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 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,				Three Months Ended March 31,		
	Supplemental Consolidated for BGC Partners, Inc.			Pro Forma BGC Partners, Inc.	Supplemental Condensed Consolidated for BGC Partners, Inc.		Pro Forma BGC Partners, Inc.
	2005	2006	2007	2007	2007	2008	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,			As of March 31,	
	Supplemental Consolidated for BGC Partners, Inc.		Pro Forma BGC Partners, Inc.	Supplemental Condensed Consolidated for BGC Partners, Inc.	Pro Forma BGC Partners, Inc.
	2006	2007	2007	2008	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

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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

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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

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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 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.

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

(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 (d)	Reclassification of Revenue and Expense Line Items (e)	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)										