

BGC Updates Its Second Quarter 2013 Outlook

Jun 26, 2013 4:05 PM

NEW YORK, June 26, 2013 /PRNewswire/ -- BGC Partners, Inc. (NASDAQ: BGCP) ("BGC Partners," "BGC," or "the Company"), today announced that it has updated its outlook for the quarter ending June 30, 2013.

(Logo: <http://photos.prnewswire.com/prnh/20110720/MM38935LOGO>)

The Company expects its financial results for the second quarter of 2013 to be towards the higher end of the range of its previously stated guidance for revenues and earnings. The Company's second quarter outlook was first published in its financial results press release dated May 2, 2013, and was as follows:

Second Quarter 2013 Outlook Compared with Second Quarter 2012 Results

- The Company expected to generate distributable earnings revenues of between approximately \$435 million and \$465 million compared with \$465.1 million.
- BGC Partners expected pre-tax distributable earnings to be between approximately \$42 million and \$53 versus \$55.9 million.
- BGC Partners anticipated its effective tax rate for distributable earnings to be approximately 15 percent compared with 14.5 percent.

The Company expects that the previously announced transaction with NASDAQ OMX Group, Inc.¹ will close on June 28, 2013.

BGC's second quarter 2013 financial results announcement is scheduled to be issued prior to the market open on Thursday, August 1, 2013. Details about the second quarter 2013 financial results conference call can be found at <http://ir.bgcpartners.com>.

(Note: If clicking on the above link does not open up a new web page, you may need to cut and paste the above url into your browser's address bar.)

Distributable Earnings Defined

BGC Partners uses non-GAAP financial measures including "revenues for distributable earnings," "pre-tax distributable earnings" and "post-tax distributable earnings," which are

supplemental measures of operating performance that are used by management to evaluate the financial performance of the Company and its subsidiaries. BGC Partners believes that distributable earnings best reflect the operating earnings generated by the Company on a consolidated basis and are the earnings which management considers available for distribution to BGC Partners, Inc. and its common stockholders, as well as to holders of BGC Holdings partnership units during any period.

As compared with "income (loss) from operations before income taxes," "net income (loss) for fully diluted shares," and "fully diluted earnings (loss) per share," all prepared in accordance with GAAP, distributable earnings calculations primarily exclude certain non-cash compensation and other expenses which generally do not involve the receipt or outlay of cash by the Company, which do not dilute existing stockholders, and which do not have economic consequences, as described below. In addition, distributable earnings calculations exclude certain gains and charges that management believes do not best reflect the ordinary operating results of BGC.

Revenues for distributable earnings are defined as GAAP revenues excluding the impact of BGC Partners, Inc.'s non-cash earnings or losses related to its equity investments, such as in Aqua Securities, L.P. and ELX Futures, L.P., and its holding company general partner, ELX Futures Holdings LLC. Revenues for distributable earnings include the collection of receivables which would have been recognized for GAAP other than for the effect of acquisition accounting. Revenues for distributable earnings also exclude certain one-time or unusual gains that are recognized under GAAP, because the Company does not believe such gains are reflective of its ongoing, ordinary operations.

Pre-tax distributable earnings are defined as GAAP income (loss) from operations before income taxes excluding items that are primarily non-cash, non-dilutive, and non-economic, such as:

- Non-cash stock-based equity compensation charges for REUs granted or issued prior to the merger of BGC Partners, Inc. with and into eSpeed, as well as post-merger non-cash, non-dilutive equity-based compensation related to partnership unit exchange or conversion.
- Allocations of net income to founding/working partner and other limited partnership units, including REUs, RPU, PSUs, LPU, and PSIs.
- Non-cash asset impairment charges, if any.

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

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

BGC's definition of distributable earnings also excludes certain gains and charges with respect to acquisitions, dispositions, and resolutions of litigation. This exclusion pertains to the expected one-time cash payment of \$750 million, before taxes, related to the expected NASDAQ OMX transaction. Management believes that excluding these gains and charges best reflects the operating performance of BGC. However, because NASDAQ OMX is expected to pay BGC in an equal amount of stock on a regular basis for 15 years as part of this expected deal, the payments associated with BGC's receipt of such stock will be included in the Company's calculation of distributable earnings.

Since distributable earnings are calculated on a pre-tax basis, management intends to also report "post-tax distributable earnings" and "post-tax distributable earnings per fully diluted share":

- "Post-tax distributable earnings" are defined as pre-tax distributable earnings adjusted to assume that all pre-tax distributable earnings were taxed at the same effective rate.
- "Post-tax distributable earnings per fully diluted share" are defined as post-tax distributable earnings divided by the weighted-average number of fully diluted shares for the period.

BGC's distributable earnings per share calculations assume either that:

- The fully diluted share count includes the shares related to the dilutive instruments, such as the Convertible Senior Notes, but excludes the associated interest expense, net of tax, when the impact would be dilutive; or
- The fully diluted share count excludes the shares related to these instruments, but includes the associated interest expense, net of tax.

Each quarter, the dividend to common stockholders is expected to be determined by the Company's Board of Directors with reference to post-tax distributable earnings per fully diluted share. In addition to the Company's quarterly dividend to common stockholders, BGC Partners expects to pay a pro-rata distribution of net income to BGC Holdings founding/working partner and other limited partnership units, including REUs, RPU's, LPU's,

PSUs and PSIs, and to Cantor for its noncontrolling interest. The amount of all of these payments is expected to be determined using the above definition of pre-tax distributable earnings per share.

Certain employees who are holders of RSUs are granted pro-rata payments equivalent to the amount of dividends paid to common stockholders. Under GAAP, a portion of the dividend equivalents on RSUs is required to be taken as a compensation charge in the period paid. However, to the extent that they represent cash payments made from the prior period's distributable earnings, they do not dilute existing stockholders and are therefore excluded from the calculation of distributable earnings.

Distributable earnings is not meant to be an exact measure of cash generated by operations and available for distribution, nor should it be considered in isolation or as an alternative to cash flow from operations or GAAP net income (loss). The Company views distributable earnings as a metric that is not necessarily indicative of liquidity or the cash available to fund its operations.

Pre- and post-tax distributable earnings are not intended to replace the Company's presentation of GAAP financial results. However, management believes that they help provide investors with a clearer understanding of BGC Partners' financial performance and offer useful information to both management and investors regarding certain financial and business trends related to the Company's financial condition and results of operations. Management believes that distributable earnings and the GAAP measures of financial performance should be considered together.

Management does not anticipate providing an outlook for GAAP "revenues," "income (loss) from operations before income taxes," "net income (loss) for fully diluted shares," and "fully diluted earnings (loss) per share," because the items previously identified as excluded from pre-tax distributable earnings and post-tax distributable earnings are difficult to forecast. Management will instead provide its outlook only as it relates to revenues for distributable earnings, pre-tax distributable earnings and post-tax distributable earnings.

For more information on this topic, please see the tables in BGC's most recent financial results press release entitled "Reconciliation of Revenues Under GAAP and Distributable Earnings," and "Reconciliation of GAAP Income to Distributable Earnings" which provides a summary reconciliation between pre- and post-tax distributable earnings and the corresponding GAAP measures for the Company in the periods discussed in the Company's most recent financial results press release.

About BGC Partners, Inc.

BGC Partners is a leading global brokerage company primarily servicing the wholesale financial and real estate markets. Products include fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commercial real estate, commodities, futures, and structured products. BGC also provides a wide range of services, including trade execution, broker-dealer services, clearing, processing, information, and other back-office services to a broad range of financial and non-financial institutions. Through its eSpeed, BGC Trader, and BGC Market Data brands, BGC offers financial technology solutions, market data, and analytics related to select financial instruments and markets. Through the Newmark Grubb Knight Frank brand, the Company offers a wide range of commercial real estate services including leasing and corporate advisory, investment sales and financial services, consulting, project and development management, and property and facilities management. BGC's customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments, corporations, property owners, real estate developers, and investment firms. For more information, please visit **www.bgcpartners.com**.

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Discussion of Forward-Looking Statements by BGC Partners

Statements in this document regarding BGC Partners that are not historical facts are "forward-looking statements" that involve risks and uncertainties. Except as required by law, BGC undertakes no obligation to release any revisions to any forward-looking statements. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see BGC's Securities and Exchange Commission (SEC) filings, including, but not limited to, the risk factors set forth in the Company's public filings, including its most recent Form 10-K and any updates to such risk factors contained in subsequent Form 10-Q or Form 8-K filings. These risks include those related to the possibility that the expected NASDAQ OMX transaction does not close in a timely manner or at all; the possibility that the conditions to completion of the expected transaction are not satisfied; the possibility that any of the anticipated benefits of the expected transaction will not be realized; the effect of the announcement of the expected transaction on BGC's business relationships, operating results and business generally; general competitive, economic, political and market

conditions and fluctuations; and actions taken or conditions imposed by regulatory authorities.

¹ See BGC's press release dated April 1, 2013 with the headline "BGC Announces Sale of its Platform for the Fully Electronic Trading of Benchmark, on-the-Run U.S. Treasuries to NASDAQ OMX", and its subsequent SEC filings for more details.

SOURCE BGC Partners, Inc.