964
Brokerage revenue by product (percentage):					
Rates	50.7%	57.4%	56.4%	63.4%	63.3%
Credit	27.6	21.3	22.6	22.8	20.7
Foreign exchange	12.4	13.6	12.8	11.4	11.1
Other asset classes	9.3	7.7	8.2	2.4	4.9
Total brokerage revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Brokerage revenue by voice/hybrid and fully electronic (dollars):					
Voice/hybrid	$ 287,862	$ 218,862	$ 915,840	$ 643,924	$ 464,225
Fully electronic	18,065	24,252	92,165	90,501	101,739
Total brokerage revenues	$ 305,927	$ 243,114	$ 1,008,005	$ 734,425	$ 565,964
Brokerage revenue by voice/hybrid and fully electronic (percentage):					
Voice/hybrid	94.1%	90.0%	90.9%	87.7%	82.0%
Fully electronic	5.9	10.0	9.1	12.3	18.0
Total brokerage revenues	100.0%	100.0%	100.0%	100.0%	100.0%

As the above table indicates, BGC Partners brokerage operations in the rates product category produces a significant percentage of its total brokerage revenues. BGC Partners expects that revenues from rates product brokerage operations will continue to increase in absolute terms, but decline as a percentage of revenues as BGC Partners continues to invest in expanding in other asset classes such as credit derivatives, foreign exchange, energy, commodities and equity-related products. BGC Partners brokerage revenue growth over the past three years was driven by synergies arising from the integration of prior acquisitions and expansions, BGC Partners broad product knowledge, and new product offerings. These factors have enabled BGC Partners to provide its client base with robust services across global markets. This environment has resulted in significant growth in its rates, credit and foreign exchange products.

BGC Partners position as a leading broker is enhanced by its hybrid brokerage platform. BGC Partners believes that the more complex, less liquid markets on which it focuses often require significant amounts of personal and attentive service from its brokers. In more mature markets, BGC Partners offers electronic trading capabilities to its customers through its eSpeed branded platform. BGC Partners hybrid platform allows its customers to trade on a voice, screen-assisted, voice-assisted or, where available, fully electronic basis, regardless of whether the trade is OTC or exchange-based, and to benefit from the experience and market intelligence of its worldwide brokerage network. BGC Partners electronic capabilities include clearing, settlement and other back office services as well as straight-through processing for its

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customers across several products. Furthermore, BGC Partners participates in the operational leverage from its fully electronic platform. We believe our hybrid brokerage approach provides a competitive advantage over competitors who do not offer this full range of technology.

Rates

BGC Partners rates business is focused on government debt, futures and currency and interest rate derivatives, which are among the largest, most global and most actively traded markets. The main drivers of these markets are global macroeconomic forces such as growth, inflation and government budget policies. According to the BIS, the notional amount outstanding globally for government debt grew at an annual rate of 8.8% to $26.8 trillion in June 2007 compared to $23.6 trillion in December 2005. The BIS also estimates that the notional amount outstanding for all interest rate derivatives grew at CAGR of 39.0% to approximately $433.1 trillion in June 2007 compared to $264.3 trillion in December 2005.

Credit

BGC Partners provides its brokerage services in a wide range of credit instruments, including asset-backed securities, convertible bonds, corporate bonds, credit derivatives and high yield bonds. Since the introduction of the most fundamental form of credit derivative, the credit default swap, which we refer to as CDS, in the mid-1990s there has been substantial growth in this market. According to the International Swaps and Derivatives Association, the notional value of credit default swaps was approximately $632 billion in June 2001, but increased to approximately $45.5 trillion by June 2007. This represented a 74.8% increase over the notional amount in June 2006, and a more than 70-fold increase compared to June 2001. Credit default swaps are now seen as a more responsive financial indicator than fixed income bonds and, being a pure synthetic contract, they have provided a new area of liquidity, especially in the transfer of credit risk to a wider spectrum of clients ranging from asset managers to hedge funds.

Foreign Exchange

The foreign exchange market is one of the largest financial markets in the world. According to the BIS, the average daily turnover in traditional foreign exchange instruments grew at a CAGR of 20.2% to $3.1 trillion over the three year period ending April 2007. The BIS also says that the foreign exchange swap average daily turnover grew at a CAGR of 22.0% over the same period. Finally, the BIS estimates the notional amount of listed foreign exchange derivatives rose by 67.8% between June 30, 2006 and June 30, 2007, and that for both OTC and exchange traded foreign exchange derivatives, the notional value outstanding rose at CAGR of 21.9% over the five-year period ended June 30, 2007.

The foreign exchange transactions can either be undertaken in the spot market in which one currency is sold and another is bought, or in the derivative market in which future settlement of the identical underlying are traded. Participants range from central banks to individuals, hedge funds and multi-national corporations using foreign exchange trading to manage risk and speculate. BGC Partners experience within this market has grown since 2004 to manage increased levels of foreign exchange trading. BGC Partners foreign exchange options business now has brokers servicing banking institutions around the world. Headquartered in London, BGC Partners dedicated foreign exchange options team has brokers located in New York, Hong Kong, Singapore, Tokyo and Sydney. BGC Partners provides full execution OTC brokerage services in most major currencies, including all G8 currencies, emerging market, cross and exotic options currencies.

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Other Asset Classes

BGC Partners provides brokerage services in a range of markets for equity products, including equity derivatives, equity index futures and options on equity products. In addition, BGC Partners has a small commodities and energy derivatives business. According to the BIS, the notional value of OTC equity-linked derivative instruments and of OTC commodity derivatives increased by 35.7% and 18.3%, respectively, in June 2007 compared to June 2006.

BGC Partners increased its presence in equities markets in 2006 with its acquisition of Aurel Leven, one of the leading independent inter-dealer brokers in Paris, active in the equities, equity derivatives and fixed income markets. Volumes in equity products also increased as BGC Partners clients continued to integrate their trading of certain equity and credit derivative products in an effort to exploit arbitrage and correlation opportunities that arise from the volatility in price fluctuations of debt and equity instruments issued by a company.

Market Data

BGC Partners complements its trading services by providing its market data to its customers through its BGCantor Market Data product. BGCantor Market Data is the source of real-time pricing and other data derived through BGC Partners and eSpeed for U.S. and European securities and derivatives. Current products include real-time data in live markets for U.S. Treasuries, European government bonds, Eurobonds and U.S. dollar interest rate swaps. These market data services are available across a broad array of distribution channels, including Bloomberg, Reuters, CQG, DTN, eSignal, and QUICK.

Software Solutions

Through its software solutions business, BGC Partners provides customized software to broaden distribution capabilities and provide electronic solutions to financial market participants. The software solutions business leverages its global infrastructure, software, systems, portfolio of intellectual property, and electronic trading expertise to provide customers with electronic marketplaces and exchanges and real-time auctions to enhance debt issuance and to customize trading interfaces. BGC Partners takes advantage of the scalability, flexibility and functionality of its eSpeed branded electronic trading system to enable its customers to distribute branded products to their customers through online offerings and auctions, including private and reverse auctions, via its trading platform and global network. Using screen based market solutions, customers are able to develop a marketplace, trade with their customers, issue debt, trade odd lots, access program trading interfaces and access BGC Partners network and intellectual property.

Fees from Related Parties

BGC Partners earns fees from related parties for certain administrative and back office services it provides to Cantor and its affiliates. These services include office space, utilization of fixed assets, accounting services, operational support, human resources, legal services and information technology.

Interest

BGC Partners generates interest income primarily by the investment of its daily cash balances, interest earned on securities owned and reverse repurchase agreements. These investments and transactions are generally short-term in nature.

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Expenses

Compensation and Employee Benefits

The majority of BGC Partners operating costs consist of cash and non-cash compensation expenses, which include base salaries, broker bonuses based on broker production, guaranteed bonuses, and other discretionary bonuses and all related employee benefits and taxes. BGC Partners employees consist of brokers, executives and other administrative support. The majority of BGC Partners brokers receive a base salary and a formula bonus based primarily on a pool of brokers production for a particular product or sales desk, as well as on the individual broker s performance. BGC Partners sales force either receive a base salary or a draw on commissions. Less-experienced salespeople typically receive base salaries. Compensation and employee benefits also include forgivable loans generally given to new or current employees as they sign new employment agreements with BGC Partners. These forgivable loans are amortized over their lifetime, which is generally for a period of three years or more, and typically include repayment clauses should the employee terminate his or her employment before the end of the term of the loan.

Beginning in 2007, BGC Partners also entered into deferred compensation agreements with select employees providing service to BGC Partners. The costs associated with such plans are generally amortized over the period in which they vest. See Note 17 Stock-Based Compensation in the BGC Partners Inc. s supplemental consolidated financial statements for the years ended December 31, 2007, 2006 and 2005.

Other Operating Expenses

BGC Partners has various other operating expenses. BGC Partners incurs leasing, equipment and maintenance expenses for its affiliates worldwide. BGC Partners also incurs selling and promotion expenses, which include entertainment, marketing and travel-related expenses. BGC Partners incurs communication expenses for voice and data connections with its clients, clearing agents and general usage; professional and consulting fees for legal, audit and other special projects; and interest expense related to short-term operational funding needs and long-term debt.

Primarily in the United States, BGC Partners pays fees to related parties for performing certain administrative and other support, including allocations for occupancy of office space, utilization of fixed assets and accounting, operations, human resources, legal services and technology infrastructure support. Management believes that these allocations are a reasonable reflection of the utilization of services rendered. However, the expenses allocated for these services are not necessarily indicative of the expenses that would have been incurred if BGC Partners had not obtained these services from Cantor. In addition, these allocations may not reflect the costs of services BGC Partners may receive from Cantor and its affiliates in the future. BGC Partners incurs commissions and floor brokerage fees for clearing, brokerage and other transactional expenses for clearing and settlement services. BGC Partners also incurs various other normal operating expenses.

Provision for Income Taxes

BGC Partners incurs tax expenses based on the location, legal structure and jurisdictional taxing authorities of each of its subsidiaries. Certain BGC Partners entities are taxed as U.S. partnerships and are subject to the UBT in the City of New York. Therefore, the tax liability or benefit related to the partnership s income or loss, except for UBT rests with the partners, rather than the partnership entity. As such, the partner s liability or benefit is not reflected in the BGC Partners supplemental consolidated financial statements. Certain of the operations that were contributed to BGC Partners and the Opcos by Cantor in connection with the merger, including

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the Market Data division and the North American futures business, are part of partnerships that are subject to the UBT. Therefore, BGC Partners has calculated taxes for these operations as if they were organized as partnerships subject to the UBT. The tax related assets, liabilities, provisions or benefits included in the BGC Partners supplemental consolidated financial statements also reflect the results of the entities that are taxed as corporations, either in the United States or in foreign jurisdictions. BGC Partners supplemental consolidated effective tax rate can vary from period to period, depending on, among other factors, the geographic and business mix of its earnings.

Financial Highlights

Total revenues were $338.9 million and $273.1 million for the three months ended March 31, 2008 and 2007, respectively, representing a 24.1% increase as compared to the three months ended March 31, 2007. Total revenues were $1,117.6 million, $854.7 million and $633.4 million for the years ended December 31, 2007, 2006 and 2005, respectively, representing a 30.8% increase in 2007 as compared to 2006 and a 34.9% increase in 2006 as compared to 2005. The main factors contributing to BGC Partners growth were:

- an increase in the number of brokerage desks since October 2004 (the commencement of Cantor s reorganization of BGC Partners), which includes desks acquired. We increased our brokerage desks from 58 in October 2004 to 161 brokerage desks as of March 31, 2008. In conjunction with the increased brokerage desks, BGC Partners increased broker headcount from 497 in October 2004 to 1,226 as of March 31, 2008;

- a continued focus on, and investment in, growing and higher margin product areas that complement BGC Partners existing brokerage services;

- overall volume growth in markets in which BGC Partners provides brokerage services;

- the introduction and continued development and expansion of hybrid brokerage capabilities; and

- the continued development, marketing and sale of BGC Partners data and analytical products.

For the three months ended March 31, 2008, BGC Partners had a net loss of $48.5 million compared to net income of $19.0 million as compared to the three months ended March 31, 2007. Included in BGC Partners expenses were non-cash, non-recurring compensation charges of $84.1 million, relating to the redemption of partnership units held by certain executive officers of BGC Partners to settle outstanding loan obligations; as well as, the activation of exchangeability of founding partner interests held by certain executives, as part of the separation. Also included in expense are non-cash compensation charges for REUs and RSUs issued in connection with the merger of $2.7 million and losses from BGC Partners equity investments in Aqua and ELX of $0.9 million and $0.9 million, respectively. This charge was partially offset by increased profitability across all product categories. These variances are discussed in more detail under the discussion of Results of Operations.

For the year ended December 31, 2007, BGC Partners had net income of $31.0 million as compared to net losses for the years ended December 31, 2006 and 2005 of $106.4 million and $74.7 million, respectively. The increase in net income in 2007 was driven by the revenue growth previously described, offset by increased expenses. The increase in expense was primarily attributable to BGC Partners increased brokerage revenues. Included in BGC Partners expenses were certain non-operating and non-recurring charges incurred by eSpeed in the

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amount of $37.7 million. These expenses include $14.0 million of patent litigation costs, $12.3 million in increased compensation and employee benefits charges relating to the acceleration of the vesting of options and restricted stock units and severance; $6.6 million of merger related expenses and $4.8 million of fixed asset impairment and capitalized software costs. The increase in expenses was partially offset by the non recurrence of certain expenses described in more detail below.

The losses suffered in 2006 and 2005 were primarily attributable to BGC Partners global expansion efforts, which included acquisitions of Euro Brokers and ETC Pollak in 2005 and Aurel Leven and AS Menkul in 2006, one-time compensation charge relating to the initial adoption of SFAS 123R and one-time move-related expenses for BGC Partners relocation to its new headquarters at One Churchill Place, London. A discussion of the major charges is as follows:

BGC Partners recognized charges related to the adoption of SFAS 123R of approximately $28.2 million related to grant units for the year ended December 31, 2006. Approximately $10.1 million of the charge related to the initial adoption of SFAS 123R was included as part of Cumulative effect of change in accounting principle and approximately $18.1 million of the charge related to the revaluation and payout of grant units in conjunction with BGC Partners planned separation from Cantor and were included as part of Compensation and employee benefits on the accompanying supplemental consolidated statements of operations for the years ended December 31, 2007, 2006 and 2005 included elsewhere in this prospectus.

During 2005 and 2006, BGC Partners issued approximately $54.3 million of forgivable loans in conjunction with its acquisitions of Euro Brokers and ETC Pollak and overall global growth. BGC Partners recorded non-cash amortization expense of approximately $20.0 million and approximately $11.7 million related to these loans for the year ended December 31, 2006 and December 31, 2005, respectively. A majority of these loans were fully amortized in 2007. These charges were included as part of Compensation and employee benefits on the accompanying supplemental consolidated statements of operations for the years ended December 31, 2007, 2006 and 2005 included elsewhere in this prospectus.

BGC Partners recognized acquisition-related expenses of approximately $14.0 million for the year ended December 31, 2005 for the acquisition of Euro Brokers. The charges included severance charge of $8.3 million, which was included as part of Compensation and employee benefits on the accompanying supplemental consolidated statements of operations for the years ended December 31, 2007, 2006 and 2005 included elsewhere in this prospectus.

BGC Partners recognized move-related expenses for its moves into its new London offices at One Churchill Place of $20.2 million and $8.5 million for the year ended December 31, 2006 and December 31, 2005, respectively. These charges include the cost of moving its offices, furnishing its new offices, paying duplicate rent on BGC s prior space and breaking and/or subletting its current leases at One America Square and Houndsditch in London. These move-related expenses are included as part of Occupancy and equipment on the accompanying supplemental consolidated statements of operations for the years ended December 31, 2007, 2006 and 2005 included elsewhere in this prospectus.

In the U.K., BGC Partners settled with Her Majesty s Revenue and Customs, which we refer to as HMRC, for $12.0 million in tax liabilities arising from various compensation plans established by its subsidiaries and operated between 1998 and 2003. BGC Partners recognized expenses of $0.9 million and $11.1 million for the years ended December 31,

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2006 and December 31, 2005, respectively, related to these settlements. The expense associated with these tax liabilities is included as part of Compensation and employee benefits on the accompanying supplemental consolidated statements of operations for the years ended December 31, 2007, 2006 and 2005 included elsewhere in this prospectus.

BGC Partners intends to continue to grow revenues and expand global presence in 2008 through the development and introduction of new products, organic growth, continued acquisition activity and the hiring of additional highly qualified individuals of various experience levels.

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Results of Operations

BGC Partners supplemental consolidated results of operations include the activities of certain divisions and businesses of Cantor that were transferred to BGC Partners and the Opcos in connection with the separation prior to its merger with eSpeed, including BGCantor Market Data division, Cantor s investment in Freedom International Brokerage and Cantor s North American futures business as well as Cantor s North American fully electronic trading revenue business. The BGC Partners supplemental consolidated results of operations do not include revenue previously recognized by eSpeed in connection with Cantor s CO2e and Cantor Index businesses.

The following tables set forth for the periods indicated, actual results, and the percentage relationship to total revenues of selected items in BGC Partners supplemental consolidated statements of operations:

	Three Months Ended March, 31,				Year Ended December 31,					
	2008		2007		2007		2006		2005	
	$	%	$	%	$	%	$	%	$	%
					($ in thousands)					
Revenues:										
Commissions	$ 254,031	75.0%	$ 190,104	69.6	$ 802,956	71.8%	$ 599,486	70.1%	$ 446,378	70.5%
Principal transactions	51,896	15.3	53,010	19.4	205,049	18.3	134,939	15.8	119,586	18.9
Total brokerage revenues	305,927	90.3	243,114	89.0	1,008,005	90.1	734,425	85.9	565,964	89.4
Fees from related parties	20,913	6.2	10,893	4.0	53,809	4.8	28,638	3.4	15,244	2.4
Market data	5,544	1.6	4,373	1.6	18,981	1.7	17,409	2.0	16,283	2.6
Software solutions	2,083	0.6	3,564	1.3	10,983	1.0	16,981	2.0	15,534	2.5
Interest	3,853	1.1	9,067	3.3	22,968	2.1	31,086	3.6	15,208	2.4
Other revenues	586	0.2	2,065	0.8	2,895	0.3	26,203	3.1	5,155	0.7
Total revenues	338,906	100.0	273,076	100.0	1,117,641	100.0	854,742	100.0	633,388	100.0
Expenses:										
Compensation and employee benefits	274,545	81.0	158,707	58.1	649,507	58.1	560,016	65.5	434,862	68.7
Occupancy and equipment	30,722	9.1	29,449	10.8	115,683	10.4	127,254	14.9	90,881	14.3
Communications	16,720	4.9	14,118	5.2	58,335	5.2	55,511	6.5	45,098	7.1
Professional and consulting fees	15,546	4.6	9,525	3.5	64,232	5.7	55,192	6.5	42,646	6.7
Fees to related parties	6,540	1.9	6,356	2.3	31,886	2.9	14,563	1.7	6,642	1.0
Selling and promotion	15,235	4.5	13,004	4.8	55,719	5.0	48,663	5.7	39,543	6.2
Commissions and floor brokerage	3,713	1.1	5,378	2.0	22,050	2.0	13,065	1.5	11,016	1.7
Interest expense	7,663	2.3	9,683	3.5	26,251	2.3	30,069	3.5	13,875	2.2
Other expenses	8,031	2.4	5,328	2.0	51,304	4.6	47,617	5.6	32,655	5.3
Total expenses	378,715	111.8	251,548	92.2	1,074,967	96.2	951,950	111.4	717,218	113.2
(Loss) income from continuing operations before minority interest and income taxes	(39,809)	(11.8)	21,528	7.8	42,674	3.80	(97,208)	(11.4)	(83,830)	(13.2)
Minority interest	654	0.2	155	0.1	2,352	0.2				
Provision (benefit) for income taxes	8,070	(2.4)	2,332	0.9	9,320	0.8	(1,547)	(0.2)	(9,267)	(1.5)
(Loss) income from continuing operations	(48,533)	(14.4)	19,041	6.8	31,002	2.8	(95,661)	(11.2)	(74,563)	(11.7)
Loss from discontinued operations							(646)		(145)	
Income tax (provision) benefit from discontinued operations							(4)		28	
Cumulative effect of a change in accounting principle							(10,080)	(1.2)		

Net (loss) income	$ (48,533)	(14.4)%	$ 19,041	6.8%	$ 31,002	2.8%	$ (106,391)	(12.4)%	$ (74,680)	(11.7)%

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Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007

Revenues

Brokerage Revenues

Total brokerage revenues increased by $62.8 million, or 25.8%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. Commission revenues increased by $63.9 million, or 33.6%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. Principal transactions revenues decreased by $1.1 million, or 2.1%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. BGC Partners had revenue increases in each of its four product categories.

The increase in rates product revenues of $15.6 million was primarily attributable to growth from brokerage desks covering interest rate derivatives, interest rate swaps, dollar derivatives, repurchase agreements, non-deliverable forwards, non-deliverable swaps and U.S. swaps.

The increase in credit product brokerage revenues of $32.5 million was driven primarily by the expansion of the credit business, development of structured and other credit businesses as well as growth in our emerging market bonds business.

The increase in foreign exchange revenues of $4.8 million was driven primarily by increased brokerage revenues from desks covering retail foreign exchange, G8 currency, emerging market foreign exchange options and exotic foreign exchange options, as well as new foreign exchange products introduced since March 31, 2007.

The increase in brokerage revenues from other asset classes of $9.9 million was driven by the growth from the equity derivatives desk.

Market Data

Market data revenues increased by $1.2 million, or 26.8%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. The increase was primarily due to growth in existing customer usage.

Fees from Related Parties

Fees from related parties increased by $10.0 million, or 92.0%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. This increase was primarily due to technology services and the software license provided to ELX, in conjunction with the technology services agreement, which commenced in January 2008, as well as higher fees charged to affiliates for certain administrative and other support, including allocations for occupancy of office space, utilization of fixed assets and accounting, operations, human resources, legal services and technology infrastructure support. Fees from related parties are dependent upon both the costs incurred by BGC Partners and the amount of administrative services utilized by Cantor.

Software Solutions

Software solutions revenues decreased by $1.5 million, or 41.6%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. This decrease was primarily due to the expiration of the Wagner Patent on February 20, 2007.

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Interest

Interest revenues decreased by $5.2 million, or 57.5%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. The decrease was due to lower average reverse repurchase transactions and lower average daily invested cash balance in the three months ended March 31, 2008 compared to the three months ended in 2007.

Other Revenues

Other revenues decreased by $1.5 million, or 71.6%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007.

Expenses

Compensation and Employee Benefits

Compensation and employee benefits expense increased $115.8 million, or 73.0%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. The increase in these expenses was primarily due to non-cash, non-recurring compensation charges of $84.1 million, $47.3 million of which was in relation to the redemption of partnership units held by certain executive officers of BGC Partners to settle outstanding loan obligations, and $36.8 million of which was in relation to the activation of exchangeability of founding partner interests held by certain executives, as part of the separation. The remaining increase in these expenses was primarily due to increased performance bonuses due in large part to increased brokerage revenues. The brokerage revenues increase was driven by a combination of new desks and existing product growth. Compensation and employee benefit expense also increased due to annual pay increases, headcount growth due to front office expansion and growth in technology headcount to support our growing hybrid voice-assisted and fully-electronic business and increased stock-based compensation expense.

Occupancy and Equipment

Occupancy and equipment expense increased by $1.3 million, or 4.3%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. The increase related to fixed asset expenditures from continued global expansion.

Selling and Promotion

Selling and promotion expense increased by $2.2 million, or 17.2%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. This expense as a percentage of total brokerage revenues increased for the three months ended March 31, 2008 to 5.0% from 5.3% for the three months ended March 31, 2007. The improvement in this ratio was primarily due to efforts to lower these costs relative to total brokerage revenues.

Fees to Related Parties

Fees to related parties increased by $0.2 million, or 2.9%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. This was due to increased fees paid to Cantor, for providing back office services to support BGC Partners, increased activity and headcount. Fees to related parties are dependent upon both the costs incurred by Cantor and the amount of administrative services BGC Partners utilizes.

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Communications

Communications expenses increased by $2.6 million, or 18.4%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. As a percentage of total revenues, communications decreased to 4.9% at March 31, 2008 from 5.2% at March 31, 2007. The percentage decrease in relation to total revenues was driven by efficiency gains BGC Partners gained by closely managing its communications networks.

Professional and Consulting Fees

Professional and consulting fees increased by $6.0 million, or 63.2%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. The increase was primarily attributable to consulting fees incurred to upgrade BGC Partners regulatory reporting application to comply with FSA requirements, as well as increased audit fees and on-going litigation costs.

Interest Expense

Interest expense decreased by $2.0 million, or 20.9%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. The decrease was primarily due to reduced levels of outstanding long-term debt.

Commissions and Floor Brokerage

Commissions and floor brokerage expense decreased by $1.7 million, or 31.0%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. The decrease was primarily due to a decrease in principal transactions.

Other Expenses

Other expenses increased $2.7 million, or 50.7%, for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. The increase was primarily due to equity losses in ELX of $0.9 million and Aqua Securities, LP of $0.9 million, an alternative trading platform offering new pools of block liquidity to the global equities markets. Aqua is 51% owned by Cantor and 49% owned by BGC Partners.

Minority Interest

Minority interest increased $0.5 million for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. The increase was due to an increase in net income of Tower Bridge. In January 2007, Tower Bridge was established to provide back office support services to BGC Partners, Cantor and its affiliates. BGC Partners owns 52% of Tower Bridge and consolidates its results. Cantor owns 48% and pays actual costs for the services provided to it and a mark-up currently at 7.5%. BGC Partners recognizes minority interest for the investment held by Cantor.

Provision for Income Taxes

Provision for income taxes increased $5.7 million for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007. BGC Partners consolidated effective tax rate can vary from period to period depending on, among other factors, the geographic and business mix of its earnings.

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Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Revenues

Brokerage Revenues

Total brokerage revenues increased by $273.6 million, or 37.3%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. Commission revenues increased by $203.5 million, or 33.9%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. Principal transactions revenues increased by $70.1 million, or 52.0%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. BGC Partners had revenue increases in each of its four product categories.

The increase in rates product revenues of $102.6 million was primarily attributable to growth from brokerage desks covering futures, interest rate derivatives, interest rate swaps, dollar derivatives, repurchase agreements, non-deliverable forwards, non-deliverable swaps and U.S. swaps primarily in the United Kingdom and the United States.

The increase in credit product brokerage revenues of $60.3 million was driven primarily by the expansion of the credit business in the United States, as well as growth in BGC Partners U.S. emerging market bonds business.

The increase in foreign exchange revenues of $44.9 million was driven primarily by increased brokerage revenues from brokerage desks covering retail foreign exchange, G8 currency, emerging market foreign exchange options and exotic foreign exchange options in both the United Kingdom and the United States, as well as new foreign exchange products introduced since December 31, 2006.

The increase in brokerage revenues from other asset classes of $65.8 million was driven by the addition of the Aurel Leven brokerage desk. Aurel Leven contributed $54.9 million of the total increase in other brokerage revenues.

Market Data

Market data revenues increased by $1.6 million, or 9.0%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The increase was due to growth in existing customer usage.

Fees from Related Parties

Fees from related parties increased by $25.2 million, or 87.9%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The increase in revenues was primarily due to higher fees charged to affiliates for certain administrative and other support, including allocations for occupancy of office space, utilization of fixed assets and accounting, operations, human resources, legal services and technology infrastructure support in the year ended December 31, 2007. Fees from related parties are dependent upon both the costs incurred by BGC Partners and the amount of administrative services utilized by Cantor.

Software Solutions

Software solutions revenues decreased by $6.0 million, or 35.3%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. This decrease was primarily due to the expiration of the Wagner Patent on February 20, 2007. Wagner Patent

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related revenues were $1.6 million in 2007 as compared with $11.7 million in 2006. While BGC Partners has some uncertainty regarding our licensing fee revenues, we have a broad intellectual property patent portfolio that we believe will be valuable in the future.

Interest

Interest revenues decreased by $8.1 million, or 26.1%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The decrease was due to a decrease in the average reverse repurchase transactions in 2007 compared to 2006.

Other Revenues

Other revenues decreased by $23.3 million, or 89.0%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The decrease was due to one-time events in 2006, including realized gains on BGC Partners investment security shares in the London Stock Exchange plc. of $8.9 million; a legal settlement received in the amount of $4.4 million that occurred in 2006; insurance proceeds received by Cantor in the amount $3.5 million relating to the events of September 11th and grant income of $3.1 million related to World Trade Center Business Recovery and the World Trade Center Job Creation and Retention Program. We do not expect to receive additional insurance proceeds relating to the events of September 11th or income from this grant.

Expenses

Compensation and Employee Benefits

Compensation and employee benefits expense increased $89.5 million, or 16.0%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The increase in these expenses was primarily due to increased performance bonuses. The increase in performance bonuses was driven by increased brokerage revenues. The brokerage revenues increase was driven by a combination of new desks and existing product growth. The most significant new desk added during the period came as a result of the acquisition of Aurel Leven. Incremental salary and bonus expense in connection with the Aurel Leven acquisition was $31.7 million. The increase in salary and performance bonus expense for BGC Partners excluding Aurel Leven was approximately $57.8 million. Compensation and employee benefit expense also increased due to annual pay increases, headcount growth due to front office expansion and growth in technology headcount to support BGC Partners growing hybrid voice-assisted and fully- electronic businesses, severance payments and, expenses related to the acceleration of unvested restricted stock units, and the granting of fully-vested stock options and restricted stock units. This increase was offset by Cantor s decision in 2006 to pay out a majority of the grant unit liability accrued for BGC Partners employees in conjunction with BGC Partners planned separation from Cantor. As a result of that determination, Cantor calculated the fair value of the liability based on a payout assumption in the fourth quarter of 2006. The payout and revaluation resulted in a non-cash expense charge of $18.2 million in the third quarter of 2006. This charge did not recur in 2007.

Total compensation and employee benefits as a percentage of total revenues decreased to 58.1% for the year ended December 31, 2007 from 65.5% during the same period in 2006. The improvement in the compensation ratio was due primarily to increased brokerage revenues realized as brokerage desks and individual brokers hired and retained through BGC Partners acquisition and expansion activities improved their productivity over the period of time it takes for experienced brokers to establish themselves on a new platform.

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Occupancy and Equipment

Occupancy and equipment expense decreased by $11.6 million, or 9.1%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. In 2006, BGC Partners moved to its new London offices at Canary Wharf. Charges included paying duplicate rent on BGC Partners prior space and breaking and/or subletting its current leases at One America Square and 133 Houndsditch in London, accelerated depreciation on the abandoned leasehold improvements and the costs of moving to and furnishing the new offices. For the year ended December 31, 2006, these charges were $20.2 million. This decrease was partially offset by increased occupancy cost associated with the acquisition of Aurel Leven. During 2007, the acquisition of Aurel Leven added occupancy expense of $4.8 million. Occupancy and equipment expense also increased due to increased rent and other occupancy charges associated with the new offices at Canary Wharf, depreciation expense related to fixed asset expenditures and BGC Partners continued global expansion efforts.

Selling and Promotion

Selling and promotion expense increased by $7.1 million, or 14.5%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. This expense as a percentage of total brokerage revenues decreased for the year ended December 31, 2007 to 5.5% from 6.6% for the year ended December 31, 2006. This decrease was primarily due to BGC Partners efforts to lower these costs relative to total brokerage revenues.

Fees to Related Parties

Fees to related parties increased by $17.3 million, or 119.0%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. This was due to increased fees paid to Cantor for providing back office support services for BGC Partners increased activity and headcount. Fees to related parties are dependent upon both the costs incurred by Cantor and the amount of administrative services BGC Partners utilizes.

Communications

Communications expenses increased by $2.8 million, or 5.1%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. As a percentage of total revenues, communications decreased to 5.2% at December 31, 2007 from 6.5% at December 31, 2006. The percentage decrease in relation to total revenues was driven by efficiency gains in managing BGC Partners communication networks.

Professional and Consulting Fees

Professional and consulting fees increased by $9.0 million, or 16.4%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The increase was primarily attributable to ongoing litigation costs as well as increased consulting and audit expenses in 2007 versus 2006.

Interest Expense

Interest expense decreased by $3.8 million, or 12.7%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The decrease was primarily due to reduced levels of outstanding long-term debt.

Commissions and Floor Brokerage

Commissions and floor brokerage expense increased by $9.0 million, or 68.8%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The increase was primarily due to additional clearing costs associated with BGC Partners increased principal transaction revenues.

Other Expenses

Other expenses increased $3.7 million, or 7.7%, for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The increase was primarily due to higher recruiting fees, as well as equity losses in Aqua.

Minority Interest

Minority interest increased $2.4 million for the year ended December 31, 2007 as compared to the year ended December 31, 2006. The increase was due to the establishment of Tower Bridge in January 2007 to provide back office support services to BGC Partners, Cantor and its affiliates. BGC Partners owns 52% of Tower Bridge and consolidates it. Cantor owns 48% and pays actual costs for the services provided to it and a mark-up currently at 7.5%. BGC Partners recognizes minority interest for the investment held by Cantor. For the year ended December 31, 2007, minority interest for Cantor s share of the cumulative net income in Tower Bridge was $2.4 million.

Provision for Income Taxes

Provision for income taxes increased by $10.9 million for the year ended December 31, 2007 as compared to the year ended December 31, 2006. BGC Partners effective tax rate was 21.8% for the year ended December 31, 2007 as compared to an effective tax rate of 1.6% for the year ended December 31, 2006. The increase in effective tax rate was due to BGC Partners increased earnings as well as the geographic distribution and mix of earnings.

Cumulative Effect of a Change in Accounting Principle

The cumulative effect of a change in accounting principle represents a charge incurred as result of BGC Partners initial adoption of Statement of Financial Accounting Standards No. 123R, which we refer to as SFAS 123R, in 2006. SFAS 123R requires BGC Partners to account for its grant units as a liability and record an expense for the liability awards at fair value at each reporting period. BGC Partners adopted the modified prospective method which does not require it to restate prior periods. As a result of implementation, BGC Partners recognized a non-cash charge of $10.1 million in the year ended December 31, 2006 that did not reoccur in 2007.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Revenues

Brokerage Revenues

Total brokerage revenues increased by $168.5 million, or 29.8%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. Commission revenues increased by $153.1 million, or 34.3%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. Principal transactions revenues increased by $15.4 million, or 12.8%, for the year ended December 31, 2006 as compared to the year ended December 31,

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2005. Of the total increase in brokerage revenues of $169.5 million, approximately $122.0 million was attributable to BGC Partners acquisitions of Euro Brokers and ETC Pollak. Revenues in 2005 reflected seven months and three months of revenues for Euro Brokers and ETC Pollak, respectively, while 2006 reflects a full year for both entities. The remaining increase was due to BGC Partners expansion in the European and Asian markets, as well as revenue growth in BGC Partners products groups.

Market Data

Market data revenues increased by $1.1 million, or 6.9%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. This was due to both growth in existing customer usage and an expanded client base resulting from increased sales efforts and product enhancements.

Fees from Related Parties

Fees from related parties increased by $13.4 million, or 87.9%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. BGC Partners related party transaction revenues, which consist of fully electronic, voice-assisted brokerage and screen-assisted open outcry transaction revenues, are generated when Cantor clears and/or transacts trades on or with assistance of BGC Partners trading platform. This decrease was primarily due to the result of our customers continued transition to fixed fee pricing from a variable fee commission model. This was partially offset by higher fees charged to affiliates for certain administrative and other support, including allocations for occupancy of office space, utilization of fixed assets and accounting, operations, human resources, legal services and technology infrastructure support in the year ended December 31, 2006. Fees from related parties are dependent upon both the costs incurred by BGC Partners and the amount of administrative services utilized by Cantor.

Software Solutions

Software solutions revenues increased by $1.4 million, or 9.3%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. This increase was primarily due revenues earned from the Wagner Patent of approximately $11.7 million in 2006 as compared with $10.0 million in 2005. The Wagner Patent expired on February 20, 2007. While BGC Partners has some uncertainty regarding our licensing fee revenues, it has a broad intellectual property patent portfolio that it believes will be valuable in the future.

Interest

Interest revenues increased by $15.9 million, or 104.4%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. This was due to increased reverse repurchase agreement transactions during the year as well as an increased blended weighted-average interest rate on overnight reverse repurchase agreements and money market Treasury funds in 2006 of 5.2% as compared to 3.3% in 2005.

Other Revenues

Other revenues increased by $21.0 million, or 408.3%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. This was due to an increase in gains on sales of investment securities of $6.8 million; increased insurance recoveries and grant income in connection with the terrorist attacks on September 11, 2001 of $4.9 million and legal settlements BGC Partners received in the amount of $4.5 million in 2006. We do not expect additional income from this grant.

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Expenses

Compensation and Employee Benefits

Compensation and employee benefits expense increased $125.2 million, or 28.8%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. The increase in these expenses was primarily due to increased staffing costs in connection with BGC Partners global expansion efforts and the acceleration of grant unit award payments to employees.

The increase in compensation and employee benefit expenses relating to BGC Partners global expansion costs dealt primarily with its acquisitions of Euro Brokers and ETC Pollak, and its operational expansion in Europe and Asia. In 2005, compensation and employee benefit expenses included seven months and three months of Euro Brokers and ETC Pollak, respectively, while 2006 included a full year for both entities. The incremental months of expense represented approximately $83.0 million of the increase.

In the third quarter of 2006, Cantor decided to pay out a majority of the grant unit liability accrued for BGC Partners employees in conjunction with BGC Partners planned separation from Cantor. As a result of that determination, Cantor calculated the fair value of the liability based on a payout assumption in the fourth quarter of 2006. The payout and revaluation resulted in a non-cash expense charge of $18.2 million.

The remaining increase was primarily attributable to increased commission expense on BGC Partners increased agency transaction revenues and normal merit increases, partially offset by the non-recurrence of HMRC settlement of tax liabilities arising from various compensation plans established by BGC Partners subsidiaries operated between 1998 and 2003. In 2005 and 2006, these charges were $11.2 million and $0.8 million, respectively.

Occupancy and Equipment

Occupancy and equipment expense increased by $36.4 million, or 40.0%, for the year ended December 31, 2006 compared to the year ended December 31, 2005. The dollar increase was primarily due to increased costs associated with BGC Partners move to its new London offices and incremental costs associated with BGC Partners global expansion efforts. In 2006, BGC Partners moved to its new London offices at Canary Wharf. Charges included paying duplicate rent on BGC Partners prior space and breaking and/or subletting its current leases at One America Square and 133 Houndsditch in London, accelerated depreciation on the abandoned leasehold improvements and the costs of moving to and furnishing the new offices.

For the year ended December 31, 2006, these charges were $20.2 million compared to $8.5 million during the year ended December 31, 2005. There was increased depreciation expense of approximately $3.1 million relating to BGC s continued investment in its technical platform to support the fully electronic business and affiliated voice brokers. Occupancy and equipment expense increases in connection with BGC Partners global expansion dealt primarily with its acquisitions of Euro Brokers and ETC Pollak and its operational expansion in Europe and Asia. In 2005, occupancy and equipment expenses included seven months of Euro Brokers and three months of ETC Pollak, while 2006 included a full year for both entities. The incremental months of expense for Euro Brokers and ETC Pollak represented $2.1 million and $1.8 million of the increase, respectively. The remaining increase was primarily attributable to BGC Partners expansion efforts in Europe and Asia.

Selling and Promotion

The $9.1 million, or 23.1%, increase in selling and promotion expense for the year ended December 31, 2006 compared to the year ended December 31, 2005 was primarily due to the expanded cost of sales efforts for BGC Partners increased broker headcount from the Euro Brokers and ETC Pollak acquisitions.

Fees to Related Parties

Fees to related parties increased by $7.9 million, or 119.3%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. This was due to increased fees paid to Cantor, for providing back office support services for BGC Partners increased activity and headcount resulting from the Euro Brokers acquisition. Fees to related parties are dependent upon both the costs incurred by Cantor and eSpeed and the amount of administrative services BGC Partners utilized.

Communications

Communications expense increased by $10.4 million, or 23.1%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. This was largely due to increased communication costs as BGC Partners front office headcount increased with its acquisitions of ETC Pollak and Euro Brokers, which represented $4.6 million and $3.5 million of the increase, respectively. The remaining increase was primarily due to the establishment of a significant operations presence in Asia.

Professional and Consulting Fees

Professional and consulting fees increased by $12.5 million, or 29.4%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. This was due to fees paid to consultants working in-house on special projects and legal and accounting firms consulting on various proposed reorganizations, mergers, acquisitions and other projects.

Interest Expense

Interest expense increased by $16.2 million, or 116.7%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. The variance was primarily due to increased debt from related parties to finance other operations and expansion efforts. The average long-term debt outstanding for the year ended December 31, 2006 and 2005 was $190.3 million and $99.5 million, respectively.

Commissions and Floor Brokerage

Commissions and floor brokerage expense increased by $2.0 million, or 18.6%, for the year ended December 31, 2006 as compared to the year ended December 31, 2005. The increase was due to increased brokerage revenues realized with the Euro Brokers and ETC Pollak acquisitions, along with the increased brokerage revenues worldwide. As a percentage of brokerage revenues, the commission and floor brokerage decreased to 1.5% for the year ended December 31, 2006 from 1.7% in the comparable period in 2005. The decrease in the percentage in relation to total brokerage revenues was due to BGC Partners commission revenues growing at a faster rate than its principal transactions.

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Other Expenses

The $15.0 million, or 45.8%, increase in other expenses for the year ended December 31, 2006 as compared to the year ended December 31, 2005 was primarily due to increased operational expenses in connection with the acquisitions of Euro Brokers and ETC Pollak, increased litigation reserves, business taxes and charitable contributions.

Provision for Income Taxes

During 2006, BGC Partners recorded an income tax benefit of $1.5 million, corresponding to an effective tax rate of 1.6%, compared to a benefit for income taxes of $9.3 million, corresponding to an effective tax rate of 11.05% in 2005. The decrease in the effective tax rate from 2005 to 2006 was largely due to the inability to use the net operating losses.

Cumulative Effect of a Change in Accounting Principle

The cumulative effect of a change in accounting principle represents a charge incurred as result of BGC Partners initial adoption of SFAS 123R in 2006. SFAS 123R requires BGC Partners to account for grant units held by employees of the BGC business as a liability and record an expense for the liability awards at fair value at each reporting period. BGC Partners adopted the modified prospective method, which does not require it to restate prior periods. As a result of implementation, BGC Partners recognized a non-cash charge of $10.1 million in the first quarter of 2006.

Liquidity and Capital Resources

Overview

BGC Partners has historically financed its business primarily through cash generated by operations, subordinated loans from Cantor and capital contributions from Cantor.

Upon closing of the merger, on April 1, 2008, BGC Partners assumed $150 million of Cantor s senior notes. BGC U.S. entered into the note purchase agreement pursuant to which $150 million principal amount of the BGC U.S. notes were issued to the investors named in the note purchase agreement. The notes are due April 1, 2010 with interest payable semiannually at the rate of 5.19% per annum; provided, however, that this rate is increased by 0.25% per annum for any fiscal quarter during which the consolidated debt of the Company exceeds 55% but not 60% of its consolidated capitalization, as such terms are defined in the Combined Company guaranty. In addition, the interest rate increases by 0.50% per annum during any period in which any holder of a BGC U.S. note is required under applicable insurance regulations to post reserves with respect to the BGC U.S. notes greater than the reserve requirement, as such term is defined in the note purchase agreement, in effect immediately prior to March 31, 2008. Under the terms of the Combined Company guaranty, BGC Partners is required to maintain consolidated capital of at least $227 million as of the end of each fiscal quarter and cannot permit its consolidated debt to exceed 60% of its consolidated capitalization; provided, however, that if its consolidated debt exceeds 55%, then the applicable interest rate of the BGC U.S. notes will be increased by 0.25% per annum. Also, pursuant to the separation agreement, the Combined Company will make semi-annual payments to Cantor during the term of the BGC U.S. notes equal to the difference between 7.5% and the applicable interest rate of the BGC U.S. notes.

Liquidity is very important for financial services firms in general and for securities firms such as BGC Partners in particular, as the market s confidence in the BGC business is integral to its success. Consequently, BGC Partners focuses on managing its funding and liquidity risk. BGC

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Partners overall objective and general funding strategy seeks to ensure liquidity and diversity of funding sources to meet its financing needs at all times and under all market environments. BGC Partners seeks to prudently manage its reliance on short-term unsecured borrowings by maintaining an adequate total capital base and certain long term debt arrangements with Cantor. BGC Partners regularly monitors and analyzes the size, composition and liquidity characteristics of its asset base in the context of each asset s ability to be used to obtain secured financing. This analysis helps us in determining BGC Partners aggregate need for longer term funding sources (*i.e.*, long term debt and equity). BGC Partners views long term debt as a stable source of funding, which effectively strengthens its overall liquidity profile and mitigates liquidity risk.

Cash Flows

Cash and cash equivalents consist of cash and highly liquid investments with maturities of 90 days or less at the date of acquisition. At March 31, 2008, we had $218.9 million of cash and cash equivalents compared to $107.7 million at March 31, 2007. At December 31, 2007, BGC Partners had $277.3 million of cash and cash equivalents compared to $130.9 million at December 31, 2006 and $164.4 million at December 31, 2005.

The following table sets forth our cash flows from operating activities, investing activities and financing activities for the periods indicated (in thousands):

	Three Months Ended March, 31		Year Ended December 31,		
	2008	2007	2007	2006	2005
Net cash (used in) provided by operating activities	$ (142,467)	$ (8,443)	$ 329,302	$ (55,751)	$ 53,320
Net cash provided by (used in) investing activities	53,842	(14,519)	(130,944)	(71,235)	(139,659)
Net cash provided by (used in) financing activities	30,259	(264)	(51,947)	93,437	211,677
(Decrease) increase in cash and cash equivalents	$ (58,366)	$ (23,226)	$ 146,411	$ (33,549)	$ 125,338

Operating Activities

During the three months ended March 31, 2008, BGC Partners operating activities used $142.5 million of cash compared to $8.4 million for the three months ended March 31, 2007. This increase was primarily due to decreased net income of $67.6 million and increased working capital utilization of $152.8 million, primarily due to increased reverse repurchase agreements. The increase in cash used was partially offset by non-cash, compensation charges of $84.1 million, $47.3 million of which was in relation to the redemption of partnership units held by certain executive officers of BGC Partners to settle outstanding loan obligations, and $36.8 million of which was in relation to the activation of exchangeability of founding partner interests held by certain executives, as part of BGC Partners separation from Cantor.

During 2007, BGC Partners operating activities provided cash of $329.3 million compared with a use of cash in 2006 of $55.8 million. This increase was primarily driven by the increase in net income of $137.4 million and increased cash provided by working capital of $258.5 million.

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Net cash used in operating activities for the year ended December 31, 2006 of $55.8 million decreased by $109.1 million as compared with the net cash provided by operating activities for the year ended December 31, 2005 of $53.3 million. This decrease was primarily due to an increased net loss of $31.7 million and increased utilization of working capital of $117.8 million due to normal operating activities in 2006. This decrease was partially offset by a non-cash grant unit award expense as a result of the adoption of SFAS 123R and the acceleration of grant unit payments.

Investing Activities

Net cash from investing activities primarily consists of purchases of fixed assets and investment securities and acquisitions. Net cash provided by investing activities was $53.8 million for the three months ended March 31, 2008 compared to a use of cash of $14.5 million for the three months ended March 31, 2007. The increase in net cash provided by investing activities was primarily due to the repayment of a secured loan from a related party of $65.0 million.

Net cash used in investing activities was $130.9 million for the year ended December 31, 2007 compared to $71.2 million for the year ended December 31, 2006. The decrease in net cash from investing activities was due to BGC Partners secured loan with Cantor in the amount of $65.0 million, offset by reduced fixed asset spending of $10.7 million for the year ended December 31, 2007 compared to the year ended December 31, 2006.

Net cash used in investing activities was $139.7 million for the year ended December 31, 2005. The decrease in net cash from investing activities from 2006 was primarily due to larger acquisitions for the year ended December 31, 2005 compared to the year ended December 31, 2006. In 2006, BGC Partners acquired Aurel Leven and AS Menkul for a combined amount of $6.7 million, net of cash acquired, compared to BGC Partners 2005 acquisitions of Euro Brokers and ETC Pollak for a combined amount of $70.9 million, net of cash acquired.

Financing Activities

Net cash from financing activities primarily consists of borrowings and repayments or loans and completed contributions or withdrawals. Net cash provided by financing activities was $30.3 million for the three months ended March 31, 2008 compared to the use of cash of $0.3 million for the three months ended March 31, 2007. During the three months ended March 31, 2008, in connection with the separation from Cantor, BGC Partners settled its intercompany long-term debt obligation with Cantor of $196.8 million and assumed $150.0 million of Cantor s senior notes. BGC Partners also received a capital contribution from Cantor in the amount of $76.2 million.

Net cash used in financing activities was $51.9 million for the year ended December 31, 2007 compared to net cash provided by financing activities of $93.4 million for the year ended December 31, 2006. During 2006, BGC Partners increased intercompany long-term debt by $94.6 million, experienced net capital contributions of $6.5 million and had increased short-term loan repayments of $8.5 million. During 2007, BGC Partners had net intercompany long-term debt repayments of $52.1 million.

Net cash provided by financing activities was $211.7 million for the year ended December 31, 2005. The decrease in net cash provided from financing activities from 2005 to 2006 was due primarily to larger capital contributions and intercompany borrowings for the year ended December 31, 2005 compared to the year ended December 31, 2006. In 2006, BGC Partners

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borrowed $94.6 million from Cantor to finance its expansion efforts and operations. In 2005, BGC Partners borrowed a combined $108.3 million in fixed interest rate long term loans from Cantor to finance its acquisition of Euro Brokers. Additionally, BGC Partners borrowed $46.0 million from Cantor in the form of unsecured subordinated two year loans with interest rates of London Interbank Offered Rate, which we refer to as LIBOR, plus a margin and received capital contributions from Cantor in the amount of $146.0 million to finance its expansion efforts and operations. This was partially offset by decreased repayments of short term debt obligations. During the year ended December 31, 2006, BGC Partners repaid short term loans in the amount of $8.5 million compared to repayments of $59.9 million for the year ended December 31, 2005.

BGC Partners anticipates, based on management s experience and current industry trends, that its existing cash resources, together with the proceeds received by it in this offering, will be sufficient to meet its anticipated working capital and capital expenditure requirements for at least the next 12 months. BGC Partners expects its operating activities going forward to generate adequate cash flows to fund its normal operations, including any dividends issued pursuant to our dividend policy. However, BGC Partners believes that there are a significant number of capital intensive opportunities for it to maximize its growth and strategic position, including, among other things, acquisitions, strategic alliances and joint ventures potentially involving all types and combinations of equity, debt and acquisition alternatives. As a result, BGC Partners may need to raise additional funds to:

- increase the regulatory net capital necessary to support operations;
- support continued growth in its business;
- effect acquisitions;
- develop new or enhanced services and markets;
- respond to competitive pressures; and
- respond to unanticipated requirements.

BGC Partners cannot guarantee that it will be able to obtain additional financing when needed on terms that are acceptable to it, if at all.

Regulatory Requirements

The financial services industry, including BGC Partners, is subject to extensive regulation. BGC Partners and its subsidiaries are subject to regulation by governmental and self-regulatory organizations in the jurisdictions in which they operate around the world. Many of these regulators, including U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer. In addition, self-regulatory organizations such as the FINRA and the NFA along with statutory bodies such as the FSA and the SEC, require strict compliance with their rules and regulations. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with broker-dealers and are not designed to specifically protect stockholders. These regulations often serve to limit BGC Partners activities, including through net capital, customer protection and market conduct requirements.

Changes in legislation and in the rules and regulations promulgated by the SEC, the Commodity Futures Trading Commission, the U.S. Treasury, the FSA and other domestic and

international regulators and self-regulatory organizations, as well as changes in the interpretation or enforcement of existing laws and rules, often directly affect the method of operation and profitability of broker-dealers and could result in restrictions in the way BGC Partners conducts its business. For example, the U.S. Congress, the U.S. Treasury, the Board of Governors of the Federal Reserve System and the SEC are continuing to review the nature and scope of their regulation and oversight of the government securities markets and U.S. markets. In the European context, the implementation of the Markets in Financial Instruments Directive in November 2007 involved wide-ranging changes to European financial services regulation. Future legislation and/or regulation and uncertainties resulting from the possibility of legislation and/or regulation, could adversely impact BGC Partners business. Failure to comply with any of these laws, rules or regulations could result in fines, limitations on business activity, suspension or expulsion from the industry, any of which could have a material adverse effect upon BGC Partners.

If BGC Partners fails to maintain the required capital in any of its regulated subsidiaries, it may be required to suspend its broker-dealer operations in that subsidiary during the period that it is not in compliance with its capital requirements and may be subject to suspension or revocation of registration by the SEC and FINRA or withdrawal of authorization or other disciplinary action from domestic and international regulators, which would have a material adverse effect on its business. In addition, if BGC Partners fails to maintain the capital required by clearing organizations of which it is a member, its ability to clear through those clearing organizations may be impaired, which may adversely affect its ability to process trades. If the capital rules are changed or expanded, or if there is an unusually large charge against capital, operations that require the intensive use of capital would be limited. BGC Partners ability to withdraw capital from its regulated subsidiaries is subject to restrictions, which, in turn, could limit its ability to pay dividends, repay debt and redeem or purchase shares of its common stock or purchase BGC Holdings limited partnership interests or other equity interests in its subsidiaries, including from Cantor or its executive officers. In addition, BGC Partners may become subject to capital requirements in other foreign jurisdictions in which it currently operates or in which it may enter.

BGC Partners conducts business through companies which are subject to regulatory restrictions and requirements and accordingly must maintain minimum capital as defined in the applicable jurisdictions. These regulatory capital requirements may restrict BGC Partners ability to withdraw capital from its subsidiaries. Certain U.S. subsidiaries are registered with the SEC and are subject to the Uniform Net Capital Requirements under Rule 15c3-1 under the Exchange Act, which we refer to as the Uniform Net Capital Requirements, and, accordingly, must maintain minimum net capital (as defined under Rule 15c3-1). Additionally, BGC Financial Inc. is registered as an Introducing Broker (IB) Futures Commissions Merchant with the NFA and is therefore subject to Regulation 1.17 of the Commodity Exchange Act, which requires the maintenance of minimum adjusted net capital to be greater than 4% of customer segregated funds. Certain U.K. subsidiaries of BGC Partners are regulated by the FSA and must maintain financial resources (as defined by the FSA) in excess of the financial resources requirement of the FSA. Certain other subsidiaries are subject to regulatory and other requirements of the jurisdictions in which they operate.

BGC Partners European regulated group (which consists of Aurel Leven, BGC Brokers Limited, BGC Brokers L.P., BGC International L.P., BGC International, ETC Pollak, EPP Holdings and other intermediate non-regulated holding entities) is subject to The Financial Groups Directive. To meet the FSA s requirements under that directive, the current corporate structure of BGC Partners European regulated group was reorganized as of July 1, 2007. BGC Partners established a European consolidated financial holding entity that is the direct owner of its

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European operations, which we refer to as European Holdings. This restructuring enabled the FSA to regulate this discrete group at a consolidated level from a capital adequacy perspective, which it is obligated to do under The Financial Groups Directive. This restructuring of the regulated European entities under European Holdings will not affect their day-to-day operations as European Holdings is a holding entity.

To improve regulatory capital efficiency, BGC Partners merged the businesses of MIS Brokers Limited into BGC Brokers L.P., with respect to the businesses in London, on March 1, 2007, and, with respect to the Danish businesses, on May 1, 2007. Further, on December 1, 2007, BGC Brokers Limited contributed its brokerage business to BGC Brokers L.P. in return for a first preferred interest in BGC Brokers L.P.

The regulatory requirements referred to above may restrict our ability to withdraw capital from our regulated subsidiaries. As of March 31, 2008, $215.6 million of net assets were held by regulated subsidiaries. As of March 31, 2008, these subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of $96.4 million.

Contractual Obligations and Commitments

The following table summarizes certain of BGC Partners contractual obligations as of December 31, 2007 (in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases(1)	$ 168,239	$ 25,906	$ 40,887	$ 31,139	$ 70,307
Long-term debt(2)	196,818	39,500	18,000	108,318	31,000
Interest on long-term debt	59,682	14,194	23,894	17,841	3,753
Total contractual obligations	$ 424,739	$ 79,600	$ 82,781	$ 157,298	$ 105,060

(1) Operating leases are related to rental payments under various non-cancelable leases, principally for office space.

(2) Long-term debt represents notes payable to Cantor subsidiaries (see Note 13, Long-term Notes to Related Parties, to the accompanying notes to supplemental consolidated financial statements of BGC Partners for more information regarding this long-term debt, including timing of payments and acceleration clauses) as of December 31, 2007. In connection with the separation, BGC Partners settled its long-term debt obligation with Cantor and BGC U.S. assumed the liabilities of Cantor pursuant to the note purchase agreement in respect of $150 million aggregate principal amount of Cantor s senior notes.

Off-Balance Sheet Arrangements

As of March 31, 2008 and December 31, 2007, BGC Partners did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. BGC Partners may be exposed to a risk of loss not reflected on the accompanying supplemental consolidated financial statements of BGC Partners for certain derivative contracts, including exchange-traded futures and foreign exchange options, which represent BGC Partners obligations to deliver the specified securities at the contracted price and thereby may create a liability to purchase them in the market at prevailing prices. Accordingly, these transactions result in off-balance sheet risk as BGC Partners cost to liquidate such securities and futures and options contracts may exceed the amount reported on the accompanying supplemental consolidated statements of financial condition of BGC Partners. The majority of BGC Partners derivatives contracts are short term in nature.

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Critical Accounting Policies and Estimates

The following discussion is based upon the Combined Company s supplemental consolidated financial statements and the accompanying notes thereto, which have been prepared in accordance with U.S. GAAP. The preparation of these supplemental consolidated financial statements requires BGC Partners to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the supplemental consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. BGC Partners regularly evaluates its estimates and assumptions related to stock-based compensation expense, goodwill and purchased intangible asset valuations, strategic investments, deferred income tax asset valuation allowances, restructuring costs, litigation and other loss contingencies. BGC Partners bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by BGC Partners may differ materially and adversely from its estimates. To the extent there are material differences between BGC Partners estimates and the actual results, BGC Partners future results of operations will be affected.

BGC Partners believes that the following critical accounting policies affect its more significant estimates and judgments used in the preparation of its supplemental consolidated financial statements and the accompanying notes thereto.

Goodwill

BGC Partners reviews goodwill and indefinite lived intangible assets for impairment annually in the fourth quarter and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable in accordance with SFAS No. 142, Goodwill and Other Intangible Assets. Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for as a purchase. Goodwill is no longer amortized, but instead is subject to periodic testing for impairment. Goodwill impairment is determined using a two-step approach. The first step of the goodwill test compares the fair value of a reporting unit with its carrying amount, including goodwill. The second step of the goodwill impairment test compares the implied fair value of the reporting unit s goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit s goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that difference.

Determining the fair value of goodwill assets is judgmental in nature and involves the use of significant estimates and assumptions. BGC Partners bases its fair value estimates on assumptions it believes to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

Impairment of Long-Lived Assets

BGC Partners reviews long-lived assets, such as property, plant and equipment, and definite lived intangible assets subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the

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asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Contingencies

In the normal course of business, BGC Partners has been named as a defendant in various lawsuits and proceedings and has been involved in certain regulatory examinations. Additional actions, investigations or proceedings may be brought from time to time in the future. BGC Partners is subject to the possibility of losses from these various contingencies. Considerable judgment is necessary to estimate the probability and amount of any loss from such contingencies. An accrual is made when it is probable that a liability has been incurred or an asset has been impaired and the amount of loss can be reasonably estimated. BGC Partners accrues a liability for the estimated costs of adjudication or settlement of asserted and unasserted claims existing as of the balance sheet date. BGC Partners has recorded reserves for certain contingencies to which it may have exposure, such as reserves for certain income tax and litigation contingencies and contingencies related to the employer portion of National Insurance Contributions in the United Kingdom. BGC Partners discloses asserted claims when it is at least reasonably possible that an asset had been impaired or a liability had been incurred as of the date of the financial statements and unasserted claims when it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. It is not presently possible to determine BGC Partners ultimate exposure to these matters and there is no assurance that the resolution of these matters will not significantly exceed the reserves BGC Partners has accrued. It is BGC Partners management s opinion that the ultimate resolution of these matters, while not likely to have a material adverse effect on BGC Partners supplemental consolidated financial condition, could be material to its operating results for any particular period. See Business Legal Proceedings.

Income Taxes

SFAS No. 109, Accounting for Income Taxes, establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity s financial statements or tax returns. Estimates and judgment are required in assessing the future tax consequences of events that have been recognized in BGC Partners supplemental consolidated financial statements or tax returns.

Recently Adopted Accounting Pronouncements:

SFAS No. 157: In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which we refer to as SFAS 157. SFAS 157 clarifies that fair value is the amount that would be exchanged to sell an asset or transfer a liability, in an orderly transaction between market participants. SFAS 157 nullifies the consensus reached in EITF Issue No. 02-3 prohibiting the recognition of day-one gain or loss on derivative contracts where the firm cannot verify all of the significant model inputs to observable market data and verify the model to market transactions. However, SFAS 157 requires that a fair value measurement technique include an adjustment for risks inherent in a particular valuation technique (such as a pricing model) and/or the risks inherent in the inputs to the model, if market participants would also include such an adjustment. In addition, SFAS 157 prohibits the recognition of block discounts for large holdings of unrestricted financial instruments where quoted prices are readily and regularly available in an active market. The provisions of SFAS 157 are to be applied prospectively, except for changes in fair value measurements that result from the initial

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application of SFAS 157 to existing derivative financial instruments measured under EITF Issue No. 02-3, existing hybrid instruments measured at fair value, and block discounts, which are to be recorded as an adjustment to opening retained earnings in the year of adoption. BGC Partners adopted the provisions of SFAS 157 when they became effective on January 1, 2008.

SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SFAS 157 are as follows:

Level 1 Measurements Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Measurements Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 Measurements Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

In determining fair value, the Combined Company separates its financial instruments owned and its financial instruments sold, but not yet purchased into two categories: cash instruments and derivative contracts.

Cash Instruments The Combined Company s cash instruments are generally classified within level 1 or level 2 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. The types of instruments valued based on quoted market prices in active markets include most U.S. government and agency securities, many other sovereign government obligations, and active listed equities. Such instruments are generally classified within level 1 of the fair value hierarchy. The Combined Company does not adjust the quoted price for such instruments, even in situations where the Combined Company holds a large position and a sale could reasonably impact the quoted price.

The types of instruments valued based on quoted prices in markets that are not active, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency include most investment-grade and high-yield corporate bonds, other sovereign government obligations, money market securities, and less liquid listed equities, state, municipal and provincial obligations. Such instruments are generally classified within level 2 of the fair value hierarchy.

Derivative Contracts The Combined Company s derivative contracts can be exchange-traded or OTC. Exchange-traded derivatives, typically fall within level 1 or level 2 of the fair value hierarchy depending on whether they are deemed to be actively traded or not. BGC Partners generally values exchange-traded derivatives using the closing price of the exchange-traded derivatives. OTC derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. For OTC derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgment. Such instruments are typically classified within level 2 of the fair value hierarchy.

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See Note 2 Fair Value of Financial Assets and Liabilities in BGC Partners, Inc. s supplemental condensed consolidated financial statements for the three months ended March 31, 2008 and 2007.

SFAS No. 159: In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Liabilities*, which we refer to as SFAS 159. SFAS 159 provides companies with an option to report selected financial assets and liabilities at fair value, and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective for BGC Partners as of January 1, 2008. On January 1, 2008, BGC Partners adopted the fair value option for available-for-sale securities. The change in fair value of these instruments is recorded in Principal Transaction Revenues. As a result, the related unrealized loss of $61,000 for the year ended December 31, 2007 was reclassed from accumulated other comprehensive loss to beginning accumulated deficit as a cumulative effect adjustment.

New Accounting Pronouncements:

SFAS No. 141(R): In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations*, which we refer to as SFAS 141(R). SFAS 141(R) replaces SFAS 141, *Business Combinations.* SFAS 141(R) retains the fundamental requirements in SFAS 141 that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. SFAS 141(R) amends the recognition provisions for assets and liabilities acquired in a business combination, including those arising from contractual and noncontractual contingencies. SFAS 141(R) also amends the recognition criteria for contingent consideration. SFAS 141(R) is effective as of January 1, 2009. Early adoption is not permitted. BGC Partners is currently evaluating the potential impact of adopting SFAS 141(R) on its combined financial statements.

SFAS 160: In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interest in Consolidated Financial Statements an amendment to ARB No. 51*, which we refer to as SFAS 160. SFAS 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary, a parent s ownership interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SFAS 160 is effective as of January 1, 2009. Early adoption is not permitted. BGC Partners is currently evaluating the potential impact of adopting SFAS 160 on its combined financial statements.

SFAS No. 161: In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, which we refer to as SFAS 161. SFAS 161 requires enhanced disclosures about an entity s derivative and hedging activities and thereby improves the transparency of financial reporting. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flow. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early adoption encouraged. SFAS 161 encourages, but does not require, comparative disclosures for earlier periods at initial adoption. BGC Partners is currently evaluating the potential impact of adopting SFAS 161.

Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices or other factors will result in losses for a specified position. In the normal course of business, BGC Partners holds investment securities and equity investments which are recorded as assets on the accompanying Supplemental Consolidated Statements of Financial Condition. BGC Partners is exposed to the risk that securities prices may fluctuate. BGC Partners enters into transactions to sell securities not yet purchased, which are recorded as liabilities on the accompanying combined statement of financial condition. BGC Partners is exposed to the risk that potential market price increases may cause the ultimate liability for such commitments to exceed the amount recognized on the accompanying supplemental consolidated statement of financial condition. BGC Partners holds derivative contracts and faces potential market risks related to fluctuations in the interest rates, foreign exchange rates and securities prices that these derivative contracts are tied to.

Foreign Currency Risk

BGC Partners is exposed to risks associated with changes in foreign exchange rates. As foreign currency exchange rates change, the U.S. dollar equivalent of revenues and expenses denominated in foreign currencies change. BGC Partners U.K. operations generate a majority of their revenues in the British Pound and Euros. On a daily basis, all cash balances except those necessary to pay short term expenses are converted to U.S. dollars. Changes in the translation of BGC Partners net assets are recorded as part of its results of operations and fluctuate with changes in foreign currency conversion rates.

BGC Partners does not consider the related economic risk to be material to its results of operations. BGC Partners estimates that a hypothetical 10% adverse change in foreign exchange rates would have resulted in a decrease in net income in its international operations of approximately $2.4 million for the three months ended March 31, 2008 and $2.3 million for the year ended December 31, 2007.

A substantial part of BGC Partners foreign currency related business is on a name give-up basis resulting in no market or credit risks. BGC Partners runs a very small principal business in foreign currency. The focus in this business is not to take market risks but to facilitate customer flows with liquidity providers on the other side of the transaction, providing the offsets.

The majority of BGC Partners derivative business is concentrated in spot foreign currency transactions with a relatively minor portion in short-dated forwards and options contracts. Exposure to non-performance in BGC Partners foreign currency and derivative contracts is minor. BGC Partners counterparties can be either major banking institutions, small financial institutions or individual investors. For the small financial institutions and individual investors, the risk is mitigated through the following:

Customers are required to post cash margin in advance of trading. Any exceptions are specifically approved by management. All customers are reviewed for their credit status

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and are monitored periodically for potential default. Notional gross limits set on cumulative outstanding trades for a given customer. All customer positions are realized on a daily basis and rolled forward at market, any resulting profit or loss is credited or charged to their account;

Stop loss levels are set against customer positions and stop loss orders are placed with market liquidity providers to ensure that resulting market-driven credit exposure to customers is contained within margins posted. In the case of large institutional customers with unsecured credit limits, stop losses are used to minimize potential credit overages;

Any small residual market risk on the desk that may result primarily due to timing mismatches between customer trades and hedges is strictly controlled using value-at- risk, which we refer to as VAR, limits. All currency exposures are quantified, including value date mismatches. Exposures are aggregated and a VAR measure is calculated using a one year variance and covariance matrix. Extreme adverse market stresses are also calculated.

The accounting for derivative contracts is established in SFAS No. 133, as amended, *Accounting for Derivative Instruments and Hedging Activities*, which we refer to as SFAS 133. SFAS 133 requires that an entity recognize all derivative contracts as either an asset or liability and measure those instruments at fair value. The fair values of BGC Partners derivative contracts are determined from quoted market prices or other public price sources. BGC Partners does not designate any of its derivative contracts as hedges for accounting purposes. The change in fair value of derivative contracts is reported as part of Principal transactions on the accompanying supplemental consolidated statements of operations. All derivative contracts are recorded on a net-by-counterparty basis where management believes a legal right of setoff exists under an enforceable netting agreement.

Interest Rate Risk

BGC Partners had $150.0 million in variable-rate debt outstanding as of March 31, 2008. These debt obligations are subject to fluctuations in interest rates, which impact the amount of interest BGC Partners must pay. If variable interest rates were to increase by 0.50% per annum, the annual impact to BGC Partners net income would be a reduction of approximately $0.8 million.

Credit Risk

Credit risk arises from potential non-performance by counterparties and customers. BGC Partners has established policies and procedures to manage its exposure to credit risk. BGC Partners maintains a thorough credit approval process to limit exposure to counterparty risk and employ stringent monitoring to control the market and counterparty risk from its matched principal and agency businesses. BGC Partners brokers may only execute transactions for clients that have been approved by its credit committee following review by its credit department. BGC Partners credit approval process generally includes verification of key financial information and operating data and anti-money laundering verification checks. BGC Partners credit review process includes consideration of independent credit agency reports and a visit to the entity s premises, if necessary. BGC Partners has developed and utilizes an electronic credit monitoring system.

Credit approval is granted by BGC Partners credit committee, which is comprised of senior management and representatives from its compliance, finance and legal departments. Credit

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approval is granted subject to certain trading limits and may be subject to additional conditions, such as the receipt of collateral or other credit support. Counterparties are reviewed for continued credit approval on at least an annual basis and the results are provided to the credit committee. Maintenance procedures include reviewing current audited financial statements and publicly available information on the client, collecting data from credit rating agencies, where available, and reviewing any changes in ownership, title or capital of the client.

Principal Transaction Risk

Through its subsidiaries, BGC Partners executes matched principal transactions in which it acts as a middleman by serving as counterparty to both a buyer and a seller in matching back-to-back trades. These transactions are then settled through a third-party clearing organization. Settlement typically occurs within one to three business days after the trade date. Cash settlement of the transaction occurs upon receipt or delivery of the underlying instrument that was traded. In a limited number of circumstances, BGC Partners may settle a principal transaction on a free of payment basis or by physical delivery of the underlying instrument.

The number of matched principal trades BGC Partners executes has continued to grow as compared to prior years. Matched principal trades in the less liquid markets on which BGC Partners focuses are less likely to settle on a timely basis than transactions in more liquid markets. Receivables from brokers, dealers and clearing organizations and payables to brokers, dealers and clearing organizations on BGC Partners supplemental consolidated statement of financial condition primarily represent the simultaneous purchase and sale of the securities associated with those matched principal transactions that have not settled as of their stated settlement dates. BGC Partners experience has been that substantially all of these transactions ultimately settle.

Matched principal transactions expose BGC Partners to risks. In executing matched principal transactions, BGC Partners is exposed to the risk that one of the counterparties to a transaction may fail to fulfill its obligations, either because it is not matched immediately or, even if matched, one party fails to deliver the cash or securities it is obligated to deliver. BGC Partners focus on less liquid and OTC markets exacerbates this risk because transactions in these markets are less likely to settle on a timely basis. Adverse movements in the prices of securities that are the subject of these transactions can increase risk. In addition, widespread technological, natural disasters (e.g., tsunamis and earthquakes) or communication failures, such as those which occurred as a result of the terrorist attacks on September 11, 2001 and the blackout in the eastern portion of the United States in August 2003, as well as actual or perceived credit difficulties or the insolvency of one or more large or visible market participants, could cause market-wide credit difficulties or other market disruptions. These failures, difficulties or disruptions could result in a large number of market participants not settling transactions or otherwise not performing their obligations.

BGC Partners is subject to financing risk in these circumstances because if a transaction does not settle on a timely basis, the resulting unmatched position may need to be financed, either directly by BGC Partners or through one of its clearing organizations, at BGC Partners expense. These charges may be recoverable from the failing counterparty, but sometimes are not. Finally, in instances where the unmatched position or failure to deliver is prolonged or widespread due to rapid or widespread declines in liquidity for an instrument, there may also be regulatory capital charges required to be taken by BGC Partners, which depending on their size and duration, could limit its business flexibility or even force the curtailment of those portions of its business requiring higher levels of capital. Credit or settlement losses of this nature could adversely affect its supplemental consolidated financial condition or results of operations.

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In the process of executing matched principal transactions, miscommunications and other errors by BGC Partners clients or BGC Partners can arise whereby a transaction is not completed with one or more counterparties to the transaction, leaving BGC Partners with either a long or short unmatched position. These unmatched positions are referred to as out trades, and they create a potential liability for BGC Partners. If an out trade is promptly discovered and there is a prompt disposition of the unmatched position, the risk to BGC Partners is usually limited. If the discovery of an out trade is delayed, the risk is heightened by the increased possibility of intervening market movements prior to disposition. Although out trades usually become known at the time of, or later on the day of, the trade, it is possible that they may not be discovered until later in the settlement process. When out trades are discovered, BGC Partners policy is to have the unmatched position disposed of promptly, whether or not this disposition would result in a loss to BGC Partners. The occurrence of out trades generally rises with increases in the volatility of the market and, depending on their number and amount, such out trades have the potential to have a material adverse effect on BGC Partners supplemental consolidated financial condition and results of operations.

In addition, liability for unmatched principal transactions could adversely affect BGC Partners supplemental consolidated results of operations and balance sheet. BGC Partners allows certain of its brokerage desks to enter into unmatched principal transactions in the ordinary course of business, primarily for the purpose of facilitating clients execution needs, adding liquidity to a market or attracting additional order flow. As a result, BGC Partners has market risk exposure on these unmatched principal transactions. BGC Partners exposure varies based on the size of its overall positions, the terms of the instruments brokered and the amount of time the positions are held before they are disposed of. BGC Partners does not track its exposure to unmatched positions on an intra-day basis; however, it attempts to mitigate its market risk on these positions by hedging its exposure. These unmatched positions are intended to be held short term. However, due to a number of factors, including the nature of the position and access to the market on which it trades, BGC Partners may not be able to match the position and it may be forced to hold the position overnight. To the extent these unmatched positions are not disposed of intra-day, BGC Partners marks these positions to market.

Adverse movements in the securities underlying these positions or a downturn or disruption in the markets for these positions could result in a substantial loss. In addition, principal gains and losses resulting from these positions could on occasion have a disproportionate effect, positive or negative, on BGC Partners supplemental consolidated financial condition and results of operations for any particular reporting period.

BGC Partners also attempts to mitigate the risks associated with principal transactions through its credit approval and credit monitoring processes. BGC Partners maintains a credit approval process as described above under the discussion of Credit Risk as a means of mitigating exposure to counterparty risk. In addition, BGC Partners credit risk department regularly monitors concentration of market risk to financial instruments, countries or counterparties and regularly monitors trades that have not settled within prescribed settlement periods or volume thresholds. BGC Partners has developed and utilizes an electronic risk monitoring system, which provides management with twice daily credit reports that analyze credit concentration.

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eSPEED S MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion summarizes the significant factors affecting our results of operations and financial condition during the three months ended March 31, 2008 and 2007 and the years ended December 31, 2007, 2006 and 2005, respectively. This discussion is provided to increase the understanding of, and should be read in conjunction with, eSpeed s Consolidated Financial Statements and the accompanying Notes thereto included elsewhere in this prospectus.

For purposes of this section of this prospectus, references to eSpeed refers to eSpeed and, together with its subsidiaries, as the Company, we, us or our.

Overview

eSpeed is a leader in developing and deploying electronic marketplaces and related trading technology that offer traders access to some of the most efficient, innovative and neutral financial markets in the world. We operate multiple buyer, multiple seller real-time electronic marketplaces for the global capital markets, including the world s largest government bond markets, the world s largest foreign exchange markets, and other financial marketplaces, which may be accessed through fully electronic transactions for some products or through an integrated hybrid voice-assisted network accessed by voice brokers. Our suite of marketplace tools provides end-to-end transaction solutions for the purchase and sale of financial products over our global private network or via the Internet. Our neutral platform, reliable network, straight-through processing and proven solutions make us a trusted source for fully electronic and integrated hybrid voice-assisted trading at some of the world s largest fixed income and foreign exchange trading firms, major exchanges and leading equities trading firms in the world.

On April 1, 2008, BGC Partners OldCo merged with and into eSpeed. The merger, which was recommended by eSpeed s Special Committee, was approved and adopted by the eSpeed stockholders at a special meeting held on March 14, 2008.

During 2007, we became aware that certain revenues and expenses related to a portion of the development of related party software covered under the Company s JSA with Cantor required restatement. The Company had accounted for certain fees paid by related parties for software development as revenue in the period when the cash was received. The Company concluded that some of these paid fees should have been deferred and recognized ratably over the future period which such software will be used to provide services to Cantor. The restatement correction reduced revenue from current periods, thereby creating a deferred revenue liability. The restatement also corrected the amortization expense that was recorded in connection with the determination of the period of benefit provided by the developed software.

As a result of the restatement discussed above, a material weakness existed in our internal control over financial reporting with respect to controls over the proper application of generally accepted accounting principles for certain revenues and expenses related to a portion of the development of related party software covered under the JSA.

We have worked diligently to remediate the material weakness by implementing a new critical accounting policy, recruiting additional qualified staff and expanding existing procedures and controls such as formal communication procedures with appropriate computer software development managers. As such, as of December 31, 2007, the material weakness described above has been remediated.

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Management s Review and Outlook for the Future

eSpeed strives for consistent growth and profitability while positioning the company for future success. With our merger with BGC Partners LLC, we are making major efforts towards meeting this objective.

Over the last three years, BGC Partners growth has been an increasing revenue contributor to eSpeed and eSpeed s technology has supported BGC Partners growth in hybrid and electronic trading. We believe the merger will benefit our customers as we streamline product development and improve our technology, service and execution. With the closing of the merger on April 1, 2008, we believe our stockholders now have a stake in a much larger and faster growing company. The Combined Company has higher earnings and cash flow than eSpeed on a standalone basis, and we expect it to have greater opportunities, advantages and synergies than either company by itself. Finally, our employee-owners have a major equity stake in the Combined Company, which we believe will result in enhanced employee retention.

For eSpeed, 2007 was a transitional year. We increased our technology investment in our hybrid voice-assisted and fully electronic businesses and recognized significant acquisition and stock-based compensation expenses. We also opened a new data center in the Northeastern United States and invested in new and redundant capital assets to better service the Combined Company. Additionally, the Wagner Patent expired on February 20, 2007, and we therefore no longer receive revenue related to this patent. The 2007 financials were also impacted by substantial litigation costs in connection with an ongoing patent infringement litigation.

Marketplaces

U.S. Treasuries

We consider the trading of U.S. Treasury securities to be both a foundation for our company and an area for incremental growth. We believe that our volume growth in U.S. Treasuries is the result of solid customer relationships, our proprietary technology, the continuation of fixed price arrangements with our largest customers, and the impact of trading incentives at marginally lower commissions contained in many of our tailored pricing arrangements. Our fully electronic revenue per transaction declined during 2007 due to a continued increase in trading volumes among those customers with fixed components to their pricing contracts.

We believe that we remain well positioned to participate in the projected growth in the overall U.S. Treasury market primarily as a result of the increasing use of computer-assisted trading by participants in the market. We expect U.S. Treasury volumes to continue to grow as traders utilize computers to augment and implement their trading strategies.

Hybrid Voice and Screen-Assisted Products

Our integrated hybrid voice-assisted model provides us significant long-term opportunities, both in terms of fully electronic transaction volumes and for increased revenues across our product offerings. Historically, new markets have initially tended to trade by voice alone, often with the help of an inter-dealer broker. As volumes increase and the structure and characteristics of a market standardize over time, the potential to leverage technology and create new hybrid and fully electronic traded products increases, thereby allowing eSpeed, and, in the future, the Combined Company, to generate greater revenues. The combined volumes for hybrid voice and screen-assisted products increased by 25.8% in 2007, compared to 2006.

eSpeed has taken an active role in transitioning voice brokered products to a hybrid model. For example, during 2007 we launched a fully electronic BGC Partners-branded European credit default swaps and foreign exchange options trading platform marketed as BGC Trader. Further, the Belgian Debt Agency formally recognized BGC Partners as a designated electronic platform after consultation with the banks that are the Primary Dealers in Belgian Government Securities. Commencing in March 2008, the Belgian Primary Dealers will be able to officially meet their obligations on the BGC Partners platform powered by eSpeed. There is uncertainty, however, regarding the pace at which individual markets or financial instruments migrate from voice-only to hybrid and eventually to fully electronic trading.

Other Products and Investments

With our existing relationships, technology, network and prime location on trader desktops, we have the ability to extend our product-line beyond U.S. Treasuries and hybrid voice and screen-assisted markets. During 2007, we continued to develop and foster the growth of our other products, and announced the formation and our investment in two new business initiatives, Aqua and ELX.

Foreign Exchange We offer a trading platform that provides foreign exchange spot traders with what we believe is a better way to trade. However, we continue to encounter difficulties sustaining price support from market-makers. Accordingly, we are making strategic adjustments that include the deployment of a complementary second platform targeted at major institutions and market-makers. We believe that this new platform, combined with our experienced sales team and the continued growth in algorithmic trading and desktop traders, has us well positioned to capitalize on this opportunity.

Futures Our futures business is comprised of an order routing service that offers customers access to the futures markets over the eSpeed network, and the ECCO front-end trading software product that provides sophisticated trading tools such as automated spreading. We continue to focus on improving the structure and scalability of our current business, as well as investing in new product offerings and services. Enhancements to the ECCO product suite, such as faster links to the CME and Eurex exchanges, allow us to offer customers market leading automated spreading capabilities for the largest global futures exchanges.

Aqua In January 2007, we announced the formation of Aqua Securities, LP, an alternative electronic trading platform offering new pools of block liquidity to the global equities markets. Aqua is 51% owned by Cantor and 49% owned by eSpeed. Concurrent with this announcement, Kevin Foley relinquished his role as President of eSpeed, to lead this initiative as President and CEO of Aqua. During 2007, both companies collectively contributed financial, professional, and technology assets to the new venture, including eSpeed s former equities order routing business.

On December 27, 2007, we and 11 other leading financial institutions announced the establishment of a fully-electronic futures exchange, ELX. Through a subsidiary, we will hold approximately a 25% interest in the exchange s operating limited partnership, ESX LP, and its holding company general partner, ESX LLC.

Earnings Summary

For the three months ended March 31, 2008, we had total revenues, total operating expenses, and a net (loss) income of $40.7 million, $41.2 million and ($0.5) million, respectively, compared to the three months ended March 31, 2007 of $41.6 million, $40.3 million and $0.8

million, respectively. The changes in revenue were principally a result of a decrease in fully electronic transactions with related parties and interest income. These decreases in revenue during the three months ended March 31, 2008 were offset by first quarter 2008 revenue increases from voice-assisted and screen-assisted transactions with related parties and Software Solutions and licensing fees from unrelated parties for the three months ended March 31, 2008. Total operating expenses increased during the three months ended March 31, 2008 primarily as a result of increased compensation, other occupancy and communication costs as well as recording our share of net losses from Aqua and ELX, respectively. This increase was partially offset by lower amortization costs from a smaller asset base due to assets impaired during 2007, and the expiration of the Wagner Patent in the three months ended March 31, 2007, and reduced professional and consulting fees.

Our net loss for 2007 was approximately $32.5 million or $0.64 per diluted share compared with net income of approximately $4.7 million or $0.09 per diluted share in 2006. Total revenues for 2007 were $159.2 million, a $5.5 million decrease compared to $164.7 million in 2006. The Wagner Patent, which contributed 2006 fully electronic revenues from unrelated parties and Software Solutions and licensing fees from unrelated parties of $6.2 million and $11.7 million, respectively, expired on February 20, 2007. As such, the Wagner Patent only contributed 2007 fully electronic revenues from unrelated parties and Software Solutions and licensing fees from unrelated parties of $1.3 million and $1.6 million, respectively. The Company no longer receives revenues from this patent. Additionally, in 2006 we received non-recurring gains from September 11th-related replacement insurance and government grant income from related parties of $3.5 million and $3.1 million respectively.

These results were offset by continued growth in our hybrid voice and screen-assisted businesses. Software Solutions fees from related parties were higher due to an increase in rates charged as well as additional demand for our support services from Cantor and BGC.

Total expenses for 2007 were approximately $198.0 million, a $40.9 million increase compared to $157.1 million in 2006. This increase was primarily due to increased compensation expenses due to growth in additional stock-based compensation charges due to the acceleration of unvested, and the granting of fully vested, stock options and restricted stock units in anticipation of the merger. The additional increase was primarily a result of merger-related acquisition expenses, ongoing litigation costs and a related $3.5 million loss contingency.

Outlook

As we look to 2008 and beyond as a Combined Company, we will work towards the following goals:

- Improving Combined Company pre-tax margins by growing revenues and controlling expense levels.
- Leveraging our strong customer relationships to further grow our existing products and market share.
- Delivering innovative technology to further the evolution of new hybrid and fully electronic traded products.
- Continuing to globalize our footprint by accretively acquiring companies or teams in new markets and product areas.
- Developing the technology platform to launch and support ELX s fully-electronic futures exchange.

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Critical Accounting Policies and Estimates

The following discussion is based upon our Consolidated Financial Statements and the accompanying Notes thereto, which have been prepared in accordance with U.S. GAAP. The preparation of these Consolidated Financial Statements requires us to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We regularly evaluate our estimates and assumptions related to stock-based compensation expense, goodwill and purchased intangible assets valuations, strategic investments, deferred income tax asset valuation allowances, restructuring costs, litigation and other loss contingencies. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by us may differ materially and adversely from our estimates. To the extent there are material differences between our estimates and the actual results, our future results of operations will be affected.

We believe that the following critical accounting policies affect our more significant estimates and judgments used in the preparation of our Consolidated Financial Statements and the accompanying Notes thereto.

Related Party Transactions

We share revenues with Cantor, Freedom and CO2e. In addition, we provide technology support services to Cantor, BGC, Freedom and CO2e, and Cantor provides administrative services to us.

Since Cantor holds a controlling interest in us, and holds a significant interest in BGC and Freedom, such transactions among and between us and Cantor, BGC Partners, Freedom and CO2e are on a basis that might not be replicated if such services or revenue sharing arrangements were between, or among, unrelated parties.

We recognize Software Solutions fees from related parties based on the allocated portion of our costs of providing services to our related parties. Such allocation of costs requires us to make estimates and judgments as to the equitable distribution of such costs. In addition, we receive administrative services from Cantor, for which we pay a fee based on Cantor s good faith determination of an equitable allocation of the costs of providing such services. There is no assurance that we could realize such revenues or obtain services, at such costs, if we had to replicate such arrangements with unrelated parties.

Related Party Software Development Services Revenue Recognition

We receive Software Solutions fees for the development of related party computer software. Up-front fees are deferred and recognized ratably over the future period during which such software will be used to provide services to the related party.

Patents

Intangible assets consist of purchased patents, costs incurred in connection with the filing and registration of patents and the costs to defend and enforce our rights under patents. Capitalized costs related to the filing of patents are generally amortized on a straight-line basis over a period not to exceed three years. The costs of acquired patents are amortized over a period not to exceed 17 years or the remaining life of the patent, whichever is shorter, using the straight-line method. The costs to defend and enforce our rights under these patents consist primarily of external litigation costs related to the pursuit of patent infringement lawsuits by us, and consist of fees for outside attorneys, technology experts and litigation support services. These costs are capitalized when such costs serve to enhance the value of the related patent, and are amortized over the remaining life of such patent. Should it be determined that the capitalized costs no longer serve to enhance the value of the related patent, such as a situation in which our patent is held to be invalid, these capitalized costs would be expensed in the period in which such determination was made. We believe the inherent value of the patents exceeds their carrying value. However, if the rights afforded us under the patents are not enforced or the patents do not provide the competitive advantages that we anticipated at the time of purchase, we may have to write-down the patents, and such charges could be substantial.

Goodwill and Indefinite Lived Intangible Assets

We review goodwill and indefinite lived intangible assets for impairment annually in the fourth quarter and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets.* Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for as a purchase. Goodwill is no longer amortized, but instead is subject to periodic testing for impairment. Goodwill impairment is determined using a two-step approach. The first step of the goodwill test compares the fair value of a reporting unit with its carrying amount, including goodwill. The second step of the goodwill impairment test compares the implied fair value of the reporting unit s goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit s goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that difference. Determining the fair value of goodwill assets is judgmental in nature and involves the use of significant estimates and assumptions. We base our fair value estimates on assumptions we believe to be reasonable but are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

Impairment of Long-Lived Assets

We review long-lived assets, such as property, plant, and equipment, and definite lived intangible assets subject to amortization, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long Lived Assets*. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the assets. We recognized impairment charges for long-lived assets of $4.8 million, $1.9 million and $2.4 million for the year ended December 31, 2007, 2006 and 2005, respectively. We did not recognize any impairment charges for long-lived assets for the three months ended March 31, 2008.

Fixed Assets

We carry fixed assets at cost net of accumulated depreciation. Fixed assets, principally composed of computers, communication equipment and software, are depreciated over their

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estimated economic useful lives (generally three to seven years) using the straight-line method. Internal and external direct costs of application development and of obtaining software for internal use are capitalized and amortized over their estimated economic useful life (generally three years) on a straight-line basis. Leasehold improvements are amortized over their estimated economic useful lives, or the remaining lease term, whichever is shorter. Routine repairs and maintenance are expensed as incurred.

Income Taxes

SFAS No. 109, *Accounting for Income Taxes,* establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity s financial statements or tax returns. Estimates and judgment are required in assessing the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns.

FIN No. 48: In July 2006, the FASB issued interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109, which we refer to as FIN 48. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The provisions of FIN 48 were effective for the Company on January 1, 2007.

At the FIN 48 adoption date of January 1, 2007, the Company had $1.7 million of unrecognized tax benefits, all of which would affect the Company s effective tax rate if recognized. The Company recorded a cumulative effect adjustment of $0.2 million as a decrease to its January 1, 2007 retained earnings for the accrued interest expense on the unrecognized tax benefit. The Company recognizes interest and penalties related to uncertain tax positions as an accrued expense. At March 31, 2008 and December 31, 2007, the Company had $1.7 million of unrecognized tax benefits. During the first three months of 2008, the Company expensed less than $0.1 million of interest expense related to the unrecognized tax benefit. As of March 31, 2008, the Company had approximately $0.4 million of accrued interest related to uncertain tax positions. The Company files income tax returns in the U.S. federal jurisdiction and various states, local and foreign jurisdictions. The Company, with few exceptions, is no longer subject to U.S. federal, state/local or non-U.S. income tax examination by tax authorities for years prior to 2003, 1999 and 2000, respectively.

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Results of Operations

Revenues

The following table sets forth certain of eSpeed s Consolidated Statements of Income data expressed as a percentage of net revenue for the periods indicated:

	Three Months Ended March 31,				Year Ended December 31,					
	2008		2007		2007		2006		2005	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
	($ in thousands)									
Transaction revenues										
Fully electronic transactions with related parties	$ 13,506	33.2%	$ 16,440	39.5%	$ 63,941	40.2%	$ 62,084	37.7%	$ 74,669	49.2%
Fully electronic transactions with unrelated parties			1,506	3.6	2,395	1.5	6,937	4.2		