UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to _________

Commission File Numbers: 0-28191, 1-35591

BGC Partners, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**13-4063515** **(I.R.S. Employer Identification No.)**
499 Park Avenue, New York, NY **(Address of Principal Executive Offices)**	**10022** **(Zip Code)**

(212) 610-2200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, $0.01 par value	The NASDAQ Stock Market LLC
8.125% Senior Notes due 2042	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting common equity held by non-affiliates of the registrant, based upon the closing price of the Class A common stock on June 30, 2014 as reported on NASDAQ, was approximately $1,304,070,812.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 26, 2015
Class A Common Stock, par value $0.01 per share	**186,581,397 shares**
Class B Common Stock, par value $0.01 per share	**34,848,107 shares**

DOCUMENTS INCORPORATED BY REFERENCE.

Portions of the registrant's definitive proxy statement for its 2015 annual meeting of stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K.

BGC Partners, Inc.

2014 FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K (this “Form 10-K”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (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,” “predicts,” “possible,” “potential,” “continue,” “strategy,” “believes,” “anticipates,” “plans,” “expects,” “intends,” and similar expressions are intended to identify 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, the factors set forth below and may impact either or both of our operating segments:

- market conditions, including trading volume and volatility, potential deterioration of equity and debt capital markets and markets for commercial real estate and related services, and our ability to access the capital markets;
- pricing, commissions and fees, and market position with respect to our products and services and those of our competitors;
- the effect of industry concentration and reorganization, reduction of customers, and consolidation;
- liquidity, regulatory, and clearing capital requirements and the impact of credit market events;
- our relationships with Cantor Fitzgerald, L.P. and its affiliates (“Cantor”), including Cantor Fitzgerald & Co. (“CF&Co”) and Cantor Commercial Real Estate Company, L.P. (“CCRE”), any related conflicts of interest, any impact of Cantor’s results on our credit ratings and/or the associated outlooks, CF&Co’s acting as our sales agent under our controlled equity or other offerings, CF&Co’s acting as our financial advisor in connection with potential business combinations, dispositions, or other transactions, our participation in various investments, stock loans or cash management vehicles placed by or recommended by CF&Co, and any services by CCRE with respect to finding and reviewing suitable acquisition or partner candidates, structuring transactions, and negotiating and due diligence services;
- economic or geopolitical conditions or uncertainties, the actions of governments or central banks, and the impact of natural disasters or weather-related or similar events, including power failures, communication and transportation disruptions, and other interruptions of utilities or other essential services;
- the effect on our businesses, our clients, the markets in which we operate, and the economy in general of possible shutdowns of the U.S. government, sequestrations, uncertainties regarding the debt ceiling and the federal budget, and other potential political impasses;
- the effect on our businesses of reductions in overall industry volumes in certain of our products as a result of Federal Reserve Board quantitative easing, the ending of quantitative easing, and other factors, including the level and timing of governmental debt issuances and outstanding amounts;
- the effect on our businesses of worldwide governmental debt issuances, austerity programs, increases or decreases in deficits, quantitative easing, and potential political impasses or regulatory requirements, including increased capital requirements for banks and other institutions;
- extensive regulation of our businesses, changes in regulations relating to the financial services, commercial real estate and other industries, and risks relating to compliance matters, including regulatory examinations, inspections, investigations and enforcement actions, and any resulting costs, fines, penalties, sanctions, enhanced oversight, increased financial and capital requirements, and changes to or restrictions or limitations on specific activities, operations, compensatory arrangements, and growth opportunities, including acquisitions, hiring, and new businesses, products, or services;
- factors related to specific transactions or series of transactions, including credit, performance, and unmatched principal risk, trade failures, counterparty failures, and the impact of fraud and unauthorized trading;
- costs and expenses of developing, maintaining, and protecting our intellectual property, as well as employment and other litigation and their related costs, including judgments or settlements paid or received and the impact thereof on our financial results and cash flows in any given period;

- certain financial risks, including the possibility of future losses, reduced cash flows from operations, increased leverage and the need for short- or long-term borrowings or other sources of cash relating to acquisitions, dispositions, or other matters, potential liquidity and other risks relating to our ability to obtain financing or refinancing of existing debt on terms acceptable to us, if at all, and risks of the resulting leverage, including potentially causing a reduction in our credit ratings and/or the associated outlooks, increased borrowing costs, as well as interest rate and foreign currency exchange rate fluctuations;
- risks associated with the temporary or longer-term investment of our available cash, including defaults or impairments on our investments, stock loans or cash management vehicles and collectability of loan balances owed to us by partners, employees, or others;
- our 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;
- our ability to enter into marketing and strategic alliances and business combinations or other transactions in the financial services, real estate, and other industries, including acquisitions, tender offers, dispositions, reorganizations, partnering opportunities and joint ventures, and our ability to maintain or develop relationships with independently owned offices in our real estate services business, the anticipated benefits of any such transactions or relationships and the future impact of any such transactions or relationships on our financial results for current or future periods, the integration of any completed acquisitions and the use of proceeds of any completed dispositions, and the value of and any hedging entered into in connection with consideration received or to be received in connection with such dispositions;
- our estimates or determinations of potential value with respect to various assets or portions of our businesses, including with respect to the accuracy of the assumptions or the valuation models or multiples used;
- our ability to hire and retain personnel, including brokers, salespeople, managers, and other professionals;
- our ability to expand the use of technology for hybrid and fully electronic trading in our product offerings;
- our ability to effectively manage any growth that may be achieved, while ensuring compliance with all applicable financial reporting, internal control, legal compliance, and regulatory requirements;
- our ability to identify and remediate any material weaknesses in our internal controls that could affect our ability to prepare financial statements and reports in a timely manner, control our policies, practices and procedures, operations and assets, assess and manage our operational, regulatory, and financial risks, and integrate our acquired businesses and brokers, salespeople, managers and other professionals;
- the effectiveness of our risk management policies and procedures, and the impact of unexpected market moves and similar events;
- information technology risks, including, capacity constraints, failures, or disruptions in our systems or those of the clients, counterparties, exchanges, clearing facilities, or other parties with which we interact, including cybersecurity risks and incidents;
- the fact that the prices at which shares of our Class A common stock are sold in one or more of our controlled equity offerings or in other offerings or other transactions may vary significantly, and purchasers of shares in such offerings or transactions, as well as existing stockholders, may suffer significant dilution if the price they paid for their shares is higher than the price paid by other purchasers in such offerings or transactions;
- our ability to meet expectations with respect to payments of dividends and distributions and repurchases of shares of our Class A common stock and purchases or redemptions of limited partnership interests of BGC Holdings, L.P. (“BGC Holdings”) or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners, and others, and the net proceeds to be realized by us from offerings of our shares of Class A common stock; and

- the effect on the market for and trading price of our Class A common stock of various offerings and other transactions, including our controlled equity and other offerings of our Class A common stock and convertible or exchangeable debt securities, our repurchases of shares of our Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, any exchanges or redemptions of limited partnership units and issuances of shares of Class A common stock in connection therewith, including in partnership restructurings, our payment of dividends on our Class A common stock and distributions on BGC Holdings limited partnership interests, convertible arbitrage, hedging, and other transactions engaged in by holders of our 4.50% convertible notes and counterparties to our capped call transactions, and resales of shares of our Class A common stock by Cantor or by others of shares acquired from us or Cantor, including pursuant to our employee benefit plans, unit exchanges and redemptions, partnership restructurings, acquisitions, conversions of our convertible notes, conversions or exchanges of our convertible or exchangeable debt securities, and distributions from Cantor pursuant to Cantor's distribution rights obligations and other distributions to Cantor partners, including deferred distribution rights shares.

The foregoing risks and uncertainties, as well as those risks and uncertainties discussed under the headings "Item 1A—Risk Factors," "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Item 7A—Quantitative and Qualitative Disclosures about Risk" and elsewhere in this Form 10-K, may cause actual results and events to differ materially from the forward-looking statements. The information included herein is given as of the filing date of this Form 10-K with the Securities and Exchange Commission (the "SEC"), and future results or events could differ significantly from these forward-looking statements. The Company does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room located at One Station Place, 100 F Street, N.E., Washington, D.C. 20549. You can also request copies of the documents, upon payment of a duplicating fee, by writing the Public Reference Section of the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. These filings are also available to the public from the SEC's website at *www.sec.gov* .

Our website address is *www.bgcpartners.com* . Through our website, we make available, free of charge, the following documents as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC: our Annual Reports on Form 10-K; our proxy statements for our annual and special stockholder meetings; our Quarterly Reports on Form 10-Q; our Current Reports on Form 8-K; Forms 3, 4 and 5 and Schedules 13D with respect to our securities filed on behalf of Cantor, CF Group Management, Inc. ("CFGM"), our directors and our executive officers; and amendments to those documents. Our website also contains additional information with respect to our industry and business. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated into, this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

Throughout this document BGC Partners, Inc. is referred to as “BGC” and, together with its subsidiaries, as the “Company,” “BGC Partners,” “we,” “us,” or “our.”

Our Business

We are a leading global brokerage company servicing the financial and real estate markets through our two segments, Financial Services and Real Estate Services. Our Financial Services segment specializes in the brokerage of a broad range of products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures and structured products. We also provide 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. Our integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use voice, hybrid, or in many markets, fully electronic brokerage services in connection with transactions executed either over-the-counter or through an exchange. Through our BGC Trader™ and BGC Market Data brands, we offer financial technology solutions, market data, and analytics related to select financial instruments and markets.

Newmark Grubb Knight Frank (“NGKF”) is a full-service commercial real estate platform that comprises our Real Estate Services segment. Through NGKF, we offer commercial real estate tenants, owners, investors and developers a wide range of services, including leasing and corporate advisory, investment sales and financial services, consulting, project management, and property and facilities management.

Our 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. We have offices in dozens of major markets, including New York and London, as well as Atlanta, Beijing, Boston, Charlotte, Chicago, Copenhagen, Dallas, Denver, Dubai, Hong Kong, Houston, Istanbul, Johannesburg, Los Angeles, Mexico City, Miami, Moscow, Nyon, Paris, Philadelphia, Rio de Janeiro, San Francisco, Santa Clara, São Paulo, Seoul, Singapore, Sydney, Tokyo, Toronto, Washington, D.C. and Zurich.

As of December 31, 2014, we had 2,863 brokers, salespeople and other front-office professionals.

Our History

The voice brokerage business within our Financial Services segment originates from one of the oldest and most established inter-dealer franchises in the financial intermediary industry. Cantor started our wholesale intermediary brokerage operations in 1972. In 1996, Cantor launched the eSpeed system, which revolutionized the way government bonds are traded in the inter-dealer market by providing a fully electronic trading marketplace. eSpeed, Inc. completed an initial public offering in 1999 and began trading on NASDAQ, yet remained one of Cantor's controlled subsidiaries. Following eSpeed's initial public offering, Cantor continued to operate its inter-dealer voice brokerage business separately from eSpeed. In August 2004, Cantor announced the reorganization and separation of its inter-dealer voice brokerage business into a subsidiary called "BGC," in honor of B. Gerald Cantor, the pioneer in screen brokerage services and fixed income market data products. In April 2008, BGC and certain other Cantor assets merged with and into eSpeed, and the combined company began operating under the name "BGC Partners, Inc." In June 2013, BGC sold certain assets relating to its U.S. Treasury benchmark business and the name eSpeed to the NASDAQ OMX Group (see "NASDAQ OMX Transaction").

Prior to the events of September 11, 2001, our financial brokerage business was widely recognized as one of the leading full-service wholesale inter-dealer brokers in the world, with a rich history of developing innovative technological and financial solutions. After September 11, 2001 and the loss of the majority of our U.S.-based employees, our voice financial brokerage business operated primarily in Europe.

Since the formation of BGC in 2004, we have substantially rebuilt our U.S. presence and have continued to expand our global footprint through the acquisition and integration of established brokerage companies and the hiring of experienced brokers. Through these actions, we have been able to expand our presence in key markets and position our Financial Services business for sustained growth. Recent acquisitions include:

- October 2012—Various assets of North American municipal bond inter-dealer broker Wolfe & Hurst Bond Brokers, Inc.;
- December 2012—Acquisition of Ginalfi Finance, a Paris-based inter-dealer specializing in the intermediation of money market products, credit bonds, government bonds and swaps;
- February 2013—Acquisition of the business and certain assets of Sterling International Brokers Limited, a London-based financial brokerage firm specializing in Pound Sterling and other major currency transactions;
- February 2014—Acquisition of the assets of HEAT Energy Group, an independent energy brokerage company focused on regional power markets and natural gas swaps;
- May 2014—Acquisition of Remate Lince, a leading Mexican inter-dealer broker specializing in interest rate derivatives and bond brokerage; and
- December 2014— Acquisition of the U.K. assets and subsidiaries of RP Martin Group, an inter-dealer brokerage firm specializing in European rates and foreign exchange product, and an agreement to acquire the Swedish and Dutch assets of Martin Group during 2015.
- February 2015—See "Acquisition of GFI Group Inc."

Our Real Estate Services business was created through various acquisitions. Specifically, we have made the following acquisitions since 2011:

- October 2011—Newmark & Company Real Estate, Inc. and certain of its affiliates, a leading U.S. commercial real estate brokerage and advisory firm serving corporate and institutional clients ("Newmark")." Newmark is associated with London-based Knight Frank LLP;
- April 2012—Substantially all of the assets of Grubb & Ellis Company and its direct and indirect subsidiaries, which we have integrated with Newmark, resulting in the Newmark Grubb Knight Frank brand;
- December 2012—Acquisition of a commercial real estate services firm, Denver-based Frederick Ross Company;
- December 2012—Acquisition of a commercial real estate services firm, Philadelphia-based Smith Mack;

Table of Contents

- August 2014—Acquisition of a commercial real estate services firm, Northern California-based Cornish & Carey Commercial; and
- December 2014 to Present—An agreement to acquire Apartment Realty Advisors and its members (collectively, "ARA"), a privately held, full-service investment brokerage network focusing exclusively on the multi-housing industry, with the acquisitions of 15 out of 16 members having closed as of February 27, 2015.

Acquisition of GFI Group Inc.

On February 26, 2015, we successfully completed our tender offer to acquire shares of common stock, par value $0.01 per share (the "Shares"), of GFI Group Inc. ("GFI") for $6.10 per share in cash and accepted for purchase approximately 54.6 million shares (the "Tendered Shares") tendered to us pursuant to our offer (the "Offer"). The Tendered Shares, together with the 17.1 million Shares already owned by us, represent approximately 56.3% of GFI's outstanding shares. We expect to issue payment for the Tendered Shares on March 3, 2015 in the aggregate amount of $332.8 million. GFI is a leading intermediary and provider of trading technologies and support services to the global OTC and listed markets. GFI serves more than 2,500 institutional clients in operating electronic and hybrid markets for cash and derivative products across multiple asset classes.

GFI will be a controlled company of ours and will operate as our division, reporting to Shaun Lynn, our President. Its financial results will be consolidated with ours. Going forward, BGC and GFI are expected to remain separately branded divisions. Founded in 1987 and headquartered in New York, GFI employs over 2,000 people globally, with additional offices in London, Paris, Brussels, Nyon, Dublin, Madrid, Sugar Land (TX), Hong Kong, Tel Aviv, Dubai, Manila, Seoul, Tokyo, Singapore, Sydney, Cape Town, Santiago, Bogota, Buenos Aires, Lima and Mexico City.

On February 19, 2015, we and one of our subsidiaries entered into a Tender Offer Agreement with GFI (the "TO Agreement"). Pursuant to the TO Agreement, the board of directors of GFI unanimously agreed to support our Offer and to expand GFI's board and our designation of certain members. The TO Agreement also contained an offer extension and a reduction to the minimum tender condition of the Offer. We have designated six directors to the expanded eight-member GFI board. These new GFI board members are Howard Lutnick, our Chairman and Chief Executive Officer, Shaun Lynn, our President, Stephen Merkel, our Executive Vice President, General Counsel and Secretary, William J. Moran, the former Executive Vice President of JPMorgan Chase & Co. and our current director and Audit Committee Co-Chairman, Peter J. Powers, President and Chief Executive Officer of Powers Global Strategies LLC and Michael Snow, Managing Member and Chief Investment Officer of Snow Fund One, LLC. Messrs. Moran, Powers and Snow are independent directors. The other conditions of the TO Agreement were met.

GFI's current Executive Chairman, Michael Gooch, and its current Chief Executive Officer, Colin Heffron, will remain as executives and directors of GFI and shall continue as Chairman and CEO, respectively, of the GFI division. Mr. Gooch shall also hold the title of Vice Chairman of BGC Partners, L.P. Mr. Heffron will enter into an amended and restated GFI employment agreement which will continue to provide him with certain annual cash and equity compensation and severance arrangements. Mr. Gooch will enter into a fixed term employment agreement which will provide him with certain cash and equity compensation. Pursuant to the TO Agreement, BGC has agreed to promptly establish a Distributable Earnings Bonus Pool (the "Pool") program in an amount equal to one times the average annual distributable earnings as defined of the GFI inter-dealer brokerage business for the three successive 12-month periods beginning on July 1, 2015. The Pool will be in the form of an award of restricted equity units and preferred restricted equity units of BGC Holdings, L.P and will be allocated 35% to Mr. Gooch, 35% to Mr. Heffron and 30% to other GFI employees as mutually agreed by Messrs. Gooch and Heffron and BGC. As a condition to participation in the Pool, each participant (including Messrs. Gooch and Heffron) is required to enter into a non-competition and award agreement containing the terms and conditions of his or her participation, which terms include the participant's continued employment through July 1, 2018 and certain conditions, obligations and covenants (including non-competition, non-solicitation, non-hire non-disclosure provisions).

Prior to the entry into the TO Agreement, GFI was previously a party to a series of agreements, including an Agreement and Plan of Merger and a Purchase Agreement (the "CME Merger Agreement"), each dated July 30, 2014, as amended, with CME Group Inc. ("CME") and certain of its affiliates, whereby GFI had agreed to merge with and into a wholly owned subsidiary of CME and, immediately following such merger, a private consortium of current GFI management would acquire from CME GFI's wholesale brokerage and clearing businesses (such transactions collectively, the "CME Transaction"). In addition, CME, Jersey Partners, Inc. ("JPI") and certain other stockholders of GFI, who collectively control approximately 38% of GFI's issued and outstanding Shares, entered into an agreement, dated July 30, 2014 (the "Support Agreement"), that provided for such stockholders to vote for the CME Transaction and vote against any alternative transaction and that prevented such stockholders from transferring their Shares, including by tendering into the Offer. The CME Merger Agreement and the CME Transaction were terminated on January 30, 2015. The restrictions in the Support Agreement continue until on or about January 30, 2016.

Under the TO Agreement, JPI has the right to request, within the period of 21 days following the earlier of (x) the expiration or termination of the Support Agreement or (y) February 19, 2016, that we complete a back-end merger in which each remaining Share would be converted into $6.10, with holders of Shares (other than JPI) receiving cash, and holders of JPI common stock receiving a mix of cash and shares of our Class A common stock ("BGC Stock") valued at the closing price of BGC Stock on the date prior to the date of the TO Agreement in respect of each Share indirectly owned by such holder through JPI. The amount of consideration to be received by Messrs. Gooch and Heffron, as holders of JPI common stock, in the back-end merger is subject to reduction in certain circumstances, and our obligation to pay consideration to such holders in the back-end merger is also subject to certain conditions, each as described in the TO Agreement.

Pursuant to the TO Agreement, we will execute certain ancillary agreements, including amendments to our existing administrative services agreement and the Tower Bridge administrative services agreements between us and our various affiliates and subsidiaries, including Cantor and its affiliates. GFI employees holding RSUs will receive $6.10 per RSU in cash based on their pre-existing vesting schedules. We and GFI have also agreed that GFI will establish a retention bonus pool for employees of GFI, which may be payable in the forms of forgivable loans and equity or partnership awards of us or our affiliates.

NASDAQ OMX Transaction

On June 28, 2013, we completed the sale (the "NASDAQ OMX Transaction") of certain assets to The NASDAQ OMX Group, Inc. ("NASDAQ OMX"). At the closing, NASDAQ OMX purchased certain assets and assumed certain liabilities from us and our affiliates, including the eSpeed brand name and various assets comprising the fully electronic portion of our benchmark on-the-run U.S. Treasury brokerage, market data and co-location service businesses (the "Purchased Assets"), for cash consideration of $750 million paid at closing, plus an earn-out of up to 14,883,705 shares of NASDAQ OMX common stock to be paid ratably in each of the fifteen years following the closing. The $750 million in cash paid at closing was subject to adjustment for certain pre-paid amounts and accrued costs and expenses, and the 14,883,705 shares of NASDAQ OMX common stock will be paid ratably in each of the fifteen years following the closing in which the consolidated gross revenue of NASDAQ OMX, as a whole, is equal to or greater than $25 million. On each of November 12, 2013 and November 10, 2014, we received 992,247 shares of NASDAQ OMX common stock in accordance with the agreement. The contingent future issuances of NASDAQ OMX common stock are also subject to acceleration upon the occurrence of certain events, including the acquisition by any person of 50% or more of NASDAQ OMX's stock (including by merger), NASDAQ OMX ceasing to hold Purchased Assets representing 50% or more of the aggregate revenue attributable to the Purchased Assets as of the closing, and the sale of all or substantially all of NASDAQ OMX's assets, as well as to certain anti-dilution provisions.

As a result of the NASDAQ OMX Transaction, we only sold our on-the-run, benchmark 2-, 3-, 5-, 7-, 10-, and 30-year fully electronic trading platform for U.S. Treasury notes and bonds. Over time, we have built these six instruments into some of the deepest and most liquid markets in the world. This platform, together with the directly related market data and co-location businesses, generated approximately $99 million in revenues in 2012 and $48.6 million in revenues in the first six months of 2013. We retain all of our other voice, hybrid, and fully electronic trading, market data, and software businesses, including voice, hybrid and electronic brokerage of off-the-run U.S. Treasuries, as well as Treasury Bills, Treasury Swaps, Treasury Repos, Treasury Spreads, and Treasury Rolls. We also continue to offer voice brokerage for on-the-run U.S. Treasuries.

Overview of Our Products and Services

Financial Services

Financial Brokerage

We are focused on serving three principal financial brokerage markets:

- traditional, liquid brokerage markets, such as government bonds;
- illiquid markets, such as emerging market bonds and single name credit derivatives; and
- targeted local markets throughout the world, such as rates products in Brazil.

We provide electronic marketplaces in several financial markets through various products and services, including BGC Trader and Volume Match, a multi-asset hybrid offering for voice and electronic execution. These electronic marketplaces include government bond markets, interest rate derivatives, spot foreign exchange, foreign derivatives, corporate bonds, and credit derivatives. We believe that BGC Trader is a comprehensive application providing volume, access, speed of execution and ease of use. Our trading platform establishes a direct link between our brokers and customers and occupies valuable real estate on traders' desktop, which is difficult to replicate. We believe that we can leverage our platform to offer fully electronic trading as additional products transition from voice and hybrid trading to fully electronic execution.

We have leveraged our hybrid platform to provide real-time product and pricing information through our BGC Trader application. We also provide straight-through processing to our customers for an increasing number of products. Our end-to-end solution includes real-time and auction-based transaction processing, credit and risk management tools and back-end processing and billing systems. Customers can access our trading application through our privately managed global high speed data network, over the Internet, or through third-party communication networks.

Table of Contents

The following table identifies some of the key Financial Services products that we broker:

Rates	Interest rate derivatives Off-the-run U.S. Treasuries Global government bonds Agencies Futures Dollar derivatives Repurchase agreements Non-deliverable swaps Interest rate swaps and options
Credit	Credit derivatives Asset-backed securities Convertibles Corporate bonds High yield bonds Emerging market bonds
Foreign Exchange	Foreign exchange options G-10 Emerging markets Cross currencies Exotic options Spot FX Emerging market FX options Non-deliverable forwards
Equities and Other	Equity derivatives Cash equities Index futures Commodities Energy derivatives Other derivatives and futures

Certain categories of trades settle for clearing purposes with CF&Co, one of our affiliates. CF&Co is a member of the Financial Industry Regulatory Authority ("FINRA") and the Fixed Income Clearing Corporation ("FICC"), a subsidiary of the Depository Trust & Clearing Corporation. We, CF&Co and other affiliates participate in off-the-run U.S. Treasuries as well as other markets by posting quotations for our respective accounts and by acting as principal. Such activity is intended, among other things, to assist us, CF&Co and our affiliates in managing proprietary positions (including, but not limited to, those established as a result of combination trades and errors), facilitating transactions, framing markets, adding liquidity, increasing commissions and attracting order flow.

Market Data

BGC Market Data is a supplier of real-time, tradable, indicative, end-of-day and historical market data. Our market data product suite includes fixed income, interest rate derivatives, credit derivatives, foreign exchange, foreign exchange options, money markets, energy and equity derivatives and structured market data products and services. It is made available to financial professionals, research analysts and other market participants via direct data feeds and BGC-hosted FTP environments, as well as via information vendors such as Bloomberg, Thomson Reuters, Interactive Data Corporation and other select specialist vendors.

Software Solutions

Through our Software Solutions business, we provide customized screen-based market solutions to both related and unrelated parties. Our clients are able to develop a marketplace, trade with their customers, issue debt, access program trading interfaces and access our network and our intellectual property. We can add advanced functionality to enable our customers to distribute branded products to their customers through online offerings and auctions, including private and reverse auctions, via our trading platform and global network.

Our Software Solutions business provides the software and technology infrastructure for the transactional and technology related elements of Freedom International Brokerage Company's ("Freedom") marketplace as well as certain other services in exchange for specified percentages of transaction revenue from the marketplace. It also provides certain technology services to support ELX's electronic trading platform.

Aqua Business

In October 2007, we spun off our former eSpeed Equities Direct business to form Aqua Securities, L.P. (“Aqua”), a business owned 51% by Cantor and 49% by us. Aqua’s purpose is to provide access to new block trading liquidity in the equities markets. The SEC has granted approval for Aqua to operate an Alternative Trading System in compliance with Regulation ATS.

Real Estate Services

Throughout this Form 10-K, we refer to our Real Estate Services business and to NGKF interchangeably. NGKF was formed through the acquisition of Newmark & Company Real Estate, Inc. and certain of its affiliates in October 2011 and the purchase of substantially all of the assets of Grubb & Ellis Company in April 2012. NGKF is a full-service commercial real estate platform that comprises our Real Estate Services segment, offering commercial real estate tenants, owners, investors and developers a wide range of services, including leasing and corporate advisory, investment sales and financial services, consulting, project management, and property and facilities management.

As of December 31, 2014, we owned and operated approximately 60 offices in the U.S. We generate revenues from commissions on transactions, management fees on a contractual and per project basis, fees for Global Corporate Services and consulting fees.

We also have agreements in place to operate on a collaborative and cross-referral basis with certain independently owned offices in the United States and elsewhere in the Americas in return for contractual and referral fees paid to us and/or certain mutually beneficial co-branding and other business arrangements. These independently owned offices generally use some variation of Newmark’s branding in their names and marketing materials. These agreements are normally multi-year contracts, and generally provide for mutual referrals in their respective markets, generating additional contract and brokerage fees. Through these independently-owned offices, our clients have access to additional brokers with local market research capabilities as well as other commercial real estate services in locations where our Real Estate Services business does not have a physical presence.

Outside of the Americas, we are associated with London-based Knight Frank LLP ("Knight Frank"), which operates on a similar collaborative and cross-referral basis. Knight Frank is a leading independent, global real estate consultancy firm providing integrated prime and commercial real estate services, operating in approximately 220 key office hubs across Europe, the Middle East, Asia, Australia and Africa.

NGKF has consistently won a number of U.S. industry awards and accolades in recognition of its performance and achievements. These include being named or receiving:

- "Top 25 Brokers" by National Real Estate Investor, # 4 in 2014 (brokers) and #6 in 2013 (property managers), with a 19% increase from the previous year;
- Ranked #3 amongst top commercial real estate brands by The Lipsey Company in 2014;
- Top 10 in sales volume based upon a 2014 Real Capital Analytics Survey;
- Ranked #4 among "Most Powerful Brokerage Firms" and #7 "Top Property Managers" by Commercial Property Executive magazine for 2014;
- Ranked #4 "New York's Largest Commercial Property Managers" by Crain's New York Business magazine for 2014;
- One of the top 100 outsourcing firms for 2014 by the International Association of Outsourcing Professionals;
- Winner of 10 awards over the last 11 years from the Real Estate Board of New York;
- Newmark Cornish & Carey Commercial ranked #1 commercial real estate firm by Silicon Valley Business Journal for 2014;
- Ranked #1 Manhattan retail brokerage firm by The Real Deal magazine for 2013;
- Completed 5 of the top 10 office leasing deals and the #1 deal in Manhattan in the first half of 2014 according to Crain's New York Business magazine; and
- ARA ranked #2 of the Top Brokers of Multi-Family Properties for 2014 by Real Estate Alert.

Real Estate Brokerage and Transaction Services

Our brokerage sales professionals assist in the purchase, sale and leasing of property on behalf of users, owners, investors and developers of commercial real estate. With a comprehensive approach to transactions, we offer a full suite of services to clients, from site selection and sale negotiations to needs analysis, occupancy projections, prospect qualification, pricing recommendations, long-term value consultation, tenant representation and consulting services. We believe that we offer the strategic consulting, analysis and resources clients need to assign value to an initiative and make informed decisions that enhance financial outcomes and corporate performance, for purposes of acquisition, disposition, potential use, retention, redevelopment, mortgage, income tax, or litigation. Assignments have included office buildings, regional malls, shopping centers, free-standing retail, industrial facilities, apartment projects, master-planned communities, land, air rights, schools and universities, new developments, hospitals and medical centers, hotels, historic landmarks, transportation stations, sports arenas and a variety of other special-use properties.

We offer a diverse range of real estate brokerage and transactional services including:

- Tenant Representation. We represent tenants in the office, industrial, retail, data center, healthcare and hospitality sectors. Tenant representation services include space acquisition and disposition, strategic planning, site selection, financial and market analysis, economic incentives analysis, lease negotiations, lease auditing and project management.
- Owner Representation . We represent both owners and investors. Services include agency leasing, property assessment, prospecting/canvassing, marketing and repositioning strategy, financial analysis, lease negotiation and tenant retention.
- Investment Sales and Capital Markets . We provide clients with strategic solutions to their real estate capital concerns. NGKF offers a broad range of real estate capital markets services, including investment sales and access to providers of debt and equity financing. Representing buyers and sellers, we provide access to a broad range of services, including asset sales, sale leasebacks, asset management, valuation, mortgage and entity-level financing and due diligence. The transactions we broker involve vacant land, new real estate developments and existing buildings. NGKF specializes in arranging equity or debt for most types of value-added commercial real estate, including land, condominium, conversions, subdivisions, office, retail, industrial, multifamily, student housing, hotels, data center, healthcare, self-storage and special use.
- Valuation Services . Our Landauer Valuation & Advisory division is a leader in valuation and advisory services, having provided quality insight into client real estate assets for more than 75 years.

Headquartered in New York with offices nationwide, the Landauer team has executed projects of nearly every size and type—from a single property to large portfolios, existing and proposed facilities, and mixed-use developments valued as high as in the billions of dollars.

Real Estate Management Services

Through our NGKF brand, we have the ability to provide commercial property and facility management services to tenants, owners and landlords. We offer a diverse range of management services to clients, many of whom also use our real estate brokerage services, including:

- Property and Facilities Management. NGKF manages a broad range of properties, including headquarters, facilities and office space, for a broad cross section of companies, including Fortune 500 companies. We manage the day-to-day operations and maintenance for urban and suburban commercial properties of most types, including office, industrial, data centers, healthcare, retail, call centers, urban towers, suburban campuses, and landmark buildings. Property management services include building operations and maintenance, leasing, vendor and contract negotiation, project oversight and value engineering, labor relations, property inspection/quality control, property accounting and financial reporting, cash flow analysis, financial modeling, lease administration, due diligence, and exit strategies. Facilities management services also include facility audits and reviews, energy management services, janitorial services, mechanical services, bill payment, maintenance, project management, and moving management. As of December 31, 2014, we had approximately 165 million square feet managed globally by offices owned by us.
- Global Corporate Services. NGKF provides what we believe are comprehensive, beginning-to-end corporate services solutions for clients. We thoroughly assess clients' business objectives and long-term goals, and then implement real estate and operational strategies designed to reduce costs and increase flexibility and profitability for clients regarding their real estate needs. Services include brokerage services, account management, transition management, lease administration, operations consulting, transaction management, financial integration, project management, and facilities management. Our real estate business utilizes a variety of proprietary technology tools to facilitate provision of transaction and management services to our clients. For example, our global corporate services professionals utilize our proprietary NGKF Vision Tool, which provides data integration, analysis and reporting, as well as the capability to analyze potential "what if" scenarios to support client decision-making. Our proprietary NGKF Analytics solution integrates data from client HR and ERP systems, government, Internet sources and NGKF internal databases to support our professionals in providing information analysis and insight to clients in managing their portfolios.
- Consulting Services. Through our Global Corporate Services business, we seek to develop and implement best practices to align our clients' real estate needs with their overall business strategies. Consulting services include development, operations and portfolio strategy, location strategy and optimization, workplace strategies, workflow and business process improvement, and operations and industrial consulting. Project management services include master planning, internal space design and configuration, retail, hospitality, medical, higher education and transportation spaces. Industrial service offerings also include logistics evaluation, strategic planning and building repositioning, facility assessment, financial and economic incentive analysis, drive time studies, geographic searches and zoning issues.

Customers

In Financial Services, we primarily serve the wholesale inter-dealer market, including many of the world's largest banks that regularly trade in capital markets, brokerage houses, investment firms, hedge funds, and investment banks. Customers using our branded products and services also include professional trading firms, futures commission merchants and other professional market participants and financial institutions. Our market data products and services are available through many platforms and are available to a wide variety of capital market participants. including banks, investment banks, brokerage firms, asset managers, hedge funds, investment analysts and financial advisors. We also license our intellectual property portfolio and Software Solutions to various financial markets participants. For the year ended December 31, 2014, our top ten Financial Services customers, collectively, accounted for approximately 25.2% of our total revenue on a consolidated basis, and our largest customer accounted for approximately 3.0% of our total revenue on a consolidated basis.

In our Real Estate Services segment, our customers include a full range of real estate owners, tenants, investors, lenders and multi-national corporations in the markets we serve. For the year ended December 31, 2014, our top ten Real Estate Services customers, collectively, accounted for approximately 2.9% of our total revenue on a consolidated basis, and our largest customer accounted for approximately 0.7% of our total revenue on a consolidated basis.

Sales and Marketing

Financial Services

In our Financial Services business, our brokers and salespeople are the primary marketing and sales resources to our customers. Thus, our sales and marketing program is aimed at enhancing the ability of our brokers to cross-sell effectively in addition to informing our customers about our product and service offerings. We also employ product teams and business development professionals. We leverage our customer relationships through a variety of direct marketing and sales initiatives and build and enhance our brand image through marketing and communications campaigns targeted at a diverse audience, including traders, potential partners and the investor and press communities. We may also market to our existing and prospective customers through a variety of co-marketing/co-branding initiatives with our partners.

Our brokerage product team is composed of product managers who are each responsible for a specific part of our brokerage business. The product managers seek to ensure that our brokers, across all regions, have access to technical expertise, support and multiple execution methods in order to grow and market their business. This approach of combining marketing with our product and service strategy has enabled us to turn innovative ideas into both deliverable fully electronic and hybrid solutions, such as BGC Trader, our multi-asset hybrid offering to our customers for voice and electronic execution.

Our team of business development professionals is responsible for growing our global footprint through raising awareness of our products and services. The business development team markets our products and services to new and existing customers. As part of this process, they analyze existing levels of business with these entities in order to identify potential areas of growth and also to cross-sell our multiple offerings.

Our BGC Market Data branded products and services are promoted to our existing and prospective customers through a combination of sales, marketing and co-marketing campaigns.

Real Estate Services

Sales and marketing efforts for our Real Estate Services business occur on several interrelated levels. Our Real Estate Services marketing team seeks to develop the NGKF brand and to highlight its expansive platform while reinforcing NGKF’s position as a leading commercial real estate services firm in the U.S. This is accomplished through media relations, industry sponsorships, and sales collateral and targeted advertising in trade and business publications. We believe that an emphasis on our Real Estate Services businesses’ unique capabilities and specialty groups, such as Capital Markets, Retail, Healthcare, Hospitality and Global Corporate Services, enables us to demonstrate our strengths and differentiate ourselves from our competitors. These multi-market business groups provide customized collateral, website and technology solutions that address specific client needs. On a local level, NGKF offices (including those owned by us and independently-owned offices) have access to tools and templates that arm NGKF sales professionals with the market knowledge we believe is necessary to educate and advise clients, and also to bring properties to market quickly and effectively. This includes proprietary research and analyses, web-based marketing systems, and ongoing communications and training about the firm's depth and breadth of services. Our Real Estate Services business provides marketing services and materials to certain independently owned offices as part of their overall agreement allowing them to use Newmark's branding. We also benefit from shared referrals and materials from local offices.

Technology

Financial Services Technology

Pre-Trade Technology. Our financial brokers use a suite of pricing and analytical tools that have been developed both in-house and in cooperation with specialist software suppliers. The pre-trade software suite combines proprietary market data, pricing and calculation libraries, together with those outsourced from what we believe to be the best-of-breed providers in the sector. The tools in turn publish to a normalized, global market data distribution platform, allowing prices and rates to be distributed to our proprietary network, data vendor pages, secure websites and trading applications as indicative pricing.

Inter-Dealer Trading Technology. We utilize a sophisticated proprietary electronic trading platform to provide execution and market data services to our customers. The services are available through the proprietary API, FIX and a multi-asset proprietary trading platform, BGC Trader. The platform presently supports a wide and constantly expanding range of products and services, which includes FX Options, European corporate bonds, European CDS, interest rate swaps in multiple currencies, US REPO, TIPS, MBS, and other products. Every product on the platform is supported in either view-only, hybrid/managed or fully electronic mode, and can be transitioned from one mode to the next in response to market demands. The flexible BGC technology stack is designed to support feature-rich workflows required by the hybrid mode as well as delivering high throughput and low transaction latency required by the fully-electronic mode. Trades executed by our customers in any mode are eligible for immediate electronic confirmation through direct straight-through processing ("STP") links as well as STP hubs. The BGC trading platform services are operated out of several globally distributed datacenters and delivered to customers over BGC's global private network, third-party connectivity providers as well as the Internet. BGC's proprietary graphical user interfaces and the API/FIX connectivity are deployed at hundreds of major banks and institutions and service thousands of users.

Post-Trade Technology. Our platform automates previously paper and telephone-based transaction processing, confirmation and other functions, substantially improving and reducing the cost of many of our customers' back offices and enabling STP. In addition to our own system, confirmation and trade processing is also available through third-party hubs, including Swapswire, T-Zero, Reuters RTNS, Logicscope and STP in FIX for various banks.

We have electronic connections to most mainstream clearinghouses, including The Depository Trust & Clearing Corporation ("DTCC"), CLS Group, Euroclear, Clearstream, Monte Titoli, LCH.Clearnet, Eurex Clearing, CME Clearing and the Options Clearing Corporation ("OCC"). As more products become centrally cleared, and as our customers request that we use a particular venue, we expect to expand the number of clearinghouses to which we connect in the future.

Systems Architecture. Our systems consist of layered components, which provide matching, credit management, market data distribution, position reporting, customer display and customer integration. The private network currently operates from four concurrent core data centers (two of which are in London, one of which is in Rochelle Park, New Jersey, which we have rights to use until June 2015 pursuant to an agreement with NASDAQ OMX, and one of which is in Trumbull, Connecticut) and six hub cities throughout the world acting as distribution points for all private network customers. After June 2015, we plan to transfer the Rochelle Park data center to a co-location center in New Jersey. Our network hubs beyond the core data centers are in Chicago, Hong Kong, Săo Paolo, Singapore, Tokyo and Toronto. The redundant structure of our system provides multiple backup paths and re-routing of data transmission in the event of failure.

In addition to our own network system, we also receive and distribute secure trading information from customers using the services of multiple, major Internet service providers throughout the world. These connections enable us to offer our products and services via the Internet to our global customers.

Software Development

We devote substantial efforts to the development and improvement of our hybrid and electronic marketplaces and licensed software products and services. We work with our customers to identify their specific requirements and make modifications to our software, network distribution systems and technologies that are responsive to those needs. Our efforts focus on internal development, strategic partnering, acquisitions and licensing. As of December 31, 2014, we employed approximately 350 technology professionals.

Our Intellectual Property

We have adopted a comprehensive intellectual property program to protect our proprietary technology. We currently have licenses covering various Cantor patents in the United States, including patents relating to (1) a system and method for auction-based trading of specialized items such as fixed income instruments and (2) a fixed income portfolio index processor. Foreign counterpart applications for some of these U.S. patents have been filed.

We also have agreements to license technology that may be covered by several pending and/or issued U.S. patent applications relating to various aspects of our electronic trading systems, including both functional and design aspects. We have filed a number of patent applications to further protect our proprietary technology and innovations, and have received patents for some of those applications.

Our patent portfolio is growing and consists of numerous patents and patent applications relating to our core businesses and to other businesses. We continue to look for opportunities to license and/or otherwise monetize these and other patents in our portfolio.

Credit Risk

Credit risk arises from potential non-performance by counterparties and customers. We have established policies and procedures to manage our exposure to credit risk. We maintain a thorough credit approval process to limit exposure to counterparty risk and employ stringent monitoring to control the counterparty risk from our matched principal and agency businesses. Our account opening and counterparty approval process includes verification of key customer identification, anti-money laundering verification checks and a credit review of financial and operating data. The credit review process includes establishing an internal credit rating and any other information deemed necessary to make an informed credit decision, which may include correspondence, due diligence calls and a visit to the entity’s premises, as necessary.

Credit approval is granted subject to certain trading limits and may be subject to additional conditions, such as the receipt of collateral or other credit support. Ongoing credit monitoring procedures include reviewing periodic financial statements and publicly available information on the client and collecting data from credit rating agencies, where available, to assess the ongoing financial condition of the client.

Principal Transaction Risk

Through our subsidiaries, we execute matched principal transactions in which we act as a “middleman” by serving as counterparty to both a buyer and a seller in matching back-to-back trades. These transactions are then settled through a recognized settlement system or third-party clearing organization. Settlement typically occurs within one to three business days after the trade date. Cash settlement of the transaction occurs upon receipt or delivery of the underlying instrument that was traded. We generally avoid settlement of principal transactions on a free-of-payment basis or by physical delivery of the underlying instrument. However, free-of-payment transactions may occur on a very limited basis.

The number of matched principal trades we execute has continued to grow as compared to prior years. Receivables from broker-dealers and clearing organizations and payables to broker-dealers and clearing organizations on our consolidated statements of financial condition primarily represent the simultaneous purchase and sale of the securities associated with those matched principal transactions that have not settled as of their stated settlement dates. Our experience has been that substantially all of these transactions ultimately settle at the contracted amounts.

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices or other factors will result in losses for a specified position. In our Financial Services business, we may allow certain of our desks to enter into unmatched principal transactions in the ordinary course of business and hold long and short inventory positions. These transactions are primarily for the purpose of managing proprietary positions, facilitating clients' execution needs, adding liquidity to a market or attracting additional order flow. As a result, we may have market risk exposure on these transactions. Our exposure varies based on the size of our overall positions, the risk characteristics of the instruments held and the amount of time the positions are held before they are disposed of. We have limited ability to track our exposure to market risk and unmatched positions on an intra-day basis; however, we attempt to mitigate market risk on these positions by strict risk limits, extremely limited holding periods and hedging our exposure. These positions are intended to be held short term to facilitate customer transactions. However, due to a number of factors, including the nature of the position and access to the market on which it trades, we may not be able to unwind the position and we may be forced to hold the position for a longer period than anticipated. All positions held longer than intra-day are marked to market.

We also have investments in marketable equity securities, which are publicly traded, and which had a fair value of $144.7 million as of December 31, 2014. Investments in marketable securities carry a degree of risk, as there can be no assurance that the marketable securities will not lose value and, in general, securities markets can be volatile and unpredictable. As a result of these different market risks, our holdings of marketable securities could be materially and adversely affected. We seek to minimize the effect of price changes on a portion of our investments in marketable securities through the use of derivative contracts. However, there can be no assurance that our hedging activities will be adequate to protect us against price risks associated with our investments in marketable securities. See Note 10—"Marketable Securities" and Note 12—"Derivatives" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for further information regarding these investments and related hedging activities.

Our risk management procedures and strict limits are designed to monitor and limit the risk of unintended loss and have been effective in the past. However, there is no assurance that these procedures and limits will be effective at limiting unanticipated losses in the future. Adverse movements in the securities positions or a downturn or disruption in the markets for these positions could result in a substantial loss. In addition, principal gains and losses resulting from these positions could on occasion have a disproportionate effect, positive or negative, on our consolidated financial condition and results of operations for any particular reporting period.

Operational Risk

Our Financial Services businesses are highly dependent on our ability to process a large number of transactions across numerous and diverse markets in many currencies on a daily basis. If any of our data processing systems does not operate properly or is disabled or if there are other shortcomings or failures in our internal processes, people or systems, we could suffer impairment to our liquidity, financial loss, a disruption of our businesses, liability to clients, regulatory intervention or reputational damage. These systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services or our inability to occupy one or more of our buildings. The inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses.

In addition, despite our contingency plans, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which they are located. This may include a disruption involving electrical, communications, transportation or other services used by us or third parties with whom we conduct business.

Further, our operations rely on the secure processing, storage and transmission of confidential and other information on our computer systems and networks. Although we take protective measures such as software programs, firewalls and similar technology to maintain the confidentiality, integrity and availability of our and our clients' information, the nature of the threats continue to evolve. As a result, our computer systems, software and networks may be vulnerable to unauthorized access, loss or destruction of data (including confidential client information), account takeovers, unavailability or disruption of service, computer viruses, acts of vandalism, or other malicious code, cyber attaches and other events that could have an adverse security impact. There have also been an increasing number of malicious cyber incidents in recent years in various industries, including ours. Any such cyber incidents involving our computer systems and networks, or those of third parties important to our businesses, could present risks to our operations.

Foreign Currency Risk

We are exposed to risks associated with changes in foreign exchange rates. Changes in foreign currency rates create volatility in the U.S. dollar equivalent of our revenues and expenses in particular with regard to British Pounds, Swiss francs and Euros. In addition, changes in the remeasurement of our foreign currency denominated net assets are recorded as part of our results of operations and fluctuate with changes in foreign currency rates. We monitor the net exposure in foreign currencies on a daily basis and may hedge our exposure as deemed appropriate with highly rated major financial institutions.

Interest Rate Risk

We had $706.7 million in fixed-rate debt outstanding as of December 31, 2014. These debt obligations are not currently subject to fluctuations in interest rates, although in the event of refinancing or issuance of new debt, such debt could be subject to changes in interest rates.

Disaster Recovery

Our processes address disaster recovery concerns. We operate most of our technology from dual-primary data centers at our two different London locations. Either site alone is capable of running all of our essential systems. In addition, we maintain technology operations from data centers in New Jersey and Connecticut. Replicated instances of this technology are maintained in our London data centers. All data centers are built and equipped to best-practice standards of physical security with appropriate environmental monitoring and safeguards. Failover for the majority of our systems is automated.

Competition

Financial Services

We encounter competition in all aspects of our businesses. In our Financial Services businesses, we compete primarily with other inter-dealer brokers, including for brokers, salespeople, and suitable acquisition candidates. Our existing and potential competitors are numerous and include other inter-dealer brokerage firms, multi-dealer trading companies, technology companies and market data and information vendors, securities and futures exchanges, electronic communications networks, crossing systems, software companies, consortia, business-to-business marketplace infrastructure companies and niche market energy and other commodity Internet-based trading systems.

Inter-Dealer Brokers

Our Financial Services segment primarily competes with four major, diversified inter-dealer brokers. These inter-dealer brokers are ICAP plc, Tullett Prebon plc ("Tullett"), GFI 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. On February 26, 2015, we completed our tender offer to acquire GFI. See "Acquisition of GFI Group Inc." On January 15, 2015, we entered into a settlement agreement with Tullett that resolved all ten outstanding lawsuits between the two companies. In exchange for our settlement payment, we agreed with Tullett for a period of one year not to hire senior employees, including desk heads, of the other party and its subsidiaries, which would include employees of GFI should we close on our acquisition of GFI.

Demand for services of brokers is 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. Other significant factors affecting competition in the brokerage industry are the quality and ability of professional personnel, the depth and pricing efficiency of the markets in which the brokers transact, the strength of the technology used to service and execute on those markets and the relative prices of products and services offered by the brokers and by competing markets and trading processes.

Market Data Vendors

The majority of our large inter-dealer broker competitors also sell proprietary market data and information, which competes with our market data offerings. In addition to direct sales, we resell market data through large market data and information providers. These companies have established significant presences on the vast majority of trading desks in our industry. Some of these market data and information providers, such as Bloomberg L.P. and Thomson Reuters Corporation, include in their product mix electronic trading and execution of both OTC and listed products in addition to their traditional market data offerings.

Exchanges

Although our businesses will often use exchanges to execute transactions brokered in both listed and OTC markets, we believe that exchanges have sought and will seek to migrate products traditionally traded in OTC markets by inter-dealer brokers to exchanges. However, we believe that when a product goes from OTC - to exchange-traded, the underlying or related OTC market often continues to experience growth in line with the growth of the exchange-traded contract. In addition, IntercontinentalExchange, Inc. ("ICE") operates both regulated exchanges and OTC execution services, and in the latter it competes directly with inter-dealer brokers in energy, commodities, and credit products. ICE entered these OTC markets primarily by acquiring independent OTC brokers, and we believe that it is likely ICE or other exchange operators may seek to compete with us in the future by acquiring other such brokers, by creating futures products designed to mimic OTC products, or through other means. Further, ICE also operates a swap execution facility ("SEF"), and we expect that other exchanges may also seek to do so. In connection with the NASDAQ OMX Transaction, we agreed that, for three years after the closing, we and Cantor will not engage in the business of fully electronic brokerage of benchmark on-the-run U.S. Treasuries and certain transactions in first off-the-run U.S. Treasuries, subject to certain exceptions. See "NASDAQ OMX Transaction."

Banks and Broker-Dealers

Banks and broker-dealers have in the past created and/or funded consortia to compete with exchanges and inter-dealer brokers. For example, ICAP plc's inter-dealer businesses for fully electronic trading of U.S. Treasuries and spot foreign exchange both began as dealer-owned consortia before being acquired by ICAP plc. An example of a current and similar consortium is Tradeweb Markets LLC ("Tradeweb"). Currently, several large banks hold stakes in Tradeweb, an Internet-based market intermediary. Thomson Reuters Corporation is Tradeweb's single largest shareholder. Although Tradeweb operates primarily as a dealer to customer platform, some of its offerings include a voice and electronic inter-dealer platform. Tradeweb also operates a SEF. In addition, Tradeweb's management has said that it would like to expand into other inter-dealer markets, and as such may compete with us in other areas over time.

Overall, we believe that we may also face future competition from market data and technology companies and some securities brokerage firms, some of which are currently our customers, as well as from any future strategic alliances, joint ventures or other partnerships created by one or more of our potential or existing competitors.

Real Estate Services

In our Real Estate Services segment, we compete across a variety of business disciplines within the commercial real estate industry, including commercial property and corporate facilities management, occupier and property/agency leasing, property sales, valuation, capital markets (equity and debt) solutions, development services and proprietary research. Each business discipline is highly competitive on a national, regional and local level. Depending on the geography, property type or service, we face competition from other commercial real estate service providers, including outsourcing companies that traditionally competed in limited portions of our facilities management business and have recently expanded their offerings; in-house corporate real estate departments; developers; institutional lenders; insurance companies; investment banking firms; investment managers; and accounting and consulting firms. Despite recent consolidation, the commercial real estate services industry remains highly fragmented and competitive. Although many of our competitors are local or regional firms and are smaller than we are, some of these competitors are more entrenched on a local or regional basis. We are also subject to competition from other large multi-national firms that have similar service competencies to ours, including CBRE Group, Inc., Jones Lang LaSalle Incorporated, Cushman & Wakefield (majority-owned by EXOR S.p.A.), DTZ and Colliers International (part of FirstService Corporation). In addition, specialized firms like HFF, Inc. and Eastdil Secured LLC (part of Wells Fargo & Company) compete with us in certain areas.

Partnership Overview

We believe that our partnership structure is one of the unique strengths of our business. Many of our key brokers, salespeople, managers and other front office professionals have their own capital invested in our business, aligning their interests with our stockholders. Limited partnership interests in BGC Holdings consist of: (i) “founding/working partner units” held by limited partners who are employees; (ii) “limited partnership units,” which consist of a variety of units that are generally held by employees such as REUs, RPUs, PSUs, PSIs, PSEs, LPUs, APSUs, APSIs, APSEs, AREUs, ARPUs and NPSUs; (iii) “Cantor units” which are the exchangeable limited partnership interests held by Cantor entities; and (iv) preferred partnership units (“Preferred Units”), which are working partner units that may be awarded to holders of, or contemporaneous with, the grant of REUs, RPUs,, PSUs, PSIs, PSEs, LPUs, APSUs, APSIs, APSEs, AREUs, ARPUs and NPSUs. See our Organizational Structure. We also have NPSUs, which are partnership units that are not entitled to participate in partnership distributions, not allocated any items of profit or loss and may not be exchangeable into shares of our Common Stock. Upon grant, NPSUs may be assigned a written vesting schedule pursuant to which a certain number of NPSUs would be converted for limited partnership units on each vesting date, subject to terms and conditions determined by the General Partner of the Partnership in its sole discretion, including that the recipient continue to provide substantial services to the Company and comply with his or her partnership obligations.

We believe that our partnership structure is an effective tool in recruiting, motivating and retaining key employees. Many brokers are attracted by the opportunity to become partners because the partnership agreement generally entitles partners to quarterly distributions of income from the partnership. While BGC Holdings limited partnership interests generally entitle our 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 partners are 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 or compensatory grant awards, excluding any goodwill or going concern value of our business unless Cantor, in the case of the founding partners, and we, as the general partner of BGC Holdings, otherwise determine. Our partners can receive the right to exchange their BGC Holdings limited partnership interests for shares of our Class A common stock (if, in the case of founding partners, Cantor so determines and, in the case of working partners and limited partnership unit holders, the BGC Holdings general partner, with Cantor’s consent, determines otherwise) and thereby realize any higher value associated with our Class A common stock. We believe that, having invested in us, partners feel a sense of responsibility for the health and performance of our business and have a strong incentive to maximize our revenues and profitability.

Relationship Between BGC Partners and Cantor

See "Risk Factors—Risks Related to our Relationship with Cantor and its Affiliates."

Regulation

Financial Services

U.S. Regulation

The financial services industry in the United States is subject to extensive regulation under both federal and state laws. As registered broker-dealers and a Futures Commissions Merchant, certain of our subsidiaries are subject to laws and regulations which cover all aspects of financial services, including sales methods, trade practices, use and safekeeping of customers' funds and securities, minimum capital requirements, recordkeeping, business practices, securities lending and financing of securities purchases and the conduct of associated persons. We and our subsidiaries also are subject to the various anti-fraud provisions of the Securities Act, the Exchange Act, the Commodity Exchange Act, certain state securities laws and the rules and regulations thereunder. We also may be subject to vicarious and controlling person liability for the activities of our subsidiaries and our officers, employees and affiliated persons.

The SEC is the federal agency primarily responsible for the administration of federal securities laws, including adopting rules and regulations applicable to broker-dealers (other than government securities broker-dealers) and enforcing both its rules regarding broker-dealers and the Treasury's rules regarding government securities broker-dealers. Broker-dealers are also subject to regulation by state securities administrators in those states in which they conduct business or have registered to do business. In addition, Treasury rules relating to trading government securities apply to such activities when engaged in by broker-dealers. The Commodities Futures Trading Commission (the "CFTC") is the federal agency primarily responsible for the administration of federal commodities future laws, including the adoption of rules applicable to Futures Commissions Merchants and Designated Contract Markets such as ELX.

Much of the regulation of broker-dealers' operations in the United States has been delegated to self-regulatory organizations. These self-regulatory organizations adopt rules (which are subject to approval by the SEC) that govern the operations of broker-dealers and government securities broker-dealers and conduct periodic inspections and examinations of their operations. In the case of our U.S. broker-dealer subsidiaries, the principal self-regulatory organization is FINRA. FINRA was formed from the consolidation of the NASD's member regulation operations and the regulatory arm of the NYSE Group to act as the self-regulatory organization for all broker-dealers doing business within the United States. Accordingly, our U.S. subsidiaries are subject to both scheduled and unscheduled examinations by the SEC and FINRA. In our futures-related activities, our subsidiaries are also subject to the rules of the CFTC, futures exchanges of which they are members and the National Futures Association ("NFA"), a futures self-regulatory organization.

The changing regulatory environment, new laws that may be passed by Congress, and rules that may be promulgated by the SEC, the Treasury, the Federal Reserve Bank of New York, the CFTC, the NFA, FINRA and other self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules, if adopted, may directly affect operations, and profitability and those of our competitors and customers and of the securities markets in which we participate in a way that could adversely affect our businesses.

The SEC, self-regulatory organizations and state securities administrators conduct informal and formal investigations of possible improprieties or illegal action by broker-dealers and their "associated persons," which could be followed by the institution of administrative, civil and/or criminal proceedings against broker-dealers and/or "associated persons." Among the sanctions that may result if administrative, civil or criminal proceedings were ever instituted against us or our "associated persons" are injunctions, censure, fines, penalties, the issuance of cease-and-desist orders or suspension or expulsion from the industry and, in rare instances, even imprisonment. The principal purpose of regulating and disciplining broker-dealers is to protect customers and the securities markets, rather than to protect broker-dealers or their creditors or equity holders. From time to time, our "associated persons" have been and are subject to routine investigations, none of which to date have had a material adverse effect on our businesses.

In light of recent events in the U.S. and global financial markets, regulators and legislators in the U.S. and European Union ("EU") continue to craft new laws and regulations for the global OTC derivatives markets, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which became law in July 2010. The Dodd-Frank Act mandates or encourages several reforms regarding derivatives, including new regulations for swaps markets creating impartiality considerations, additional pre- and post-trade transparency requirements and heightened collateral or capital standards, as well as recommendations for the obligatory use of central clearing for most standardized derivatives. The law also requires that standardized derivatives be traded in an open and non-exclusionary manner on a regulated exchange or a SEF. The SEC and CFTC are still in the process of finalizing rules for the implementation of these requirements. The actual implementation of such rules may be phased in over a longer period.

Similarly, while the recently adopted Volcker Rule will not apply directly to us, the Volcker Rule may have a material impact on many of the banking and other institutions with which we do business or compete. There may be a continued uncertainty regarding the Volcker Rule, its impact on various affected businesses, how those businesses will respond to it, and the effect that it will have on the markets in which we do business.

BGC Derivative Markets, L.P. ("BGC Derivative Markets"), our subsidiary, began operating as a SEF on October 2, 2013. Since then, mandatory Dodd-Frank Act compliant execution on SEFs by Swap Dealers and Major Swap Participants commenced in February 2014 for a small number of "made available to trade" products, and a wide range of other rules relating to the execution and clearing of derivative products have been finalized. BGC Derivative Markets has been active across the full range of Required and Permitted Products executed by U.S.-based customers, and we anticipate improved derivatives volumes once the international regulatory landscape becomes clearer for the majority of our clients that operate globally. In addition, BGC maintains its ownership stake in ELX, a CFTC-approved designated contract market ("DCM"), which offers Dodd-Frank Act compliant swap trading to eligible market participants.

We believe that our relative competitive position is strong in this new environment, and that we will gain market share in the U.S. This is because the new rules not only require OTC market execution venues to maintain robust front-end and back-office IT capabilities and to make large and ongoing technology investments, but also because recent revisions to the execution methodology rules will allow elements of voice brokerage to flourish. We are a leader in both the breadth and scale of our hybrid and fully electronic trading capability, and we expect to outperform our competitors in such an environment.

U.K. and European Regulation

The Financial Conduct Authority ("FCA") is the main statutory regulator for the United Kingdom financial services industry. The FCA was established in 2013, and superseded the former regulatory agency, the Financial Services Authority ("FSA"). The FCA's objectives are to protect customers, maintain the stability of the financial services industry and promote competition between financial services providers. It has broad rule-making, investigative and enforcement powers derived from the Financial Services and Markets Act 2000 and subsequent and derivative legislation and regulations.

The FCA has continued to implement the far-reaching reform rules initiated by the FSA, that are designed to enhance firms' liquidity risk management practices, based on the lessons learned since the start of the credit crisis in 2007, as well as a regulatory model with a clear internal separation of conduct of business and prudential regulation. Implications of these rules include better liquidity risk management capability (including the use of stress testing and contingency funding plans ("CFP")), less reliance on short-term wholesale funding, and higher amounts and quality of liquid asset securities (government securities), leading to an increased likelihood of surviving a severe liquidity stress event with the overarching principles being self-sufficiency and adequacy of liquid resources. Currently, we have subsidiaries and branches regulated by the FCA (BGC Brokers L.P., and the U.K. branch of Aurel BGC).

From time to time, we have been and are subject to periodic examinations, inspections and investigations, including periodic risk assessment and related reviews of our U.K. group, the most recent of which took place in 2012. Throughout 2011 and 2012, and following a periodic risk assessment review by the FSA, BGC European Holdings, L.P., and its regulated subsidiary, BGC Brokers L.P., embarked on a major review of its liquidity and capital and control environment pursuant to which we assessed the appropriateness of the scope and structure of the businesses in our U.K. group. We increased the liquidity and capital levels of certain of our U.K. group's regulated businesses, and also reviewed and enhanced our policies and procedures relating to assessing risks and our liquidity and capital requirements. We also produced detailed contingency planning steps to determine the standalone viability of each of the businesses in our U.K. group as well as a theoretical orderly wind-down scenario for these businesses. Currently, at the request of the FCA, the U.K. group is continuing to enhance and embed certain aspects of its financial crime prevention framework, its operational risk framework, and its governance structures. The FCA conducted a deep-dive review of the U.K. group between September and October 2014 and issued its findings letter in December 2014. The letter summarized areas of improvement required but did not include a Skilled Person's report or Risk Mitigation Program.

On November 19, 2014, we announced that we had resolved matters with the FCA regarding our acquisition of a stake in GFI Group exceeding 10% without first informing and seeking the approval of the FCA in breach of certain U.K. controller requirements. This was a breach of U.K. regulatory law. We are working with the FCA to ensure that changes are made to our systems and controls. The FCA had taken the view that it was not appropriate in this specific case for it to take any formal action. On November 19, 2014, we also announced that we had received approval from the FCA to acquire control of GFI and thereby take control of the U.K. regulated firms within GFI. We have also received similar approvals in Hong Kong and Singapore. See "Acquisition of GFI Group Inc."

Recent European Regulatory Developments

The European Market Infrastructure Regulation on OTC derivatives, central counterparties and trade repositories ("EMIR") was adopted in July 2012. EMIR fulfills several of the EU's G20 commitments to reform OTC derivatives markets. The reforms reduce systemic risk and bring more transparency to both OTC and listed derivatives markets. EMIR derivatives rules will apply initially to financial and non-financial firms that are counterparties to derivatives contracts in the EU and later to those trading outside the EU under certain circumstances.

The first compliance obligations for EMIR came into force in mid-March 2013 with the adoption of the regulatory technical standards and implementing technical standards which included timely confirmations. Risk mitigation techniques for uncleared OTC derivatives became effective September 15, 2013 and comprised ISDA portfolio reconciliation, dispute resolution and disclosure protocol. The trade reporting for OTC derivative contracts to be reported to a Trade Repository ("TR") came into effect in phases during February to August 2014. By February 2017, all OTC derivative contracts entered into before or after August 16, 2012 and no longer outstanding as of February 12, 2014 are to be reported to a TR. In October 2014, the European Commission adopted its first "equivalence" decisions for the regulatory regimes of central counterparties in Australia, Hong Kong, Japan and Singapore. The central counterparties in these third country jurisdictions will be able to obtain recognition in the EU and can therefore be used by market participants to clear standardized OTC derivatives as required by EU legislation, while remaining subject solely to the regulation and supervision of their home jurisdiction. At the same time, the European Securities and Markets Authority ("ESMA") published a consultation paper for comment on the draft technical standards on clearing obligations. We expect that variation requirements for non-centrally cleared trades will apply in December 2015. In July 2013, the European Commission and the CFTC announced the "Path Forward" on the alignment of OTC derivatives regulations between the two jurisdictions. For the EU, this involves the implementation of the European Market Infrastructure Regulation and proposed amendments to the European Commission's Markets in Financial Instruments Directive ("MiFID").

Along with the implementation of EMIR reporting requirements, the Regulation on Wholesale Energy Markets Integrity and Transparency ("REMIT") Implementation Acts entered into force on January 7, 2015. The REMIT Implementing Acts developed by the European Commission define the details of reporting under REMIT, drawing up the list of reportable contracts and derivatives; defining details, timing and form of reporting, and establishing harmonized rules to report that information to ACER. They enable ACER to collect information in relation to wholesale energy market transactions and fundamentals through the Agency's REMIT Information System (ARIS), to analyze this data to detect market abuse and to report suspicious events to the competent National Regulatory Authorities (NRAs), which are responsible for investigating these matters further, and if required, imposing sanctions. Market participants and third parties reporting on their behalf will have to: 1) within nine months, i.e. by October 7 2015, report transactions executed at organized market places and fundamental data from the central information transparency platforms; and 2) within fifteen months, i.e. by April 7, 2016, report transactions in the remaining wholesale energy contracts (OTC standard and non-standard supply contracts, transportation contracts) and additional fundamental data.

To achieve a high level of harmonization and strong convergence in regular supervisory reporting requirements, the Committee of European Banking Supervisors issued guidelines on prudential reporting with the aim of developing a supervisory reporting framework based on common formats, known as COREP. COREP has become part of European Banking Authorities' implementing technical standards on reporting. In addition, guidelines on Financial Reporting covering consolidated and sub-consolidated financial reporting for supervisory purposes based on International Financial Reporting Standards are being developed, known as FINREP. These initiatives will impact the nature, timing and extent of regulatory reporting for our European regulated group.

Basel III (or the Third Basel Accord) is a global regulatory standard on bank capital adequacy, stress testing and market liquidity risk agreed upon by the members of the Basel Committee on Banking Supervision in 2010 and 2011, and scheduled to be introduced by bank regulators in most, if not all, of the world's major economies between 2013 and 2019. Basel III is designed to strengthen bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. The adoption of these proposed rules could restrict the ability of our large bank and broker-dealer customers to raise additional capital and liquidity.

The EU is currently in the process of revising the European Commission's Markets in Financial Instruments Directive II ("MiFID II") and the Market Abuse Directive. Both of these directives are relevant to us, and MiFID II will have a particularly significant impact in a number of areas, including corporate governance, transaction reporting, pre - and post-trade transparency and investor protection. MiFID II will also introduce a new catch-all trading venue category known as the organized trading facility, as well as an equivalence assessment of non-EU jurisdictions for granting access to EU markets.

Much of our global derivatives volumes continue to be executed by non-U.S.-based clients outside the U.S. and subject to local prudential regulations. As such, we also, continue to operate our Multilateral Trading facility ("MTF") in accordance with EU directives as licensed by the FCA. The MiFID II draft regulatory technical standards were published by the ESMA on May 22, 2014 and were subject to public comment until August 1, 2014. In December 2014, ESMA published a consultation paper on the draft regulatory technical standards in relation to MiFID II and the Markets in Financial Instruments Regulation. The consultation period ends on March 2, 2015.

We are unable to predict how any of these new laws and proposed rules and regulations will be implemented or in what form, or whether any additional or similar changes to statutes or rules and regulations, including the interpretation or implementation thereof, will occur in the future. Any such action could affect us in substantial and unpredictable ways, subject us to the risk of fines, sanctions, enhanced oversight, increased financial and capital requirements and additional restrictions or limitations on our ability to conduct or grow our businesses, and could otherwise have an adverse effect on our businesses, financial condition, results of operations and prospects. We believe that uncertainty and potential delays around the final form such new rules and regulations might take may negatively impact our customers and trading volumes in certain markets in which we transact. Increased capital requirements may also diminish transaction velocity. While the broad framework of proposed rules and regulations is known, we believe that it is too early for there to be clarity on the specific aspects of the proposals that may directly affect our businesses, and those of our customers and markets, as exact rules and regulations have not yet been finalized. While we generally believe the net impact of the rules and regulations may be positive for our businesses, unintended consequences of the rules and regulations may adversely affect us in ways yet to be determined.

Other Financial Services Regulation

Our subsidiaries that have foreign operations are subject to regulation by the relevant regulatory authorities and self-regulatory organizations in the countries in which they do business. The following table sets forth certain jurisdictions, other than the United States, in which we do business and the applicable regulatory authority or authorities of each such jurisdiction:

Jurisdiction	Regulatory Authorities/Self-Regulatory Organizations
Australia	Australian Securities and Investments Commission and Australian Securities Exchange
Brazil	Brazilian Securities and Exchange Commission, the Central Bank of Brazil and BM&F BOVESPA
Canada	Ontario Securities Commission
China	China Banking Regulatory Commission, State Administration of Foreign Exchange
Dubai	Dubai Financial Supervisory Authority
France	Banque de France and subsidiary agencies, CECEI (Comité des Établissements de Crédit et des Entreprises d'investissement), CCLRF (Comité Consultatif de la Législation et de la Réglementation Financière), Commission Bancaire and AMF (Autorité des Marchés Financiers)
Hong Kong	Hong Kong Securities and Futures Commission and The Hong Kong Monetary Authority
Japan	Japanese Financial Services Agency, Japan Securities Dealers Association and the Securities and Exchange Surveillance Commission
Korea	Ministry of Strategy and Finance, The Bank of Korea, The Financial Services Commission and The Financial Supervisory Service
Mexico	Banking and Securities National Commission
Russia	Federal Service for Financial Markets
Singapore	Monetary Authority of Singapore
South Africa	Johannesburg Stock Exchange
Switzerland	Swiss Federal Banking Commission
Turkey	Capital Markets Board of Turkey
United Kingdom	Financial Conduct Authority

Real Estate Services

The brokerage of real estate sales and leasing transactions, property and facilities management, conducting real estate valuation, and securing debt for clients, among other business lines, also require that we comply with regulations affecting the real estate industry and maintain licenses in various jurisdictions in which we operate. As the size and scope of real estate sales transactions have increased significantly over the past several years, market participants face corresponding greater complexity in ensuring they comply with numerous regulatory regimes.

We could be required to pay fines, return commissions, have a license suspended or revoked, or be subject to criminal action should we conduct regulated activities without a license, or without maintaining the necessary license or if we violate applicable rules and regulations. Licensing requirements could also impact our ability to engage in certain types of transactions, change the way in which we conduct business or affect the cost of conducting business. We and our licensed associates may be subject to various due diligence, disclosure, standard-of-care, anti-money laundering and other obligations. We could become subject to claims by participants in real estate sales or other services claiming that we did not fulfill our obligations as a service provider or broker. This could include claims with respect to alleged conflicts of interest where we act, or are perceived to be acting, for two or more clients. While management has overseen highly regulated businesses before and expects us to comply with all applicable regulations in a satisfactory manner, no assurance can be given that it will always be the case.

In addition, federal, state and local laws and regulations impose various environmental zoning restrictions, use controls, and disclosure obligations that impact the management, development, use and/or sale of real estate. Such laws and regulations tend to discourage sales and leasing activities, as well as mortgage lending availability, with respect to such properties. In our role as property or facilities manager, we could incur liability under environmental laws for the investigation or remediation of hazardous or toxic substances or wastes at properties we currently or formerly managed, or at off-site locations where wastes from such properties were disposed. Such liability can be imposed without regard for the lawfulness of the original disposal activity, or our knowledge of, or fault for, the release or contamination. Further, liability under some of these may be joint and several, meaning that one liable party could be responsible for all costs related to a contaminated site. We could also be subject to property damage or personal injury claims alleged to result from environmental contamination, or from asbestos-containing materials or lead-based paint present at the properties or facilities we manage. Certain requirements governing the removal or encapsulation of asbestos-containing materials, as well as recently enacted local ordinances obligating property or facilities managers to inspect for and remove lead-based paint in certain buildings, could increase our costs of regulatory compliance and potentially subject us to violations or claims.

Capital Requirements

U.S.

Every U.S.-registered broker-dealer is subject to the Uniform Net Capital Requirements. FCMs, such as our subsidiaries, BGC Financial L.P. (“BGCF”) and Mint Brokers (“MINT”), are also subject to CFTC capital requirements. These requirements are designed to ensure financial soundness and liquidity by prohibiting a broker or dealer from engaging in business at a time when it does not satisfy minimum net capital requirements.

In the United States, net capital is essentially defined as net worth (assets minus liabilities), plus qualifying subordinated borrowings and less certain mandatory deductions that result from excluding assets that are not readily convertible into cash and from conservatively valuing certain other assets, such as a firm’s positions in securities. Among these deductions are adjustments, commonly referred to as “haircuts,” to the market value of securities positions to reflect the market risk of such positions prior to their liquidation or disposition. The Uniform Net Capital Requirements also impose a minimum ratio of debt to equity, which may include qualified subordinated borrowings.

Regulations have been adopted by the SEC that prohibit the withdrawal of equity capital of a broker-dealer, restrict the ability of a broker-dealer to distribute or engage in any transaction with a parent company or an affiliate that results in a reduction of equity capital or to provide an unsecured loan or advance against equity capital for the direct or indirect benefit of certain persons related to the broker-dealer (including partners and affiliates) if the broker-dealer’s net capital is, or would be as a result of such withdrawal, distribution, reductions, loan or advance, below specified thresholds of excess net capital. In addition, the SEC’s regulations require certain notifications to be provided in advance of such withdrawals, distributions, reductions, loans and advances that exceed, in the aggregate, 30% of excess net capital within any 30-day period. The SEC has the authority to restrict, for up to 20 business days, such withdrawal, distribution or reduction of capital if the SEC concludes that it may be detrimental to the financial integrity of the broker-dealer or may expose its customers or creditors to loss. Notice is required following any such withdrawal, distribution, reduction, loan or advance that exceeds, in the aggregate, 20% of excess net capital within any 30 day period. The SEC's regulations limiting withdrawals of excess net capital do not preclude the payment to employees of "reasonable compensation."

Two of our subsidiaries, BGCF and MINT, are registered with the SEC and are subject to the Uniform Net Capital Requirements. As FCMs, BGCF and MINT are also subject to the CFTC minimum capital requirement. BGCF is also a member of the FICC, which imposes capital requirements on its members. In addition, our SEF, BGC Derivative Markets, is required to maintain sufficient financial resources to cover operating costs for at least one year, keeping at least enough cash or highly liquid securities to cover six months' operating costs.

Compliance with the Uniform Net Capital Requirements may limit the extent and nature of our operations requiring the use of our registered broker-dealer subsidiaries' capital, and could also restrict or preclude our ability to withdraw capital from our broker-dealer subsidiaries or SEF.

Non-U.S.

Our international operations are also subject to capital requirements in their local jurisdictions. BGC Brokers L.P. and BGC European Holdings, L.P., which are partnerships based in the United Kingdom, are subject to capital requirements established by the FCA. The FCA 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 and liquidity requirements enforced by the FCA have undergone significant changes in response to the current regulatory landscape, and our U.K. businesses are now required to maintain significantly higher regulatory capital than they have in the past.

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. Additionally, certain other of our foreign subsidiaries are required to maintain non-U.S. net capital requirements. In Hong Kong, BGC Securities (Hong Kong), LLC and BGC Capital Markets (Hong Kong), Limited are regulated by the Securities and Futures Commission and The Hong Kong Monetary Authority, respectively. Both are subject to Hong Kong net capital requirements. In France, Aurel BGC, BGC France Holdings, and Ginalfi Finance; in Australia, BGC Partners (Australia) Pty Limited and BGC (Securities); in Japan, BGC Shoken Kaisha Limited's Japanese branch; in Singapore, BGC Partners (Singapore) Limited and BGC Securities (Singapore) Ltd; in Korea, BGC Capital Markets & Foreign Exchange Broker (Korea) Limited; and in Turkey, BGC Partners Menkul Degerler AS, all have net capital requirements imposed upon them by local regulators. In addition, the LCH (LIFFE/LME) clearing organization, of which BGC LP is a member, also imposes minimum capital requirements.

We had net assets in our regulated subsidiaries of $336.8 million and $330.5 million for the years ended December 31, 2014 and 2013, respectively.

Employees

As of December 31, 2014, we had 6,656 total employees, of which approximately 57% were primarily focused on our Real Estate Services segment and approximately 43% were primarily focused on our Financial Services segment.

As of the same date, we had 2,863 brokers, salespeople, other professionals, and other front-office personnel, of whom 1,619 worked in our Financial Services segment and 1,244 in our Real Estate Services segment. Approximately 60% of our brokers, salespeople, other professionals, and other front-office personnel were based in the Americas, and approximately 30% were based in Europe, the Middle East and Africa with the remaining approximately 10% based in the Asia-Pacific region.

Generally, our employees are not subject to any collective bargaining agreements, except for certain reimbursable employees within our Real Estate Services segment, and certain of our employees based in our European offices that are covered by the national, industry-wide collective bargaining agreements relevant to the countries in which they work.

Legal Proceedings

See the discussion of legal proceedings contained in Note 20— "Commitments, Contingencies and Guarantees" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

OUR ORGANIZATIONAL STRUCTURE

Stock Ownership

As of the end of the second quarter of 2013, pursuant to our Global Partnership Restructuring Program, the Company redeemed or exchanged approximately 76 million limited partnership units held by partners of BGC Holdings ("Global Partnership Restructuring Program"). Pursuant to the Program, the Company has delivered an aggregate of approximately 44 million shares of the Company's Class A common stock to the partners.

As of December 31, 2014, there were 185,108,316 shares of our Class A common stock outstanding, of which 1,705,695 shares were held by Cantor and CFGM, Cantor's managing general partner. Each share of Class A common stock is entitled to one vote on matters submitted to a vote of our stockholders.

In addition, as of December 31, 2014, Cantor and CFGM held 34,848,107 shares of our Class B common stock (which represents all of the outstanding shares of our Class B common stock), representing, together with our Class A common stock held by Cantor and CFGM, approximately 65.6% of our voting power on such date. 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 ten 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.

Through December 31, 2014, Cantor has distributed to its current and former partners an aggregate of 20,379,262 shares of Class A common stock, consisting of (i) 18,945,763 shares to satisfy certain of Cantor's deferred stock distribution obligations provided to such partners on April 1, 2008 (the "April 2008 distribution rights shares"), and (ii) 1,433,499 shares to satisfy certain of Cantor's deferred stock distribution obligations provided to such partners on February 14, 2012 in connection with Cantor's payment of previous quarterly partnership distributions (the "February 2012 distribution rights shares"). As of December 31, 2014, Cantor is still obligated to distribute to its current and former partners an aggregate of 16,227,709 shares of Class A common stock, consisting of 14,425,981 April 2008 distribution rights shares and 1,801,728 February 2012 distribution rights shares.

From time to time, we may actively continue to repurchase shares of our Class A common stock, including from Cantor, our executive officers, other employees, partners and others.

Partnership Structure

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. The limited partnership interests of the two operating partnerships are held by us and BGC Holdings, and the limited partnership interests of BGC Holdings are currently held by limited partnership unit holders, founding partners, and Cantor. 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 entitle 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 entitle 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.

As of December 31, 2014, we held directly and indirectly, through wholly owned subsidiaries, BGC U.S. limited partnership interests and BGC Global limited partnership interests consisting of 219,956,423 units and 219,956,423 units, representing approximately 66.8% and 66.8% of the outstanding BGC U.S. limited partnership interests and BGC Global limited partnership interests, respectively. As of that date, BGC Holdings held BGC U.S. limited partnership interests and BGC Global limited partnership interests consisting of 109,267,301 units and 109,267,301 units, representing approximately 33.2% and 33.2% of the outstanding BGC U.S. limited partnership interests and BGC Global limited partnership interests, respectively.

Limited partnership unit holders, founding partners, and Cantor directly hold BGC Holdings limited partnership interests. Since BGC Holdings in turn holds BGC U.S. limited partnership interests and BGC Global limited partnership interests, limited partnership unit holders, founding partners, and Cantor indirectly have interests in BGC U.S. limited partnership interests and BGC Global limited partnership interests.

As of December 31, 2014, excluding Preferred Units and NPSUs described below, outstanding BGC Holdings partnership interests included 43,574,077 limited partnership units, 16,910,291 founding partner units and 48,782,933 Cantor units.

We may in the future effect additional redemptions of BGC Holdings limited partnership units and founding partner units for shares of our Class A common stock. We may also continue our earlier partnership restructuring programs, whereby we redeemed or repurchased certain limited partnership units and founding partner units in exchange for new units, grants of exchangeability for Class A common stock or cash and, in many cases, obtained modifications or extensions of partners' employment arrangements. We also generally expect to continue to grant exchange rights with respect to outstanding non-exchangeable limited partnership units and founding partner units, and to repurchase BGC Holdings partnership interests from time to time, including from Cantor, our executive officers, and other employees and partners, unrelated to our partnership restructuring programs.

Cantor units are generally 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). Upon certain circumstances, Cantor may have the right to acquire additional Cantor units in connection with the redemption of or grant of exchangeability to certain non-exchangeable founding partner units, none of which was redeemed/exchanged in the Global Partnership Restructuring Program. As of December 31, 2014, there were 732,226 non-exchangeable founding partner units with respect to which Cantor had the right to acquire an equivalent number of Cantor units.

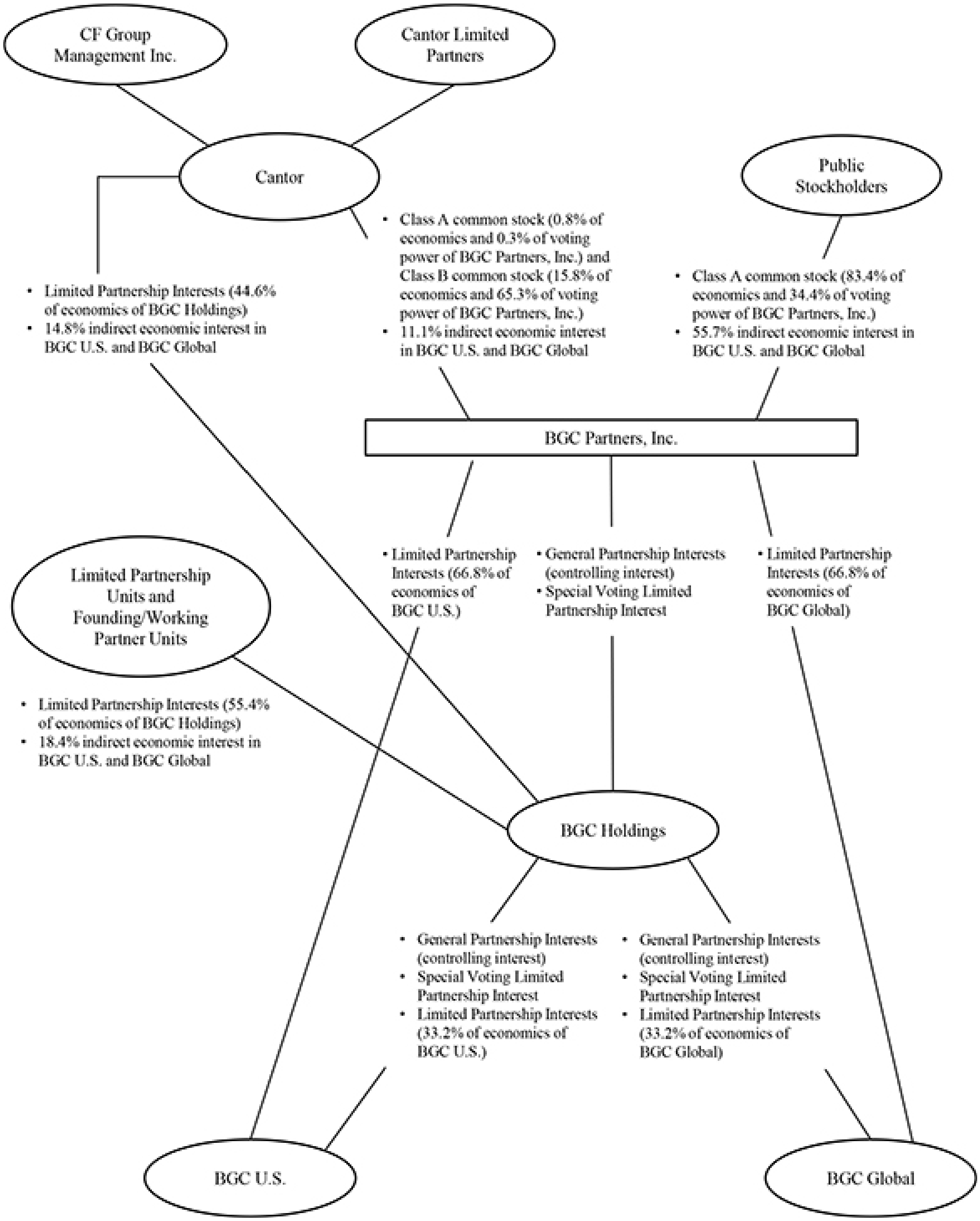
On November 6, 2013, BGC GP, LLC, a subsidiary of the Company and the General Partner of the Company's majority-owned subsidiary, BGC Holdings, and Cantor, the Majority in Interest Exchangeable Limited Partner of the Partnership, entered into the Ninth Amendment to the Agreement of Limited Partnership of the Partnership (the "Ninth Amendment") effective as of July 1, 2013.

In order to facilitate partner compensation and for other corporate purposes, the Ninth Amendment creates new preferred partnership units ("Preferred Units"), which are working partner units that may be awarded to holders of, or contemporaneous with the grant of, PSUs, PSIs, PSEs, LPUs, APSUs, APSIs, APSEs, REUs, RPUs, AREUs, and ARPUs. These new Preferred Units carry the same name as the underlying unit, with the insertion of an additional "P" to designate them as Preferred Units.

Such Preferred Units may not be made exchangeable into our Class A common stock and accordingly will not be included in the fully diluted share count. Each quarter, the net profits of BGC Holdings will be allocated to such Units at a rate of either 0.6875% (which is 2.75% per calendar year) of the allocation amount assigned to them based on their award price, or such other amount as set forth in the award documentation (the "Preferred Distribution"), before calculation and distribution of the quarterly Partnership distribution for the remaining Partnership units. The Preferred Units will not be entitled to participate in Partnership distributions other than with respect to the Preferred Distribution. As of December 31, 2014 there were 8,685,078 such units granted and outstanding. The Ninth Amendment was approved by the Audit Committee of the Board of Directors and by the full Board.

On May 9, 2014, partners of BGC Holdings approved the Tenth Amendment to the Agreement of Limited Partnership of BGC Holdings effective as of May 9, 2014. In order to facilitate partner compensation and for other corporate purposes the Tenth Amendment created a new class of partnership units (NPSUs), which are working partner units. For more information, see Note 14—"Related Party Transactions" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

The following diagram illustrates our organizational structure as of December 31, 2014. The diagram does not reflect the various subsidiaries of BGC, BGC U.S., BGC Global, BGC Holdings or Cantor, or the noncontrolling interests in our consolidated subsidiaries other than Cantor's units in BGC Holdings.*


CF Group Management Inc.
Cantor Limited Partners
Cantor
Public Stockholders
• Class A common stock (0.8% of economics and 0.3% of voting power of BGC Partners, Inc.) and Class B common stock (15.8% of economics and 65.3% of voting power of BGC Partners, Inc.)
• 11.1% indirect economic interest in BGC U.S. and BGC Global
• Limited Partnership Interests (44.6% of economics of BGC Holdings)
• 14.8% indirect economic interest in BGC U.S. and BGC Global
• Class A common stock (83.4% of economics and 34.4% of voting power of BGC Partners, Inc.)
• 55.7% indirect economic interest in BGC U.S. and BGC Global
BGC Partners, Inc.
Limited Partnership Units and Founding/Working Partner Units
• Limited Partnership Interests (66.8% of economics of BGC U.S.)
• General Partnership Interests (controlling interest)
• Special Voting Limited Partnership Interest
• Limited Partnership Interests (66.8% of economics of BGC Global)
• Limited Partnership Interests (55.4% of economics of BGC Holdings)
• 18.4% indirect economic interest in BGC U.S. and BGC Global
BGC Holdings
• General Partnership Interests (controlling interest)
• Special Voting Limited Partnership Interest
• Limited Partnership Interests (33.2% of economics of BGC U.S.)
• General Partnership Interests (controlling interest)
• Special Voting Limited Partnership Interest
• Limited Partnership Interests (33.2% of economics of BGC Global)
BGC U.S.
BGC Global

* Shares of our Class B common stock are convertible into shares of our 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 16.6% of the voting power, and the public stockholders would hold 83.4% of the voting power (and Cantor's indirect economic interests in BGC U.S. and BGC Global would remain unchanged). For purposes of the diagram, Cantor's percentage ownership also includes CFGM's percentage ownership. The diagram does not reflect certain Class A common stock and BGC Holdings partnership units as follows: (a) Cantor's economic interest in our 8.75% convertible notes or the 23,990,605 shares of Class A common stock acquirable by Cantor upon conversion thereof (if Cantor converted all of the 8.75% convertible notes into shares of Class A common stock, Cantor would hold 67.1% of the voting power, and the public stockholders would hold 32.9% of the voting power (and Cantor's indirect economic interests in each of BGC U.S. and BGC Global would be 31.0%)); (b) 16,260,160 shares of Class A common stock issuable upon conversion of our 4.50% convertibles notes; (c) any shares of Class A common stock that may become issuable upon the conversion or exchange of any convertible or exchangeable debt securities that may in the future be sold under our shelf Registration Statement on Form S-3 (Registration No. 333-180331); (d) 8,685,078 Preferred Units granted and outstanding to BGC Holdings partners (see "Partnership Structure" herein); and (e) 5,867,997 NPSUs granted and outstanding to BGC Holdings partners.

The diagram reflects Class A common stock and BGC Holdings partnership unit activity from January 1, 2014 through December 31, 2014 as follows: (a) an aggregate 3,480,230 Global Partnership Restructuring Program shares of Class A common stock issued by us; (b) 220,362 April 2008 distribution rights shares distributed by Cantor, but not the 14,425,981 shares remaining to be distributed by Cantor; (c) 10,811 February 2012 distribution rights shares distributed by Cantor, but not the 1,801,728 shares remaining to be distributed by Cantor; (d) 13,630,725 shares of Class A common stock repurchased by us, including 1,857,743 shares from Cantor; (e) 389,861 forfeited shares of Restricted Class A common stock; (f) 8,940,747 shares of Class A common stock sold by us under the December 2012 sales agreement pursuant to our shelf Registration Statement on Form S-3 (Registration No. 333-185110), but not the 418,615 shares remaining for sale by us under such sales agreement and not the 20,000,000 Shares remaining for sale by us under our November 2014 sales agreement pursuant to our Registration Statement on Form S-3 (Registration No. 333-200415); (g) 1,912,630 shares issued by us under our acquisition shelf Registration Statement on Form S-4 (Registration No. 333-169232), but not the 13,450,996 shares remaining available for issuance by us under such Registration Statement; (h) 47,896 shares issued by us under our Dividend Reinvestment and Stock Purchase Plan shelf Registration Statement on Form S-3 (Registration No. 333-173109), but not the 9,812,433 shares remaining available for issuance by us under such Registration Statement; (i) 160,775 shares sold by selling stockholders under our resale shelf Registration Statement on Form S-3 (Registration No. 333-167953), but not the 186,538 shares remaining available for sale by selling stockholders under such Registration Statement; (j) 334,166 shares sold by selling stockholders under our resale shelf Registration Statement on Form S-3 (Registration No. 333-175034), but not the 1,362,871 shares remaining available for sale by selling stockholders under such Registration Statement; (k) 5,305,101 limited partnership, founding partner and Cantor units redeemed or repurchased by us for cash, including 3,142,257 Cantor units; and (l) an aggregate of 29,979,365 limited partnership units granted by BGC Holdings.

ITEM 1A. RISK FACTORS

Any investment in shares of our Class A common stock, our 8.125% Senior Notes, our 5.375% Senior Notes, or our other securities involves risks and uncertainties. The following are important risks and uncertainties that could affect our businesses, but we do not ascribe any particular likelihood or probability to them unless specifically indicated. Any of the risks and uncertainties set forth below, should they occur, could significantly and negatively affect our businesses, financial condition, results of operations, and prospects and/or the trading price of our Class A common stock, our 8.125% Senior Notes, our 5.375% Senior Notes, or our other securities.

RISKS RELATED TO OUR BUSINESSES GENERALLY

Global Economic and Market Conditions

Our businesses, financial condition, results of operations and prospects have been and may continue to be adversely affected by conditions in the global economy and financial and commercial real estate markets generally.

Our businesses and results of operations have been and may continue to be adversely affected by conditions in the global economy and financial and commercial real estate markets generally. Difficult market and economic conditions and geopolitical uncertainties have in the past adversely affected and may in the future adversely affect our businesses. Such conditions and uncertainties include fluctuating levels of economic output, interest and inflation rates, employment levels, consumer confidence levels, and fiscal and monetary policy. These conditions may directly and indirectly impact a number of factors in the global markets that may be detrimental to our operating results, including the levels of trading, investing, and origination activity in the securities markets, security valuations, volatility of interest rates, changes in and uncertainty regarding tax laws and substantial fluctuations in volume and commissions on securities transactions, the absolute and relative level of currency rates, commercial real estate values and the volume of real estate transactions, and the actual and the perceived quality of issuers, borrowers and investors. For example, the actions of the U.S. Federal Reserve and international central banking authorities directly impact our cost of funds and may impact the value of financial instruments we hold. In addition, changes in monetary policy may affect the credit quality of our customers. Changes in domestic and international monetary policy are beyond our control and difficult to predict.

On a consolidated basis, for the twelve months ended December 31, 2014, 58.4% of our total revenues were generated by our Financial Services segment and 39.7% of our total revenues were generated by our Real Estate Services segment, with approximately 1.9% generated within the corporate category. 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 and may be similarly impacted by downturns in the commercial real estate market.

The global financial services and the commercial real estate markets 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 and commercial real estate markets, resulting in reduced transactional volume and profitability for our businesses. These factors include:

- economic and geopolitical conditions and uncertainties in the United States, Europe and elsewhere in the world, including government deficits, debt, possible defaults and austerity measures and quantitative easing, including the level and timing of government debt issuances, purchases and outstanding amounts;
- possible shutdowns of the U.S. government, sequestrations, uncertainties regarding the federal debt ceiling and federal budget and other potential political impasses;
- the effect of Federal Reserve Board monetary policy, increased capital requirements for banks and other financial institutions, and other regulatory requirements and political impasses;
- terrorism, war and other armed hostilities;

- inflation, deflation and wavering institutional and consumer confidence levels;
- the availability of capital for borrowings and investments by our customers and their customers;
- the level and volatility of interest rates, foreign currency exchange rates and trading in certain equity, debt 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”;
- commercial real estate values and transaction volumes; and
- margin requirements, capital requirements, credit availability, and other liquidity concerns.

Low trading or financial services or commercial real estate transaction volumes generally result in reduced revenues. Under these conditions, our profitability is adversely affected since many of our costs are fixed. In addition, although less common, some of our financial services or commercial real estate transaction revenues are determined on the basis of the value of transactions or on spreads. For these reasons, substantial decreases in trading volume or declining prices or spreads could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

Any downgrades of the U.S. sovereign credit rating by one or more of the major credit rating agencies could have material adverse effects on financial and commercial real estate markets and economic conditions in the U.S. and throughout the world and, in turn, could have a material adverse impact on our businesses, financial condition, results of operations, and prospects. Because of the unprecedented nature of any negative credit rating actions with respect to U.S. government obligations, the ultimate impacts on global markets and our businesses, financial condition, results of operations, and prospects are unpredictable and may not be immediately apparent. Additionally, the negative impact on economic conditions and global markets from further EU sovereign debt matters could adversely affect our businesses, financial condition, results of operations and prospects. Concerns about the EU sovereign debt have caused uncertainty and disruption for financial markets globally, and continued uncertainties loom over the outcome the EU’s financial support programs and the possibility that other EU member states may experience similar financial troubles.

Any downgrades of the long-term sovereign credit rating of the U.S. and additional EU sovereign debt crises could cause disruption and volatility of financial markets globally and have adverse effects on our businesses, financial condition, results of operations and prospects.

Evolving Business Environments

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

The pace of change in the industries in which we operate is extremely rapid. Operating in such rapidly changing business environments involves a high degree of risk. Our ability to succeed will depend on our ability to adapt effectively to these changing conditions. If we are unable to keep up with rapid 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 environments are characterized by rapid technological changes, changes in user 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 businesses;
- enhance our existing products and services;
- develop new products and 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 products, services 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 conditions or customer requirements. In our Financial Services businesses, 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 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 products, services or technologies, could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

Geographic Concentration

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

Historically, our business operations have been substantially located in the U.S. and the U.K. While we are expanding our businesses to new geographic areas, we are still highly concentrated in these areas. Because we derived approximately 60.2% and approximately 22.0%, respectively, of our total revenues on a consolidated basis for the year ended December 31, 2014 from our operations in the U.S. and the U.K., respectively, our businesses are exposed to adverse regulatory and competitive changes, economic downturns and changes in political conditions in these countries. Moreover, due to the concentration of our operations in these areas, such operations are less diversified and, accordingly, are subject to greater regional risks than those of some of our competitors. If we are unable to identify and successfully manage or mitigate these risks, our businesses, financial condition, results of operations and prospects could be materially adversely affected.

New Opportunities/Possible Transactions and Hires

If we are unable to identify and successfully exploit new product and service opportunities, including through hiring new brokers, salespeople, managers and other professionals, our businesses, financial condition, results of operations and prospects could be materially adversely affected.

As more participants enter the markets in which we operate, the resulting competition often leads to lower commissions and fees. This may result in a decrease in revenues in a particular market even if the volumes, prices, or spreads of transactions we handle in that market increases. As a result, our strategy is to broker more transactions, manage more properties and increase market share in existing markets and to seek out new markets and customers. We may face enhanced risks as these efforts to expand our businesses result in our transacting with a broader array of customers and counterparties and expose us to new products and services and markets. Pursuing this strategy may also require significant management attention and hiring expense and potential costs and liability in any litigation or arbitration that may result. We may not be able to attract new customers or brokers, salespeople, managers, or other professionals or successfully enter new markets. In addition, we may be prevented or limited from hiring new brokers, salespeople, managers or other front office professionals for some period by contract, such as our agreement with Tullett not to hire each other's employees, including desk heads, for one year following our settlement of litigation with them, or by regulatory restrictions or limitations. If we are unable to identify and successfully exploit new market opportunities, our businesses, financial condition, results of operations and prospects could be materially adversely affected.

In addition to hiring brokers and other professionals, we may pursue strategic alliances, acquisitions or joint ventures, which could present unforeseen integration obstacles or costs and could dilute our stockholders. We may also face competition in our acquisition strategy, as well as potential regulatory restrictions or limitations, which may limit our number of strategic alliances, acquisitions, joint ventures and other growth opportunities. Such transactions may adversely impact our businesses, financial condition, results of operations and prospects.

We have explored a wide range of strategic alliances, acquisitions and joint ventures with other financial and real estate services firms, including maintaining or developing relationships with independently owned offices in our Real Estate Services businesses, and with other companies that have interests in businesses in which there are brokerage, management, or other strategic opportunities. We also may make acquisitions outside of our existing industries, such as we did when we first entered the commercial real estate business beginning in 2011 with our acquisitions of Newmark and Grubb & Ellis.

We continue to evaluate and potentially pursue possible strategic alliances, acquisitions, and joint ventures in both of our business segments and to explore opportunities in other industries. Such transactions may be necessary in order for us to enter into or develop new products or services or geographic areas, as well as to strengthen our current ones.

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

- potential disruption of our ongoing businesses and product and service development and distraction of management;
- difficulty retaining and integrating personnel and integrating operational, financial reporting, internal control, compliance, and other systems;
- the necessity of hiring additional management and other critical personnel and integrating them into current operations while maintaining legal and regulatory compliance;
- increasing the scope, geographic diversity and complexity of our operations;
- potential dependence upon, and exposure to liability, loss or reputational damage relating to systems, controls and personnel that are not under our control;
- addition of business lines in which we have not previously engaged;
- potential unfavorable reaction to our strategic alliance, acquisition or joint venture strategy by our customers;
- to the extent that we pursue opportunities outside the U.S., 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 government actions, as well as the outbreak of hostilities;
- the upfront costs associated with pursuing acquisitions and recruiting personnel, which efforts may be unsuccessful;

- conflicts or disagreements between any strategic alliance or joint venture partner and us;
- exposure to additional liabilities of any acquired business, strategic alliance or joint venture; and
- dilution resulting from any issuances of shares of our Class A common stock or limited partnership units in connection with strategic alliances, acquisitions, joint ventures or new hires.

We expect to face competition for acquisition candidates, which may limit our 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 profitably manage additional businesses or integrate successfully any acquired businesses without substantial costs, delays or other operational, regulatory or financial difficulties.

In addition, in the U.K. we previously agreed to a voluntary limitation, which ended on March 1, 2012, on closing acquisitions of new businesses regulated by the FCA, formerly the FSA, or entering into new regulated business lines, which had a temporary adverse impact on our ability to add financial services business to our U.K. group. While the FCA released us from this voluntary limitation, no assurance can be given that the FCA or any other regulatory body would not institute a similar limitation in the future.

In both of our business segments, any future growth will be partially dependent upon the continued availability of suitable acquisition candidates at favorable prices and upon advantageous terms and conditions, which may not be available to us, as well as sufficient liquidity and credit to fund these acquisitions, including the acquisition of GFI. Future acquisitions and any necessary related financings also may involve significant transaction-related expenses, which include payment of break-up fees, assumption of liabilities, including compensation, severance and lease termination costs, and transaction and deferred financing costs, among others. In addition, there can be no assurance that such acquisitions will be accretive or generate favorable operating margins. The success of these acquisitions will also be determined in part by the ongoing performance of the acquired companies and the acceptance of acquired employees of our partnership compensation structure and other variables which may be different from the existing industry standards or practices at the acquired companies.

Management will need to successfully manage the integration of recent acquisitions and future growth effectively. The integration and additional growth may place a significant strain upon our management, administrative, operational, compliance, and financial infrastructure. Our ability to grow depends upon our ability to successfully hire, train, supervise and manage additional employees, expand our operational, compliance, financial reporting, and other control systems effectively, allocate our human resources optimally, maintain clear lines of communication between our transactional and management functions and our finance and accounting functions, and manage the pressure on our management, administrative, operational, compliance, and financial infrastructure. Additionally, managing future growth may be difficult due to our new geographic locations and business lines. As a result of these risks and challenges, we may not realize the full benefits that we anticipate from strategic alliances, acquisitions, joint ventures or new hires. There can be no assurance that we will be able to accurately anticipate and respond to the changing demands we will face as we integrate and continue to expand our operations, and we may not be able to manage growth effectively or to achieve growth at all. Any failure to manage the integration of acquisitions and future growth effectively could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Liquidity, Funding and Indebtedness

Liquidity is essential to our businesses, and insufficient liquidity could have an adverse effect on our businesses, financial condition, results of operations and prospects.

Liquidity is essential to our businesses. Failures of financial institutions have often been attributable in large part to insufficient liquidity. Liquidity is of particular importance to our trading businesses, and perceived liquidity issues may affect the willingness of our customers and counterparties to engage in transactions with us in both of our operating segments. Our liquidity could be impaired due to circumstances that we may be unable to control, such as a general market disruption or an operational problem that affects our trading customers or counterparties, other third parties or us.

We are a parent holding company with no direct operations. We conduct substantially all of our operations through our operating subsidiaries. We do not have any material assets other than our direct and indirect ownership in the equity of our operating subsidiaries. As a result, our operating cash flow is dependent upon the earnings of our subsidiaries. In addition, we are dependent on the distribution of earnings, loans or other payments by our subsidiaries to us. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to any of our subsidiaries, we, as an equity owner of such subsidiary, and therefore holders of our securities, including our notes, will be subject to the prior claims of such subsidiary's creditors, including trade creditors, and any preferred equity holders. Any dividends declared by us, any payment by us of our indebtedness or other expenses, and all applicable taxes payable in respect of our net taxable income, if any, are paid from cash on hand and funds received from distributions, loans or other payments from BGC U.S. and BGC Global. Regulatory, tax restrictions or elections, and other legal or contractual restrictions may limit our ability to transfer funds freely from our subsidiaries. In particular, many of our subsidiaries, including our broker-dealer subsidiaries, are subject to laws, regulations, and self-regulatory organization rules that authorize regulatory bodies to block or reduce the flow of funds to a parent holding company, or that prohibit such transfers altogether in certain circumstances. These laws, regulations and rules may hinder our ability to access funds that we may need to meet our obligations. Certain debt and security agreements entered into by our subsidiaries contain various restrictions, including restrictions on payments by our subsidiaries to us and the transfer by our subsidiaries of assets pledged as collateral. To the extent that we need funds to pay dividends, repay indebtedness and meet other expenses, or to pay taxes on our share of BGC U.S.'s and BGC Global's net taxable income, and either BGC U.S. or BGC Global or their respective subsidiaries are restricted from making such distributions under applicable law, regulations, or agreements, or are otherwise unable to provide such funds, it could materially adversely affect our businesses, financial condition, results of operations and prospects, including our ability to raise additional funding, including through access to the debt and equity capital markets.

Our ability to raise funding in the long-term or short-term debt capital markets or the equity capital markets, or to access secured lending markets, has in the past been and could in the future be adversely affected by conditions in the U.S. and international economy and markets, with the cost and availability of funding adversely affected by illiquid credit markets and wider credit spreads. To the extent we are not able to access the debt capital markets on acceptable terms in the future, we may seek to raise funding and capital through equity issuances or other means.

Future turbulence in the U.S. and international economy and markets may adversely affect our liquidity and financial condition and the willingness of certain customers and counterparties to do business with each other or with us. Acquisitions and financial reporting obligations related thereto may impact our ability to access capital markets on a timely basis and may necessitate greater short-term borrowing in the interim, which in turn may adversely affect the interest rates on our debt and our credit ratings and associated outlooks.

Our funding base consists of longer-term capital (equity, notes payable and collateralized borrowings), shorter-term liabilities and accruals that are a natural outgrowth of specific assets and/or our Financial Services business model, such as matched fails and accrued compensation. We generally have had limited need for short-term unsecured funding in our Financial Services segment. We may, however, need to access short-term capital sources to meet business needs from time to time, including, but not limited to, financing acquisitions, conducting operations, hiring or retaining brokers, providing liquidity and funding fails, including in situations where we may not be able to access the capital markets in a timely manner when desired by us. Contingent liquidity needs are largely limited to potential cash collateral that may be needed to meet clearing bank, clearinghouse and exchange margins and/or to fund fails. A significant portion of our cash is held in our largest regulated entities, and we believe that cash in and available to these entities, inclusive of financing provided by clearing banks, is adequate for potential cash demands of normal operations such as margin or funding fails.

In our Real Estate Services segment, we generally have had limited need for short-term unsecured funding. We may, however, have need to access short-term capital sources in order to meet business needs from time to time, including, but not limited to, financing acquisitions, conducting operations or hiring or retaining real estate brokers, salespeople, managers, and other professionals. Our inability to secure such short-term capital may have an adverse impact on our Real Estate Services business.

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

Our indebtedness, which at January 31, 2015 includes $112.5 million aggregate principal amount of 8.125% Senior Notes due 2042 (the "8.125% Senior Notes"), $150.0 million aggregate principal amount of 8.75% Convertible Senior Notes due April 2015 (the "8.75% Convertible Notes"), $160.0 million principal amount of 4.50% Convertible Senior Notes due 2016 (the "4.50% Convertible Notes" and, together with the 8.75% Convertible Notes, the "Convertible Notes"), and $300.0 million aggregate principal amount of 5.375% Senior Notes due 2019 (the "5.375% Senior Notes"), has important consequences, including:

- it may limit our ability to borrow money, dispose of assets or sell equity to fund our working capital, capital expenditures, dividend payments, debt service, strategic initiatives or other obligations or purposes;
- it may limit our flexibility in planning for, or reacting to, changes in the economy, the markets, or our operations or businesses;
- 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 the economy or our businesses; and
- there would be a material adverse effect on our businesses, financial condition, results of operations and prospects if we were unable to service our indebtedness or obtain additional financing or refinance our existing debt, including our 8.75% Convertible Notes due in April 2015, as needed or on terms acceptable to us.

In our Financial Services businesses, we are dependent upon the availability of adequate funding and sufficient regulatory capital and clearing margin. Clearing margin 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 proceeds from debt and equity financings. We have also relied on Cantor's support to clear our transactions in U.S. Treasury and U.S. government agency products under the clearing agreement we entered into with Cantor in November 2008. If for any reason we need to raise additional funds, including in order to meet increased regulatory capital requirements and/or increased clearing margin requirements arising from growth in our brokerage businesses, 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 businesses, take advantage of future growth opportunities or respond to competitive pressure or unanticipated requirements.

We may incur substantially more debt or take other actions which would intensify the risks discussed herein.

We may incur substantial additional debt in the future, some of which may be secured debt. We are not restricted under the terms of the indentures governing our 8.125% Senior Notes, 5.375% Senior Notes, and Convertible Notes from incurring additional debt, securing existing or future debt (with certain exceptions, including to the extent already secured), recapitalizing our debt or taking a number of other actions that are not limited by the terms of our debt instruments that could have the effect of diminishing our ability to make payments on our debt when due.

We may not have the funds necessary to repurchase the Convertible Notes upon a fundamental change or the 8.125% Senior Notes or the 5.375% Senior Notes upon a change of control triggering event as required by the indentures governing these notes.

Holders may require us to repurchase their Convertible Notes for cash upon a fundamental change as described in the indentures governing the Convertible Notes. In addition, upon the occurrence of a "change of control triggering event" (as defined in the indentures governing the 8.125% Senior Notes and 5.375% Senior Notes), unless we have exercised our right to redeem such notes, holders of the 8.125% Senior Notes and the 5.375% Senior Notes will have the right to require us to repurchase all or any part of their notes at a price in cash equal to 100% of the-then outstanding aggregate principal amount of the 8.125% Senior Notes or the 5.375% Senior Notes repurchased plus accrued and unpaid interest, if any. There can be no assurance that we would have sufficient, available financial resources, or would be able to arrange financing, to pay in cash the fundamental change repurchase price in full for the Convertible Notes surrendered by the holders or to repurchase the 8.125% Senior Notes or the 5.375% Senior Notes upon a "change of control triggering event." A failure by us to repurchase the notes when required would result in an event of default with respect to the notes. In addition, such failure may also constitute an event of default and result in the effective acceleration of the maturity of our other then-existing indebtedness.

The fundamental change provisions in our Convertible Notes and the requirement to offer to repurchase the 8.125% Senior Notes and the 5.375% Senior Notes upon a "change of control triggering event" may delay or prevent an otherwise beneficial takeover attempt of us.

The fundamental change purchase rights in the indentures governing the Convertible Notes, which will allow noteholders to require us to purchase all or a portion of their notes upon the occurrence of a fundamental change (as defined in such indentures), along with the provisions requiring an increase in the conversion rate for conversions in connection with make-whole fundamental changes may in certain circumstances delay or prevent a takeover of us and/or the removal of our incumbent management that might otherwise be beneficial to holders of our Class A common stock. In addition, the requirement to offer to repurchase the 8.125% Senior Notes and the 5.375% Senior Notes upon a "change of control triggering event" may in certain circumstances delay or prevent a takeover of us and/or the removal of incumbent management that might otherwise be beneficial to investors.

Conversion of the Convertible Notes may dilute the ownership interest of existing stockholders, and sales of the underlying shares may depress the market price of our Class A common stock.

The conversion of some or all of the Convertible Notes may dilute the ownership interests of existing Class A stockholders, including as a result of any adjustment to the conversion rate on the notes due to our payment of cash dividends above a specified rate. Any sales in the public market of any shares of our Class A common stock issuable upon conversion could depress the market price of our Class A common stock.

If we elect cash settlement or a combination settlement of the 4.50% Convertible Notes, it may have adverse consequences.

In lieu of delivery of shares of our Class A common stock in satisfaction of our obligation upon conversion of the 4.50% Convertible Notes, we may settle the notes surrendered for conversion entirely in cash or in a combination of cash and shares. This feature of the 4.50% Convertible Notes may result in noteholders receiving no shares upon conversion or fewer shares relative to the conversion value of the notes, but could reduce our liquidity if we pay the conversion price in whole or in part in cash.

The accounting method for certain convertible debt securities, such as the 4.50% Convertible Notes, could have a material adverse effect on our reported financial results.

The Financial Accounting Standards Board has issued accounting guidance for convertible debt that may be settled in cash upon conversion. Under this accounting guidance, an entity must separately account for the liability and equity components of convertible debt instruments, such as our 4.50% Convertible Notes, that may be settled in cash or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The guidance requires the fair value of the conversion option of the 4.50% Convertible Notes to be reported as a component of stockholders' equity and included in additional paid-in capital on our consolidated statements of financial condition. The value of the conversion option of the 4.50% Convertible Notes has been reported as a discount to the notes. We will report lower net income in our financial results because interest will include both the current period's amortization of the debt discount (non-cash interest), as well as the instrument's cash interest.

Intellectual Property

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

Our success is dependent, in part, upon our intellectual property, including our proprietary technology. We generally rely primarily on trade secret, contract, patent, copyright, and trademark law in the U.S. and other jurisdictions as well as confidentiality procedures and contractual provisions to establish and protect our intellectual property rights to proprietary technologies, products, services or methods, and our brand. For example, we regularly file patent applications to protect inventions arising from our research and development, and we are currently pursuing patent applications around the world. We also control access to our proprietary technology, and enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with other third parties.

It is possible that third parties may copy or otherwise obtain and use our proprietary technologies without authorization or otherwise infringe on our rights despite our precautions. Unauthorized use of our intellectual property could make it more expensive to do business and harm our operating results. We cannot ensure that our intellectual property rights are sufficient to protect our competitive advantages or that any particular patent, copyright, or trademark is valid and enforceable, and all patents ultimately expire. In addition, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws in the U.S., or at all. Any significant impairment of our intellectual property rights could harm our businesses or our ability to compete. For example, reductions in the legal protection for software intellectual property rights could adversely affect our revenues.

Protecting our intellectual property rights is costly and time consuming. Many companies, including those in the computer and financial services industries own large numbers of patents, copyrights, and trademarks and sometimes file lawsuits based on allegations of infringement or other violations of intellectual property rights. In addition, over the past years there has been a proliferation of patents applicable to these industries and a substantial increase in the number of such patent applications filed. Under current law, U.S. patent applications typically remain secret for 18 months or, in some cases, until a patent is issued. Because of technological changes in these industries, current extensive patent coverage, and the rapid rate of issuance of new patents, it is possible certain components of our products and services may unknowingly infringe existing patents or other intellectual property rights of others. Although we have taken steps to protect ourselves, there can be no assurance that we will be aware of all patents, copyrights or trademarks that may pose a risk of infringement by our products and services. Generally, it is not economically practicable to determine in advance whether our products or services may infringe the present or future rights of others.

Accordingly, we may face claims of infringement or other violations of intellectual property rights that could interfere with our ability to use intellectual property or technology that is material to our businesses. In addition, 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. The number of such third-party claims may grow. Our technologies may not be able to withstand such third-party claims or rights against their use.

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 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, the diversion of resources, and the attention of management, any of which could negatively affect our businesses. Responding to these claims could also require us to enter into royalty or licensing agreements with the third parties claiming infringement, stop selling or redesign affected products or services or pay damages on our own behalf or to satisfy indemnification commitments with our customers. Such royalty or licensing agreements, if available, may not be available on terms acceptable to us, and may cause our operating margins to decline.

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 businesses may be materially adversely affected.

We license databases and software from third parties, much of which is integral to our systems and our businesses. The licenses are terminable if we breach our obligations under the license agreements. If any material licenses 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 databases, and our ability to operate our businesses 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. There can be no assurance that we will have an ongoing license to use all intellectual property which our systems require, the failure of which could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

IT Systems and Cybersecurity Risks

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

If we experience computer systems failures or capacity constraints, our ability to conduct our business 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 business 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 operate four geographically disparate main data centers, they could be subject to failure due to environmental factors, power outage and other factors. Additionally, the Rochelle Park, NJ data center was transferred to NASDAQ OMX in June 2013. We continue to use that data center and have the right to do so until June 2015, after which time we plan to relocate this data center to a co-location facility in New Jersey. 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 customers, business partners, counterparties, vendors, and other third parties, including exchanges and clearing organizations, are subject to failures and outages.

We rely on various third parties for computer and communications systems, such as telephone companies, online service providers, data processors, 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, which may not in all cases be covered by insurance:

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

- financial losses;
- litigation or other customer claims; and
- regulatory actions.

We may experience additional systems failures in the future from power or telecommunications failures, acts of God or war, weather-related events, terrorist attacks, human error, natural disasters, fire, power loss, sabotage, cyber attacks, 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.

Malicious cyber attacks and other adverse events affecting our operational systems or infrastructure, or those of third parties, could disrupt our businesses, result in the disclosure of confidential information, damage our reputation and cause losses.

Our businesses require us to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. Developing and maintaining our operational systems and infrastructure is challenging, particularly as a result of rapidly evolving legal and regulatory requirements and technological shifts. Our financial, accounting, data processing or other operating and compliance systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as a malicious cyber attack or other adverse events, which may adversely affect our ability to process these transactions or provide services.

In addition, our operations rely on the secure processing, storage and transmission of confidential and other information on our computer systems and networks. Although we take protective measures such as software programs, firewalls and similar technology to maintain the confidentiality, integrity and availability of our and our customers' information, and endeavor to modify these protective measures as circumstances warrant, the nature of cyber threats continues to evolve. As a result, our computer systems, software and networks may be vulnerable to unauthorized access, loss or destruction of data (including confidential customer information), account takeovers, unavailability or disruption of service, computer viruses, acts of vandalism, or other malicious code, cyber attack and other adverse events that could have an adverse security impact. Despite the defensive measures we have taken, these threats may come from external factors such as governments, organized crime, hackers, and other third parties such as outsource or infrastructure-support providers and application developers, or may originate internally from within us. Given the high volume of transactions, certain errors may be repeated or compounded before they are discovered and rectified.

We also face the risk of operational disruption, failure, termination or capacity constraints of any of the third parties that facilitate our business activities, including customers, counterparties, exchanges, clearing agents, clearinghouses or other financial intermediaries. Such parties could also be the source of a cyber attack on or breach of our operational systems, data or infrastructure.

There have been an increasing number of cyber attacks in recent years in various industries, including ours. If one or more of these cyber attacks occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, as well as our customers' or other third parties', operations, which could result in reputational damage, financial losses, regulatory penalties and/or customer dissatisfaction or loss, which may not in all cases by covered by insurance. Any such cyber incidents involving our computer systems and networks, or those of third parties important to our businesses, could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

Our financial services regulators in recent years have increased their examination and enforcement focus on matters relating to cybersecurity threats, including the assessment of firms' vulnerability to cyber attacks. In particular, regulatory concerns have been raised about firms establishing effective cybersecurity governance and risk management policies, practices and procedures; protecting firm networks and information; identifying and addressing risk associated with remote access to client information and fund transfer requests; identifying and addressing risks associated with customers business partners, counterparties, vendors, and other third parties, including exchanges and clearing organizations; preventing and detecting unauthorized activities; adopting effective mitigation and business continuity plans to address the impact of cybersecurity breaches; and establishing protocols for reporting cybersecurity incidents. While any insurance that we may have that covers a specific cybersecurity incident may help to prevent our realizing a significant loss from the incident, it would not protect us from the effects of adverse regulatory actions that may result from the incident or a finding that we had inadequate cybersecurity controls, including the reputational harm that could result from such regulatory actions.

Natural Disasters, Terrorist Attacks, and Other Disruptions to Infrastructure May Adversely Affect Our Businesses

Our ability to conduct our businesses may be adversely impacted by catastrophic events, including natural disasters, terrorist attacks, and other disruptions.

We may encounter disruptions involving power, communications, transportation or other utilities or essential services depended on by us or by third parties with whom we conduct business, such as was the case with Hurricane Sandy in 2012. This could include disruptions as the result of natural disasters, pandemics, or weather-related or similar events, such as fires, hurricanes, earthquakes and floods, political instability, labor strikes or turmoil or terrorist attacks. These disruptions may occur, for example, as a result of events affecting only the buildings in which we operate (such as fires), or as a result of events with a broader impact on the communities where those buildings are located. If a disruption occurs in one location and persons in that location are unable to communicate with or travel to or work from other locations, our ability to service and interact with our customers and others may suffer, and we may not be able to successfully implement contingency plans that depend on communications or travel.

Such events can result in significant injuries and loss of life, which could result in material financial liabilities, loss of business and reputational harm. They can also impact the availability and/or loss of commercial insurance policies, both for our own businesses and for those customers whose properties we manage and who may purchase their insurance through the insurance buying programs we make available to them.

There can be no assurance that the disaster recovery and crisis management procedures we employ will suffice in any particular situation to avoid a significant loss. Given that our employees are increasingly mobile and less reliant on physical presence in our offices, our disaster recovery plans increasingly rely on the availability of the Internet (including "cloud" technology) and mobile phone technology, so the disruption of those systems would likely affect our ability to recover promptly from a crisis situation. Although we maintain insurance for liability, property damage and business interruption, subject to deductibles and various exceptions, no assurance can be given that our businesses, financial condition, results of operations and prospects will not be negatively affected by such events in the future.

Environmental Liabilities and Regulations; Climate Risks

Our operations are affected by federal, state and/or local environmental laws in the countries in which we maintain office space for our own operations and where we manage properties for clients in our Real Estate business, and we may face liability with respect to environmental issues occurring at properties that we manage or occupy .

Various laws and regulations restrict the levels of certain substances that may be discharged into the environment by properties and they may impose liability on current or previous real estate owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the property. We may face costs or liabilities under these laws as a result of our role as an on-site property manager. Within our own operation, we face additional costs from rising costs which make it more expensive to operate our corporate offices.

Our own operations are generally conducted within leased office building space and, accordingly, we do not currently anticipate that regulations restricting the emissions of greenhouse gases, or taxes that may be imposed on their release, would result in material costs or capital expenditures. However, we cannot be certain about the extent to which such regulations will develop as there are higher levels of understanding and commitments by different governments around the world regarding risks related to the climate and how they should be mitigated. Regulations relating to climate change may affect the scope of services we provide to clients in their managed properties, but we expect that clients would typically bear any additional costs of doing so under applicable management agreements.

Table of Contents

We anticipate that the potential effects of climate change may impact the decisions and analysis the employees in our Real Estate businesses make with respect to the properties they evaluate or manage on behalf of clients since climate change considerations may impact the relative desirability of locations and the cost of operating and insuring the properties. Future legislation that requires specific performance levels for building operations could make non-compliant buildings more expensive, which could materially affect investments in properties we have made on behalf of clients.

We also anticipate that the potential effects of climate change may impact our own operations and those of client properties we manage, especially when they are located in coastal cities. For example, during 2012 our own operations and properties we manage for clients in the northeastern United States, and in particular New York City, were impacted by Hurricane Sandy, in some cases significantly.

Key Personnel and Employees

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 businesses, and failure to do so may adversely affect our businesses, financial condition, results of operations and prospects.

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 Chief Executive Officer and Chairman, is also the Chairman of the Board, President and Chief Executive Officer of Cantor and President of CFGM, the managing partner 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. In addition, Messrs. Lutnick and Merkel also hold offices at various other affiliates of Cantor. These two key employees are not subject to employment agreements with us or any of our subsidiaries.

Currently, Mr. Lutnick and Mr. Merkel each spend approximately 50% of their time on our matters, although these percentages may vary depending on business developments at us or Cantor or any of our or Cantor’s affiliates. As a result, these key employees (and others in key executive or management roles whom we may hire from time to time) dedicate only a portion of their professional efforts to our businesses and operations, and there is no contractual obligation for them to spend a specific amount of their time with us and/or Cantor. These two key employees may not be able to dedicate adequate time to our businesses 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.

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, whose employment by Cantor is not subject to these provisions in the BGC Holdings limited partnership agreement, from resigning or competing against us. In addition, our success in the Financial Services segment has largely been dependent on the efforts of Mr. Lutnick and our President, Shaun Lynn, and other executive officers, including our Chief Financial Officer, A. Graham Sadler, who has recently announced his retirement. In the Real Estate Services segment, our success has similarly been dependent on efforts by Mr. Lutnick in connection with acquisitions and on an ongoing basis by officers and other key employees, including some who have been hired in connection with these acquisitions. Should Mr. Lutnick leave or otherwise become unavailable to render services to us, control of us 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 in our Financial Services or Real Estate Services segments 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 businesses, financial condition, results of operations and prospects.

Internal Controls

If we fail to implement and maintain an effective internal control environment, our operations, reputation and stock price could suffer, we may need to restate our financial statements, and we may be delayed or prevented from accessing the capital markets.

We are subject to the requirements of the Sarbanes-Oxley Act of 2002 and the applicable SEC rules and regulations that require an annual management report on our internal controls over financial reporting and an attestation report by our independent registered public accounting firm on our internal controls. The management report includes, among other matters, management's assessment of the effectiveness of our internal controls over financial reporting.

Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, internal controls over financial reporting determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements . Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal controls. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. As such, we could lose investor confidence in the accuracy and completeness of our financial reports, which may have a material adverse effect on our stock price.

Our ability to identify and remediate any material weaknesses in our internal controls could affect our ability to prepare financial reports in a timely manner, control our policies, procedures, operations, and assets, assess and manage our operational, regulatory, and financial risks, and integrate our acquired businesses. Similarly, we need to effectively manage any growth that we achieve in such a way as to ensure continuing compliance with all applicable internal control, financial reporting, and legal and regulatory requirements. Any failures to ensure full compliance with internal control and financial reporting requirements could result in restatement, delay or prevent us from accessing the capital markets, and harm our reputation and the market price for our Class A common stock.

Ongoing compliance with the Sarbanes-Oxley Act, as well as compliance with current and future regulatory control requirements, including those imposed or expected to be imposed by the FCA, may require significant expenses and divert management resources from our operations and could require a restructuring of our internal controls over financial reporting. Any such expenses, time reallocations, or restructuring could be disruptive and have a material adverse effect on our businesses, financial condition, results of operations and prospects.

Seasonality

The financial services and commercial real estate services markets in which we operate are generally affected by seasonality, which could have a material adverse effect on our results of operations 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 around holiday seasons, and, therefore, our transaction volume levels may decrease during those periods. The timing of local holidays also affects transaction volumes.

With respect to the commercial real estate industry, revenue and profits are generally higher in the fourth quarter of each year and lower in the first quarter. This is a result of a general focus in the real estate industry on completing or documenting transactions by calendar year-end and because certain expenses are constant through the year. While the seasonality in our two segments may be offsetting, these factors could have a material effect on our results of operations in any given period.

The seasonality of our businesses makes it difficult to determine during the course of the year whether planned results will be achieved, and thus to adjust to changes in expectations. To the extent that we are not able to identify and adjust for changes in expectations or we are confronted with negative conditions that inordinately impact seasonal norms, our businesses, financial condition, results of operations and prospects could be adversely affected.

RISKS RELATED TO OUR FINANCIAL SERVICES SEGMENT

General Financial Services Market Conditions

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

In recent years, there has been substantial consolidation and convergence among companies in the banking, brokerage, exchange and financial services industries, resulting in increasingly large existing and potential competitors, and increased concentration in markets dominated by some of our largest customers. In addition, some of our large broker-dealer customers, such as UBS, The Royal Bank of Scotland, Credit Suisse and Morgan Stanley have announced plans to reduce their sales and trading businesses in fixed income, currency, and commodities.

The combination of this consolidation and the reduction by large customers of certain businesses may lead to increased concentration among our broker-dealer customers, which may reduce our ability to negotiate pricing and other matters with our customers and lower volumes. Additionally, the sales and trading global revenue market share has become increasingly concentrated over the past five years among five of the top investment banks across equities, fixed income, currencies and commodities asset classes.

We also face existing and potential competition from large exchanges, which seek or may seek to migrate trading from the inter-dealer market to their own. Consolidation is occurring in this area as well. Recently, BATS Global Markets acquired the foreign-exchange trading venue, Hotspot from KCG Holdings, while the Hong Kong Exchange and Clearing Limited acquired the London Metal Exchange while ICE completed the acquisition of NYSE Euronext. Consolidation among exchanges may increase their financial resources and ability to compete with us.

Continued consolidation and reduction 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 and spreads we generate from our brokerage services. Further, the recent consolidation among exchanges, and expansion by these exchanges 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 we have. 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 businesses, financial condition, results of operations and prospects could be materially adversely affected.

Actions taken by central banks in major global economies may have a negative impact on our businesses.

In recent years, policies undertaken by certain central banks, such as the U.S. Federal Reserve, the European Central Bank, and the Bank of England, have involved quantitative easing or the buying and selling of currencies in the foreign exchange market. Quantitative easing involves open market transactions by monetary authorities to stimulate economic activity through the purchase of assets of longer maturity and has the effect of lowering interest rates further out on the yield curve.

For example, as of January 1, 2015, the U.S. Federal Reserve held approximately $4.5 trillion worth of long-dated U.S. Treasury and Federal Agency securities which are not being traded or hedged. This compares to $1.7 trillion at the beginning of 2011 and zero prior to September 2008. This has reduced volatility and volumes for listed and OTC interest rate products in the U.S. Although the Federal Reserve ceased repurchases, it continues to hold substantially all of the securities purchased. In addition, the Federal Reserve may continue to use traditional methods to keep short-term interest rates low by historical standards.

Recently, central banks in other jurisdictions, including the EU, Japan and China, have undertaken quantitative easing and other steps aimed at stimulating their economies through monetary policy. In these jurisdictions also, interest rates are expected to remain low by historical standards for some time to come.

Similarly, global FX volumes were muted in 2012 and 2013, largely because certain major central banks, such as those in Japan and, until recently, Switzerland, intervened to keep global currencies from appreciating, and because low interest rates (themselves partially a result of quantitative easing) in most major economies make carry-trade strategies less appealing for FX market participants. In addition, increased capital requirements for banks and other financial institutions are likely to result in increased holdings of government securities, which holdings will be less likely to be traded or hedged, thus reducing further transaction volumes in those securities. Since the new capital requirements make it more expensive for the banks and other financial institutions to hold assets other than government securities, the new requirements may also reduce their trading and hedging activities in corporate and asset-backed fixed income securities as well as in various other OTC cash and derivative instruments. These central banking policies may adversely affect our businesses, particularly our rates and FX operations. In addition, many of our large bank customers have faced increasing regulatory scrutiny of their rates and FX businesses, and this may negatively impact industry volumes.

The migration of OTC swaps to SEF markets may impact volumes, liquidity and demand for our services in certain markets.

BGC Derivative Markets, our subsidiary, began operating as a SEF on October 2, 2013. After this date, all eligible derivatives traded by US Persons required SEF registration. Mandatory Dodd-Frank Act compliant execution on SEFs by Swap Dealers and Major Swap Participants commenced in February 2014. The full Dodd-Frank Act rule set regarding execution, clearing and reporting requirements has been finalized more slowly than anticipated and has been effected through no action letters, temporary relief, guidance and multiple interpretations. As a result, many of our largest customers have reduced their trading exposures until the rule consequences are completely known. In addition, we maintain our ownership stake in ELX, a CFTC-approved DCM. Although we believe that our SEF and ELX are in compliance with applicable rules, no assurance can be given that the market for these products will not be less robust, that there may be less volume and liquidity in these markets, that there may be less demand for our services or the market in general or that the industry will not experience disruptions as customers or market participants transition to the new system. If such events were to occur, our business in these products could be significantly reduced and our businesses, financial condition, results of operations and prospects could be adversely affected.

Our commodities derivatives activities, including those related to electricity, natural gas and environmental interests, subject us to extensive regulation, potential catastrophic events and other risks that may result in our incurring significant costs and liabilities.

We engage in the brokerage of commodities derivatives, including those involving electric power and natural gas, and related products and indices. These activities subject us or our customers to extensive regulatory oversight and involving federal, state and local and foreign commodities, energy, environmental, and other governmental laws and regulations and may result in our incurring significant costs and liabilities.

We or our clients may incur substantial costs in complying with current or future laws and regulations relating to our commodities-related activities, including trading of electricity, natural gas, and environmental interests. New regulation of OTC derivatives markets in the U.S. and similar legislation proposed or adopted abroad will impose significant new costs and new requirements on the commodities derivatives activities of us and our customers. Therefore, the overall reputation of us or our clients may be adversely affected by the current or future regulatory environment. Failure to comply with these laws and regulations may result in substantial civil and criminal penalties and fines for market participants.

The commodities-related activities of us and our clients are also subject to the risk of unforeseen catastrophic events, many of which are outside of our control, which could result in significant liabilities for us or our customers. We may not be able to obtain insurance to cover these risks, and the insurance that we have may be inadequate to cover our liabilities. The occurrence of any of such events may prevent us from performing under our agreements with customers, may impair our operations, and may result in litigation, regulatory action, negative publicity or other reputational harm, which could have a negative effect on our businesses, financial condition, results of operations and prospects.

Regulatory/Legal

The financial services industry in which we operate is subject to significant regulation. We are subject to regulatory capital requirements on our regulated businesses, 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 businesses.

Many aspects of our businesses, like those of other financial intermediary firms, are subject to significant capital requirements. In the U.S., the SEC, FINRA and various other regulatory bodies (including the CFTC and 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. Broker-dealers that also act as FCMs, such as our subsidiaries, BGCF and MINT, are subject to CFTC capital requirements as well. In addition, we hold a 49% limited partnership interest in Aqua, a U.S. registered broker-dealer. These broker-dealers are subject to SEC, FINRA, CFTC and NFA net capital requirements.

Our international operations are also subject to capital requirements. BGC Brokers L.P. and BGC European Holdings, L.P., which are partnerships based in the U.K., are currently subject to capital requirements established by the FCA, the main statutory regulator for the U.K. financial services industry. The FCA 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 and liquidity requirements enforced by the FCA have undergone significant change, and our U.K. businesses are now required to maintain significantly higher regulatory levels of capital than they have in the past.

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. Similar requirements are applied to certain of our other subsidiaries that are regulated in other countries, such as Australia, France and Hong Kong. Further, we may become subject to capital requirements in other foreign jurisdictions in which we currently operate or in which we may enter.

We expect to continue to maintain levels of capital in excess of regulatory minima. Should we fail to maintain the required capital, we may be required to reduce or 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 or withdrawal of authorization or other disciplinary action from domestic and international regulators, which would have a material adverse effect on us. In addition, should 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, our 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 our indebtedness and other expenses, dividends on our Class A common stock, and distributions on our BGC Holdings limited partnership interests, and to repurchase shares of our Class A common stock or purchase BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners and others, and pursue strategic acquisitions or other growth opportunities. We cannot predict our future capital needs or our ability to obtain additional financing. No assurance can be given that capital levels will remain stable or that we will not incur substantial expenses in connection with maintaining current or increased capital levels or engaging in business restructurings or other activities in response to these requirements.

In addition, financial intermediary 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 claims.

Our businesses, financial condition, results of operations and prospects could be adversely affected by new laws, rules or regulations or by changes in existing law, rules or regulations or the application thereof.

The financial services industry, in general, is heavily regulated. Proposals for additional legislation further regulating the financial services industry are periodically introduced in the U.S., the EU and other geographic areas. Moreover, the agencies regulating the financial services industry also periodically adopt changes to their rules and regulations, particularly as these agencies have increased the focus and intensity of their regulation of the financial services industry.

Changes in legislation and in the rules and regulations promulgated by the SEC, FINRA, the CFTC, the U.S. Treasury, the FCA, the European Commission, the European Securities and Market Authority 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 businesses. For example, the U.S. Congress, the U.S. Treasury, the Board of Governors of the Federal Reserve System, SEC and the CFTC are continuing to review the nature and scope of their regulation and oversight of the government securities markets and U.S. markets. The E.U. is currently in the process of revising MiFID II and the Market Abuse Directive. Both of these directives are relevant to us, and MiFID II will have a particularly significant impact in a number of areas, including corporate governance, transaction reporting, pre – and post-trade transparency and investor protection. MiFID II will also introduce a new catch-all trading venue category known as the organized trading facility, as well as an equivalence assessment on non-EU jurisdictions for granting access to EU markets. Therefore, uncertainties resulting from the possibility of additional legislation and/or regulation, could adversely impact our businesses. Failure to comply with any of these laws, rules or regulations could result in fines, penalties, restrictions or limitations on business activity, suspension or expulsion from the industry, any of which could have a material adverse effect upon us.

In July 2013, the European Commission and the CFTC announced the "Path Forward" on the alignment of OTC derivatives regulations between the two jurisdictions. For the EU, this involves the implementation of the European Market Infrastructure Regulation and proposed amendments to MiFID. The SEC, the CFTC and the European Commission are still in the process of finalizing rules for the implementation of these requirements. The actual implementation of any such rules may be phased in over a longer period. There can be no guarantee that the final rules will not negatively impact our volumes or revenues or fundamentally alter the historical relationship between OTC wholesale brokers and our clients, which may have an adverse effect on us.

Similarly, while the recently adopted Volcker Rule will not apply directly to us, once effective, the Volcker Rule may have a material impact on many of the banking and other institutions with which we do business or compete. There may be a continued uncertainty regarding the application of the Volcker Rule, its impact on various affected businesses, how those businesses will respond to it, and the effect that it will have on the markets in which we do business.

Other regulatory initiatives include Basel III (or the Third Basel Accord), a global regulatory standard on bank capital adequacy, stress testing and market liquidity risk scheduled to be introduced by bank regulators in most, if not all, of the world's major economies between 2013 and 2019. Basel III is designed to strengthen bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. The adoption of these proposed rules could restrict the ability of our large bank and broker-dealer customers to raise additional capital and liquidity. As a result, their businesses, results of operations, financial condition or prospects could be adversely affected, which might cause them to do less business. Such potential impact could adversely affect the revenues and profitability of our Financial Services segment.

In the U.K., the FCA has continued to implement the far-reaching reform rules initiated by the FSA that are designed to enhance firms' liquidity risk management practices, based on the lessons learned since the start of the recent credit crisis in 2007, as well as a regulatory model with a clear internal separation of conduct of business and prudential regulation. Implications of these rules include better liquidity in risk management capability (including the use of stress testing and contingency funding plans), less reliance on short-term wholesale funding, and higher amounts and quality of liquid asset securities (government securities), leading to an increased likelihood of surviving a severe liquidity stress event, the overarching principles being self-sufficiency and adequacy of liquid resources. Currently, we have subsidiaries and branches regulated by the FCA (BGC Brokers L.P., and the U.K. branch of Aurel BGC).

Further, the authorities of certain EU countries may from time to time institute changes to tax law that, if applicable to us, could have a material adverse effect on our businesses, financial condition, results of operations and prospects. Similarly, the U.S. has proposed a series of changes to U.S. tax law, some of which could apply to us. It is not possible to predict if any of these new provisions will be enacted or, if they are, what form they may take. It is possible that one or more of such provisions could negatively impact our costs and our effective tax rate, which would affect our after-tax earnings. If any of such changes to tax law were implemented and/or deemed to apply to us, they could have a material adverse effect on our businesses, financial condition, results of operations and prospects, including on our ability to attract, compensate and retain executives and brokers.

We believe that uncertainty and potential delays around the final form such new laws and regulations might take may negatively impact trading volumes in certain markets in which we transact. Increased capital requirements may also diminish transaction velocity. While the broad framework of currently proposed laws and regulations is known, we believe that it is too early for there to be clarity on the specific aspects of the U.S. and EU proposals which may directly impact our businesses as some proposals have not yet been finalized. Additionally, unintended consequences of the laws, rules and regulations may adversely affect us in ways yet to be determined. We are unable to predict how any of these new laws, rules, regulations and proposals will be implemented or in what form, or whether any additional or similar changes to laws, rules or regulations, including the interpretation or implementation thereof, will occur in the future. Any such action could affect us in substantial and unpredictable ways and could have an adverse effect on our businesses, financial condition, results of operations and prospects.

Extensive regulation of our businesses restricts and limits our operations and activities and results in ongoing exposure to potential significant costs and penalties, including fines, sanctions, enhanced oversight, increased financial and capital requirements, and additional restrictions or limitations on our ability to conduct or grow our businesses.

The financial services industry, including our businesses, is subject to extensive regulation, which is very costly. 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 the holders of our stock, notes or other securities. These regulations will often serve to restrict or limit our operations and activities, including through capital, customer protection and market conduct requirements.

Our businesses 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 U.S., are empowered to bring enforcement actions and to conduct administrative proceedings and examinations, inspections, and investigations, which may result in costs, penalties, fines, enhanced oversight, additional requirements, restrictions, or limitations, and censure, suspension, or expulsion. Self-regulatory organizations such as FINRA and the NFA, along with statutory bodies such as the SEC, the CFTC, FINRA, and the FCA, and other international regulators, require strict compliance with their rules and regulations.

Firms in the financial services industry, including us, have experienced increased scrutiny in recent years, and penalties, fines and other sanctions sought by regulatory authorities, including the SEC, the CFTC, FINRA, the NFA, state securities commissions and state attorneys general in the U.S., and the FCA in the U.K. and other international regulators, have increased accordingly. This trend toward a heightened regulatory and enforcement environment can be expected to continue for the foreseeable future, and this environment may create uncertainty.

From time to time, we have been and are subject to periodic examinations, inspections and investigations, including periodic risk assessment and related reviews of our U.K. group, the most recent of which took place in 2012 and a FCA review in 2014 in connection with our offer to acquire GFI. Throughout 2011 and 2012, and following a periodic risk assessment review by the FSA, BGC European Holdings, L.P., and its regulated subsidiary, BGC Brokers L.P., embarked on a major review of its liquidity and capital, and control environment, pursuant to which we assessed the appropriateness of the scope and structure of the businesses in our U.K. group. We increased the liquidity and capital levels of certain of our U.K. group's regulated businesses, and also reviewed and enhanced our policies and procedures relating to assessing risks and our liquidity and capital requirements. We also produced detailed contingency planning steps to determine the standalone viability of each of the businesses in our U.K. group as well as a theoretical orderly wind-down scenario for these businesses. Currently, at the request of the FCA, the U.K. group is continuing to enhance and embed certain aspects of its financial crime prevention framework, operational risk framework, and governance structures. The FCA conducted a deep dive review of the U.K. group between September and October 2014 and issued its findings letter in December 2014. The letter summarized areas of improvement required but did not include a Skilled Person's report or Risk Mitigation Program.

These activities have resulted, and may in the future result, in significant costs and remediation expenses, and possible disciplinary actions by the SEC, the CFTC, the FCA, self-regulatory organizations and state securities administrators and have impacted, and may impact in the future, our acquisitions of regulated businesses or entry into new business lines.

The brokerage and financial services industries in general face substantial regulatory and litigation risks that may result in damages as well as costs, 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 have a material adverse effect on our businesses, financial condition, results of operations and prospects.

Many aspects of our current businesses involve substantial risks of liability. The expansion of our businesses, including into new areas, imposes additional risks of liability.

In the normal course of business, we have been a party to investigations, administrative proceedings, lawsuits, arbitrations and other actions involving primarily claims for damages. Examinations, inspections, regulatory inquiries and subpoenas or other requests for information or testimony may cause us to incur significant expenses, including fees for legal representation and other professional advisors and costs associated with document production and remediation efforts. Such regulatory or other actions may also be directed at certain executives or employees who may be critical to our businesses or to particular brokerage desks. The risks associated with such matters often may be difficult to assess or quantify, and their existence and magnitude often remain unknown for substantial periods of time.

A settlement of, or judgment related to, any such matters could result in civil or criminal liability, penalties, fines, restrictions or limitations on our operations and activities and other sanctions and could otherwise have a material adverse effect on our businesses, results of operations, financial condition and prospects. Any such action could also cause us significant reputational harm, which, in turn, could seriously harm us. In addition, regardless of the outcome of such matters, 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.

In our Financial Services segment, 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 Financial Services businesses than to other types of businesses. Substantial legal liability or significant regulatory action against us could have a material adverse effect on our businesses, financial condition, results of operations and prospects, or cause significant reputational damage to us, which could seriously harm us.

In addition, financial intermediary 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 liability.

Competition

Because competition for the services of brokers is intense, it could affect our ability to attract and retain a sufficient number of highly skilled brokers or other professional services personnel, in turn adversely impacting our revenues, resulting in a material adverse effect on our businesses, financial condition, results of operations and prospects.

Our ability to provide high-quality brokerage and other professional services and maintain long-term relationships with our customers depends, in large part, upon our brokers and other professionals. As a result, we must attract and retain highly qualified personnel.

In recent years, we have significantly grown the number of brokers in our businesses 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 businesses 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 or services. 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 addition, recruitment and retention of qualified brokers could result in substantial additional costs. We have been and are currently a party to, or otherwise involved in, several lawsuits and arbitrations involving competitor claims in connection with employee hires and/or departures, including our recently settled litigations with Tullett. We may also pursue our rights through litigation when competitors hire our employees who are under contract with us. We believe such proceedings are common in the financial services 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 businesses, financial condition, results of operations and prospects. Regardless of the outcome of these claims, we generally incur significant costs and substantial management time in dealing with them.

If we fail to attract new personnel, or fail to retain and motivate our current personnel, or if we incur increased costs or restrictions associated with attracting and retaining personnel (such as lawsuits, arbitrations, sign-on or guaranteed bonuses or forgivable loans), our businesses, financial condition, results of operations and prospects could be materially adversely affected.

We face strong competition from brokerages, broker-dealers, financial services firms, and exchanges, many of which have greater market presence, marketing capabilities and financial, 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 businesses, financial condition, results of operations or prospects.

The financial services industry is intensely competitive, and is expected to remain so. In our Financial Services segment, we primarily compete with four major, diversified inter-dealer brokers and financial intermediaries. These inter-dealer brokers are ICAP plc, Tullett Prebon plc, GFI and Compagnie Financière Tradition (which is majority owned by Viel & Cie), all of which are currently publicly traded companies. On February 26, 2015, we completed our tender offer to acquire GFI (See "Acquisition of GFI Group Inc."). Other inter-dealer broker and financial intermediary competitors include a number of smaller, privately-held firms that tend to specialize in specific products and services or geographic areas.

We also compete with companies that provide alternative products and services, 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, debt and other securities. We increasingly compete with exchanges for the execution of trades in certain products, mainly in derivatives such as futures, swaps, options and options on futures. Certain exchanges have made and will likely continue to make attempts to move certain OTC-traded products to exchange-based execution. We also compete with consortia, such as those operated by Tradeweb, which are created or funded from time to time by banks, broker-dealers and other companies involved in financial services, such as Thomson Reuters Corporation, to compete in various markets with exchanges and inter-dealer brokers. In addition, financial data and information firms such as Thomson Reuters Corporation and Bloomberg L.P. operate trading platforms for both OTC and listed products, and may attempt to compete with us for trade execution in the future.

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 product 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 products and services;
- provide a lower cost structure and lower commissions and fees;
- provide access to trading in products or a range of products that at any particular time we do not offer; and
- develop services that are preferred by our customers.

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

Competition for financial 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 businesses, financial condition, results of operations and prospects.

Our operations also include the sale of pricing and transactional data and 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 financial brokerage businesses have together and individually offered market data and information products and services in competition with those offered and expected to be offered by us.

International Operations Risks

We are generally subject to various risks inherent in doing business in the international securities markets, in addition to those unique to the regulated brokerage industry, and any failure to identify and manage those risks could adversely affect our businesses, financial condition, results of operations and prospects.

We currently provide products and services to customers in many foreign countries, and we may seek to further expand our operations into additional jurisdictions.

On a consolidated basis, revenues from foreign countries were $688.0 million or 65.9 % of total revenues in our Financial Services segment for the year ended December 31, 2014. 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 jurisdiction. Our inability to remain in compliance with local laws and regulations in a particular foreign jurisdiction 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 businesses could be adversely affected.

There are also certain additional political, economic, legal, operational and other risks inherent in doing business in international securities 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, rules 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;
- fluctuations in currency exchange rates;
- reduced protections for intellectual property rights;
- adverse labor and employment laws, including those related to compensation, tax, health insurance and benefits, and social security;

- outbreak of hostilities; and
- potentially adverse tax consequences arising from compliance with foreign laws, results and regulations to which our international businesses are subject.

Credit Risk

Credit rating downgrades or defaults by us, Cantor or another large financial institution could adversely affect us or financial markets generally.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. For example, we rely on Cantor as our clearing agent under the Clearing Agreement for certain securities transactions, primarily U.S. government securities, while we self-clear certain other products. A default by one of our customers could lead to liquidity concerns in our business and, to the extent that Cantor or another entity that clears for us has difficulty meeting capital requirements or otherwise meeting its obligations, we may need to provide our own liquidity.

As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity problems, losses or defaults by other institutions. This is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which we interact on a daily basis, and therefore could adversely affect us. Similarly, our vendors, including insurance companies and other providers, are subject to normal business risks as well as risks related to U.S. and international economic and market conditions. Failure of any of these vendor institutions could also adversely affect us.

The credit ratings and associated outlooks of firms in our financial services industries, including us, may be critical to their reputation and operational and financial success. A firm’s credit ratings and associated outlooks are influenced by a number of factors, including but not limited to: operating environment, earnings and profitability trends, the prudence of funding and liquidity management practices, balance sheet size/composition and resulting leverage, cash flow coverage of interest, composition and size of the capital base, available liquidity, outstanding borrowing levels, the firm’s competitive position in the industry and its relationship with other firms. A credit rating and/or the associated outlook can be revised upward or downward at any time by a rating agency if such rating agency decides that circumstances of that firm or related firms warrant such a change. Any reduction in credit ratings and/or the associated outlook could adversely affect the availability of debt financing on acceptable terms, as well as the cost and other terms upon which any such financing can be obtained. In addition, credit ratings and associated outlooks may be important to customers or counterparties in certain markets and in certain transactions. Additional collateral may be required in the event of a credit ratings or outlook downgrade.

Our financial services activities are subject to credit and performance risks, which could result in us incurring significant losses that could materially adversely affect our businesses, financial condition, results of operations and prospects.

Our 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 broker-dealer 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 costs 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 and counterparties. These policies and procedures, however, may not be fully effective, particularly against fraud, unauthorized trading and similar incidents. 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 businesses, financial condition, results of operations and prospects could be materially adversely affected. In addition, our insurance policies do not provide coverage for these risks.

Transactions executed on a matched principal basis where the instrument has the same or similar characteristics to the counterparty may expose us to correlation risk. In this case, the counterparty's inability to meet its obligations will also result in the value of the instrument declining. For example, if we were to enter into a transaction to sell to a customer a bond or structured note where the issuer or credit support provider was such customer's affiliate, the value of the instrument would decline in value in tandem with the default. This correlation has the effect of magnifying the credit loss.

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 businesses requiring higher levels of capital. Credit or settlement losses of this nature could adversely affect our businesses, financial condition, results of operations and prospects.

Declines in the financial markets have also led to the exposure of several cases of financial fraud. If we were to have trading activity on an agency or principal basis with an entity engaged in defrauding investors or counterparties, we could bear the risk that the counterparty would not have the financial resources to meet their obligations, resulting in a credit loss. Similarly, we may engage in financial transactions with third parties that have been victims of financial fraud that may not have the financial resources to meet their obligations to us.

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 businesses, financial condition, results of operations and prospects.

In emerging market countries, we primarily conduct our financial services businesses on an agency and matched principal basis, where the risk of counterparty default, inconvertibility events and sovereign default is greater than in more developed countries.

We enter into transactions in cash and derivative instruments primarily on an agency and matched principal basis with counterparties domiciled in countries in Latin America, Eastern Europe and Asia. Transactions with these counterparties are generally in instruments or contracts of sovereign or corporate issuers located in the same country as the counterparty. This exposes us to a higher degree of sovereign or convertibility risk than in more developed countries.

In addition, these risks may entail correlated risks. A correlated risk arises when the counterparty's inability to meet its obligations also corresponds to a decline in the value of the instrument traded. In the case of a sovereign convertibility event or outright default, the counterparty to the trade may be unable to pay or transfer payment of an instrument purchased out of the country when the value of the instrument has declined due to the default or convertibility event.

The recent global financial crisis has heightened the risk of sovereign or convertibility events in emerging markets similar to the events that occurred in previous financial downturns. Our risk management function monitors the creditworthiness of emerging countries and counterparties on an ongoing basis and, when the risk of inconvertibility or sovereign default is deemed to be too great, correlated transactions or all transactions may be restricted or suspended. However, there can be no assurance that these procedures will be effective in controlling these risks.

Concentration and Market Risk

Our Financial Services operations are substantially concentrated on rates products and could be significantly affected by any downturn or negative fluctuations in the rates product market.

We offer our financial services in four broad product categories: rates, credit, foreign exchange and equity and other asset classes. However, our financial services brokerage revenues are substantially derived from our rates products, which accounted for approximately 39.4% of our total financial services brokerage revenues on a consolidated basis for the year ended December 31, 2014. 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 businesses on rates products subjects our results to a greater market risk than if we had more diversified product offerings.

Due to our current customer concentration, a loss of one or more of our significant customers could harm our businesses, financial condition, results of operations and prospects.

For the year ended December 31, 2014, on a consolidated basis, our top ten Financial Services customers collectively, accounted for approximately 25.2% of our total revenues. We have limited long-term contracts with certain of these customers. If we were to lose one or more of these significant customers for any reason, including the recent consolidation in the financial services industry, 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 businesses, financial condition, results of operations and prospects would suffer.

Our financial services 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 and fees payable to us by certain of our most active customers for certain products, which could reduce our revenues and constrain our profitability. From time to time, these pricing plans come up for renewal. Failure of a number of our larger customers to enter into renewed agreements, or agreements on terms as favorable as existing agreements, could have a material adverse effect on volumes on our electronic trading platform, the commissions payable to us, our revenues and our profitability.

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

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 alternatives 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 or for our customers. In addition, reduced trading levels could lead to lower revenues which could materially adversely affect our businesses, financial condition, results of operations and prospects.

We have market risk exposure from unmatched principal transactions entered into by some of our desks, as well as holdings of marketable equity securities, which could result in losses and have a disproportionate effect on our businesses, financial condition, results of operations, and prospects for any particular reporting period. In addition, financial fraud or unauthorized trading activity could also impact our businesses, financial condition, results of operations or prospects.

On a limited basis, our desks enter into unmatched principal transactions in the ordinary course of business to facilitate transactions, add liquidity, improve customer satisfaction, increase revenue opportunities and attract additional order flow or in certain instances as the result of an error 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.

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices or other factors will result in losses for a specified position. In our Financial Services business, we may allow certain of our desks to enter into unmatched principal transactions in the ordinary course of business and hold long and short investory positions. These transactions are primarily for the purpose of managing proprietary positions, facilitating clients' execution needs, adding liquidity to a market or attracting additional order flow. As a result, we may have market risk exposure on these transactions. Our exposure varies based on the size of the overall position, the terms and liquidity of the instruments brokered and the amount of time the position is held before we dispose of the position. We have limited ability to track our exposure to market risk and unmatched positions on an intra-day basis, however, we attempt to mitigate market risk on these positions by strict risk limits, extremely limited holding periods and hedging our exposure. These positions are intended to be held short term to facilitate customer transactions. However, due to a number of factors, including the nature of the position and access to the market on which it trades, we may not be able to unwind the position and we may be forced to hold the position for a longer period than anticipated. All positions held longer than intra-day are marked to market.

Certain categories of trades settle for clearing purposes against CF&Co, an affiliate of Cantor. CF&Co is a member of FINRA and the FICC. We, CF&Co and other of Cantor's and our affiliates participate in off-the-run U.S. Treasuries as well as other markets by posting quotations for our accounts and by acting as principal. Such activity is intended, among other things, to assist us, CF&Co, Cantor and other affiliates in managing proprietary positions (including, but not limited to, those established as a result of combination trades and errors), facilitating transactions, framing markets, adding liquidity, increasing commissions and attracting order flow.

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. However, due to a number of factors, including the nature of the position and access to the markets 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 the event of any unauthorized trading activity or financial fraud that is not detected by management, it is possible that these unmatched positions could be outstanding for a long period. At the time of any sales and settlements of these positions, the price we ultimately realize will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair values. In addition, our estimates or determinations of the values of our various positions, assets or businesses are subject to the accuracy of our assumptions and the valuation models or multiples used. Any principal losses and gains resulting from these positions could on occasion have disproportionate effects, negative or positive, on our businesses, financial condition, results of operations and prospects for any particular reporting period.

We may not be able to realize the full value of the NASDAQ OMX Transaction, which could have a material adverse effect on our businesses, financial condition results of operations and prospects and cause the price of our Class A common stock to decline.

On June 28, 2013, we sold our on-the-run, electronic benchmark U.S. Treasury platform to NASDAQ OMX. The total consideration consisted of $750 million in cash, plus an earn-out of up to 14,883,705 shares of NASDAQ OMX common stock to be paid ratably over 15 years, provided that NASDAQ OMX, as a whole, produces at least $25 million in gross revenues each year. Of the 14,883,705 shares, 1,984,494 shares have been received and 12,899,211 shares remain to be received.

This earn-out presents market risk as the value of consideration related to the NASDAQ OMX shares is subject to fluctuations based on the NASDAQ OMX common stock share price. Therefore, if NASDAQ OMX were to experience financial difficulties or a significant downturn, we may be unable to realize the full value of the NASDAQ OMX Transaction, which could have a material adverse effect on our businesses, results of operations and financial condition, and could cause the price of our Class A common stock to decline.

While we may seek to minimize the effect of price changes on the NASDAQ OMX shares we hold through the use of derivative contracts, no assurance can be given that we will be able to enter into hedging activities that will adequately protect us from our exposure, or that the costs of such hedging activities will not be significant. Further, any such hedging activities and other risk management techniques may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including unpredicted price movements, counterparty defaults or other risks that are unidentified or unanticipated. Any such events could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

In addition, there is no assurance that we will be successful in employing any consideration that we have and will receive, including the earn-out, from the NASDAQ OMX Transaction in such a way as to provide a net benefit to us compared to the revenues, profit margins, and cash flows represented by the assets that we sold in the NASDAQ OMX Transaction. While we intend to use that consideration in ways that will be beneficial to us and our businesses, including in continuing to seek to grow the portion of the electronic platform that we retained and to make acquisitions, such as our acquisition of GFI, there can be no assurance that we will be successful in doing so, or that our failure to do so will not have an adverse effect on our businesses, financial condition, results of operations, and prospects.

We may also face credit, market and other risks in connection with the temporary or longer-term investment of our available cash, including that received from the NASDAQ OMX Transaction pending our use of the proceeds of that Transaction in our businesses or to make acquisitions, such as the risk of defaults or impairments of our investments and cash management vehicles. Such investments, stock loans and cash management vehicles may be placed by or recommended by CF&Co.

Our acquisition of GFI requires significant cash resources and may lead to a significant increase in the level of our indebtedness.

Our acquisition of GFI may lead to a significant increase in the level of our indebtedness. On February 26, 2015, we successfully completed our tender offer to acquire approximately 54.6 million Tendered Shares of GFI and expect to issue payment for the Tendered Shares on March 3, 2015 in the aggregate amount of approximately $332.8 million. In December 2014, we issued our 5.375% Senior Notes in anticipation of the acquisition, and we may enter into other short- or long-term financing arrangements. We will also incur substantial non-recurring transaction costs, including break-up fees, assumption of liabilities and expenses, and compensation expenses in connection with the GFI transaction. Further, the consolidation of GFI for financial reporting purposes could significantly increase the amount of our consolidated indebtedness apart from any additional indebtedness that we may incur in connection with any financing of the acquisition. Any such additional indebtedness may restrict the ability to raise additional capital on favorable terms, and such leverage, and any resulting liquidity or credit issues, could have a material adverse effect on a combined business.

Following completion of the acquisition of GFI, expected revenue opportunities, cost savings, and other benefits and synergies may not occur in the currently contemplated timeframe, or at all, and we may become subject to various operational, financial, control, and compliance risks of GFI.

Following completion of the GFI acquisition, the anticipated revenue opportunities, cost savings, and other benefits and synergies from any such transaction may not be fully realized, if at all, or may take longer to realize than currently contemplated. In addition, future earnings of our combined businesses could be adversely affected by a variety of factors, including, but not limited to, the impact of competition from other marketplace participants; economic conditions, including changes in trading volumes, inflation rates, interest rates, tax rates, or the availability of capital; our ability to comply with all covenants in our credit facilities; and the risks and uncertainties disclosed by GFI and us with respect to our respective businesses as described in our respective reports and documents filed with the SEC. Further, we may be exposed to various operational, financial, control, and compliance risks of GFI that are not publicly disclosed. As a result, we may be subject to unknown risks and potential liabilities in connection with the acquisition. Any such factors or others could have a material adverse effect on our business.

Other General Financial Services Segment Risks

Our Financial Services operations are global and exchange rate fluctuations and international market events impact our results.

Because our Financial Services operations are global, we are exposed to risks associated with changes in foreign exchange rates. Changes in foreign currency rates create volatility in the U.S. dollar equivalent of revenues and expenses, in particular with regard to British Pounds and Euros. In addition, changes in the remeasurement of our foreign currency denominated net assets are recorded as part of our results of operations and fluctuate with changes in foreign currency rates. We monitor our net exposure in foreign currencies and markets on a daily basis and hedge our exposure as deemed appropriate with highly rated major financial institutions. However, potential movements in the U.S. dollar against other currencies in which we earn revenues could adversely affect our financial results.

Furthermore, our revenues derived from non-U.S. operations are subject to risk of loss from social or political instability, changes in government policies or policies of central banks, downgrades in the credit ratings of sovereign countries, expropriation, nationalization, confiscation of assets and unfavorable legislative and political developments in such non-U.S. jurisdictions. Revenues from the trading of non-U.S. securities may be subject to negative fluctuations as a result of the above factors. The impact of these fluctuations on our results could be magnified because generally non-U.S. trading markets, particularly in emerging market countries, are smaller, less liquid and more volatile than U.S. trading markets.

Employee misconduct, fraud, miscommunication or error could harm us by impairing our ability to attract and retain customers and subjecting us to significant financial losses, legal liability, regulatory sanctions and penalties and reputational harm; moreover, misconduct is difficult to detect and deter, and error is difficult to prevent.

Employee misconduct, fraud or error could subject us to financial losses, legal liability, and regulatory sanctions and penalties and could seriously harm our reputation and negatively affect us. Misconduct or fraud 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 and miscommunication, 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 and miscommunication 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 and miscommunication are detected may be increased and our risk of material loss could be increased. The risk of employee error and miscommunication may be greater for products or services that are new or have non-standardized terms.

It is not always possible to deter and detect employee misconduct or fraud or prevent errors and miscommunications. While we have various supervisory systems and compliance processes and procedures in place, and seek to mitigate applicable risks, the precautions we take to deter and detect and prevent this activity may not be effective in all cases.

Although 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.

Although 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.

RISKS RELATED TO OUR REAL ESTATE SERVICES BUSINESS

General and Real Estate Services Market Conditions

Negative general economic conditions and commercial real estate market conditions can have a material adverse effect on our NGKF commercial real estate services businesses, financial condition, results of operations and prospects.

Commercial real estate markets are cyclical. They relate to the condition of the economy or, at least, to the perceptions of investors and users as to the relevant economic outlook. For example, companies may be hesitant to expand space or enter into long-term commitments if they are concerned about the general economic environment. Companies that are under financial pressure for any reason, or are attempting to more aggressively manage their expenses, may reduce the size of their workforces, reduce spending on capital expenditures, including with respect to their office space, permit more of their staff to work from home offices and/or seek corresponding reductions in office space and related management or other services.

Negative general economic conditions and declines in the demand for commercial real estate brokerage and related management services in several markets or in significant markets could also have a material adverse effect on our commercial real estate services businesses as a result of the following factors:

- A general decline in acquisition, disposition or leasing activity can lead to a reduction in the commissions and fees we receive for arranging such transactions, as well as in commissions and fees we earn for arranging the financing for acquirers.
- A general decline in the value and performance of commercial real estate and in rental rates can lead to a reduction in management and leasing commissions and fees. Additionally, such declines can lead to a reduction in commissions and fees that are based on the value of, or revenue produced by, the properties with respect to which we provide services. This may include commissions and fees for appraisal and valuation, sales and leasing, and property and facilities management. A significant decline in real estate values in a given market has also generally tended to result in increased litigation and claims regarding advisory work done prior to the decline.
- Cyclicality in the commercial real estate markets may lead to volatility in our earnings and significant volatility for our commercial real estate business, which can be highly sensitive to market perception of the economy generally and our industry specifically. Real estate markets are also thought to “lag” the broader economy. This means that, even when underlying economic fundamentals improve in a given market, it may take additional time for these improvements to translate into strength in the real estate markets.
- Periods of economic weakness or recession, significantly rising interest rates, fiscal uncertainty, declining employment levels, declining demand for commercial real estate, falling real estate values, disruption to the global capital or credit markets, or the public perception that any of these events may occur, may negatively affect the performance of some or all of our NGKF business lines.

Regulatory/Legal

We may have liabilities in connection with our commercial real estate businesses, including appraisal and valuation, sales and leasing and property and facilities management activities.

As a licensed real estate broker and provider of commercial real estate services, we and our licensed sales professionals and independent contractors that work for us are subject to statutory due diligence, disclosure and standard-of-care obligations. Failure to fulfill these obligations could subject us or our sales professionals or independent contractors to litigation from parties who purchased, sold or leased properties that we brokered or managed. We could become subject to claims by participants in real estate sales and leasing transactions, as well as building owners and companies for whom we provide management services, claiming that we did not fulfill our statutory obligations. We could also become subject to claims made by clients for whom we provided appraisal and valuation services and/or third parties who perceive themselves as having been negatively affected by our appraisals and/or valuations. We also could be subject to audits and/or fines from various local real estate authorities if they determine that we are violating licensing laws by failing to follow certain laws, rules and regulations.

In addition, in our property and facilities management businesses we hire and supervise third-party contractors to provide services for our managed properties. While our role is limited to that of a supervisor, we may be subject to claims for defects, negligent performance of work or other similar actions or omissions by third parties we do not control. Adverse outcomes of property and facilities management disputes or litigation could have a material adverse effect on our commercial real estate services business, financial condition, results of operations and prospects, particularly to the extent we may be liable on our contracts, or if our liabilities exceed the amounts of the insurance coverage procured and maintained by us. Moreover, our clients may seek to hold us accountable for the actions of contractors because of our role as property or facilities manager or project manager, even if we have technically disclaimed liability as a contractual matter, in which case we may be pressured to participate in a financial settlement for purposes of preserving the client relationship.

Because we employ large numbers of building staff in facilities that we manage, we face risk in potential claims relating to employment injuries, termination and other employment matters.

As part of our properties and facilities management businesses, we may enter into agreements with clients where we manage the costs for a project. In these situations, we are responsible for managing the various other contractors required for a project, including general contractors, in order to ensure that the cost of a project does not exceed the contract price and that the project is completed on time. In the event that one of the other contractors on the project does not or cannot perform as a result of bankruptcy or for some other reason, we may be responsible for any cost overruns as well as the consequences for late delivery.

Some of these litigation risks may be mitigated by any commercial insurance we maintain in amounts we believe are appropriate. However, in the event of a substantial loss or certain types of claims, our insurance coverage and/or self-insurance reserve levels might not be sufficient to pay the full damages. Additionally, in the event of grossly negligent or intentionally wrongful conduct, insurance policies that we may have may not cover us at all. Further, the value of otherwise valid claims we hold under insurance policies could become uncollectible in the event of the covering insurance company’s insolvency, although we seek to limit this risk by placing our commercial insurance only with highly-rated companies. In addition, in the event of grossly negligent or intentionally wrongful conduct, we will not be covered by insurance. Any of these events could negatively impact our businesses, financial condition, results of operations and prospects.

If we fail to comply with laws, rules and regulations applicable to commercial real estate brokerage, valuation and appraisal and mortgage transactions and other real estate business lines, then we may incur significant financial penalties.

Due to the broad geographic scope of our operations and the commercial real estate services we perform, we are subject to numerous international, federal, state and local laws, rules and regulations specific to our services. For example, the brokerage of real estate sales and leasing transactions and other related activities require us to maintain brokerage licenses in each state in which we conduct activities for which a real estate license is required. If we fail to maintain our licenses or conduct brokerage activities without a license or violate any of the laws, rules and regulations applicable to our licenses, then we may be subject to audits, required to pay fines (including treble damages in certain states) or be prevented from collecting commissions owed, be compelled to return commissions received or have our licenses suspended or revoked.

In addition, because the size and scope of commercial real estate sales transactions have increased significantly during the past several years, both the difficulty of ensuring compliance with the numerous state licensing and regulatory regimes and the possible loss resulting from non-compliance have increased. Furthermore, the laws, rules and regulations applicable to our business lines also may change in ways that increase the costs of compliance. The failure to comply with both foreign and domestic laws, rules and regulations could result in significant financial penalties which could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

Environmental regulations may adversely impact our commercial real estate businesses and/or cause us to incur costs for cleanup of hazardous substances or wastes or other environmental liabilities.

Federal, state and local laws and regulations impose various environmental zoning restrictions, use controls, and disclosure obligations which impact the management, development, use and/or sale of real estate. Such laws and regulations tend to discourage sales and leasing activities, as well as mortgage lending availability, with respect to some properties. A decrease or delay in such transactions may adversely affect the businesses, financial condition, results of operations and prospects of our Real Estate Services segment. In addition, a failure by us to disclose environmental concerns in connection with a real estate transaction may subject us to liability to a buyer/seller or lessee/lessor of property.

In addition, in our role as property or facilities manager, we could incur liability under environmental laws for the investigation or remediation of hazardous or toxic substances or wastes at properties we currently or formerly managed, or at off-site locations where wastes from such properties were disposed. Such liability can be imposed without regard for the lawfulness of the original disposal activity, or our knowledge of, or fault for, the release or contamination. Further, liability under some of these laws may be joint and several, meaning that one liable party could be held responsible for all costs related to a contaminated site. We could also be subject to property damage or personal injury claims alleged to result from environmental contamination, or from asbestos-containing materials or lead-based paint present at the properties or facilities we manage. Insurance for such matters may not be available or sufficient.

Certain requirements governing the removal or encapsulation of asbestos-containing materials, as well as recently enacted local ordinances obligating property or facilities managers to inspect for and remove lead-based paint in certain buildings, could increase our costs of legal compliance and potentially subject us to violations or claims. More stringent enforcement of existing regulations could cause us to incur significant costs in the future, and/or adversely impact our commercial real estate brokerage and management services businesses.

We are subject to substantial litigation risks and may face significant liabilities and damage to our professional reputation as a result of litigation, allegations and negative publicity.

We and our licensed sales professionals are subject to regulatory due diligence, disclosure and standard-of-care obligations. Failure to fulfill these obligations could subject us or our sales professionals to litigation.

We depend on our business relationships and our reputation for integrity and high-caliber professional services to attract and retain clients across our overall commercial real estate services businesses. As a result, allegations by private litigants or regulators of conflicts of interest or improper conduct by us, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us or our activities, whether or not valid, may harm our reputation and damage our business prospects. In addition, if any lawsuits were brought against us and resulted in a finding of substantial legal liability, it could materially adversely affect our businesses, financial condition, results and operations or prospects, and cause significant reputational harm to us.

Competition

We operate in a highly competitive commercial real estate services industry with numerous competitors, some of which may have greater financial and operational resources than we do.

We compete in a variety of service disciplines within the commercial real estate industry. Each of these business areas is highly competitive on an international and national as well as on a regional and local level. We face competition not only from other national real estate service companies, but also from global real estate services companies, boutique real estate advisory firms, consulting and appraisal firms. Depending on the product or service, we also face competition from other real estate service providers, institutional lenders, insurance companies, investment banking firms, investment managers and accounting firms, some of which may have greater financial resources than we do. Although many of our competitors are local or regional firms that are substantially smaller than we are, some of our competitors are substantially larger than us on a local, regional, national or international basis and have similar service competencies to ours, including CBRE Group, Inc., Jones Lang LaSalle Incorporated, Cushman & Wakefield and Colliers International. In addition, specialized firms like HFF, Inc. and Eastdil Secured, LLC compete with us in certain areas.

In general, there can be no assurance that we will be able to continue to compete effectively with respect to any of our commercial real estate business lines or on an overall basis, or to maintain current commission and fee levels or margins, or maintain or increase our market share.

International Market Risk

We are expanding our commercial real estate businesses to include international operations so that we may be more competitive, but in doing so we could subject ourselves to social, political and economic risks of doing business in foreign countries.

Although we do not currently conduct significant commercial real estate services businesses outside the U.S., we are expanding our international operations so that we may be more competitive. There can be no assurances that we will be able to successfully expand our businesses in international markets. Current global economic conditions may limit or delay such expansion or make it less economically feasible. As we expand into international markets, circumstances and developments related to international operations that could negatively affect our businesses, financial condition, results of operations or prospects include, but are not limited to, the following factors:

- Lack of substantial experience operating in international markets;
- Lack of recognition of the NGKF brand name in some international markets;
- Difficulties and costs of staffing and managing international operations;
- Currency restrictions, which may prevent the transfer of capital and profits to the U.S.;
- Foreign currency fluctuations;
- Changes in regulatory requirements;
- Adverse tax consequences;
- The responsibility of complying with multiple and potentially conflicting laws;
- The impact of regional or country-specific business cycles and economic instability;
- The geographic, time zone, language and cultural differences among personnel in different areas of the world;
- Political instability; and
- Foreign ownership restrictions with respect to operations in certain countries.

These or other factors may negatively impact the expansion of our commercial real estate businesses to include international operations, which could have a material adverse effect on our businesses, financial condition, results of operations, and prospects.

Other General Real Estate Services Risks

Due to our current customer concentration, a loss of one or more of our significant customers could harm our businesses, financial condition, results of operations and prospects.

For the year ended December 31, 2014, on a consolidated basis our top ten commercial real estate services customers, collectively, accounted for approximately 2.9% of our total revenue on a consolidated basis and our largest customer accounted for approximately 0.7% of our total revenue on a consolidated basis. We have limited long-term contracts with certain of these customers. If we were to lose one or more of these significant customers for any reason, including the recent consolidation in the financial services industry, 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 businesses, financial condition, results of operations and prospects would suffer.

If we experience difficulties in collecting accounts receivable or experience defaults by multiple clients or counterparties, it could adversely affect our businesses.

We face challenges in our ability to efficiently and/or effectively collect accounts receivable in certain geographic areas.

Any of our clients or other parties obligated to make payments to us may experience a downturn in their businesses that may weaken their results of operations and financial condition. As a result, a client or other party obligated to make payments to us may fail to make payments when due, become insolvent or declare bankruptcy. Any such failure to make payments when due or the bankruptcy or insolvency of any such party could result in material losses to us. A bankruptcy of a client or other party obligated to make payments to us would delay or preclude full collection of amounts owed to us. Additionally, certain corporate services and property and facilities management agreements require that we advance payroll and other vendor costs on behalf of clients. If such a client or other party obligated to make payments to us were to file for bankruptcy, we may not be able to obtain reimbursement for those costs or for the severance obligations we would incur. The bankruptcy or insolvency of a significant counterparty (which may include co-brokers, owners, landlords, lenders, insurance companies, hedging counterparties, service providers or other organizations with which we do business), or the failure of any significant counterparty to perform its contractual commitments, may result in disruption to our businesses and material losses to us.

Additionally, any weakness in the global economy puts additional financial stress on clients and landlords, which sometimes are the parties that pay our commissions and fees where we have placed a tenant client into their buildings. This in turn has negatively impacted our ability to collect our receivables fully or in a timely manner. We cannot be sure that the procedures we use to identify and rectify slowly paid receivables, and to protect ourselves against the insolvencies or bankruptcies of clients, landlords and other third parties with which we do business, which procedures may involve placing liens on properties or litigating, will be effective in all cases.

We may not be able to replace independently-owned partner offices when affiliation agreements are terminated, which may decrease our scope of services and geographic reach.

As of January 31, 2015, we had agreements in place to operate on a collaborative and cross-referral basis with certain independently-owned offices in the U.S. and elsewhere in Americas in return for contractual and referral fees paid to us and/or certain mutually beneficial co-branding and other business arrangements. These independently owned offices generally use some variation of Newmark in their names and marketing materials. These agreements are normally multi-year contracts, and generally provide for mutual referrals in their respective markets, generating additional contract and brokerage fees. Through these independently owned offices, our clients have access to additional brokers with local market research capabilities as well as other commercial real estate services in locations where we do not have a physical presence. From time to time our arrangement with these independent firms may be terminated pursuant to the terms of the individual affiliation agreements. The opening of an owned office to replace an independently-owned office requires us to invest capital, which in some cases could be material. In the event our affiliation arrangements are terminated, we may lose our market coverage in such market if we do not enter into a replacement affiliation arrangement or open or acquire an owned office. There can be no assurance that, if we lose additional independently owned offices, we will be able to identify suitable replacement affiliates or fund the establishment or acquisition of an owned office. In addition, although we do not control the activities of these independently owned offices, we may face reputational risk if any of these independently owned offices are involved in or accused of illegal, unethical or similar behavior. Failure to maintain coverage in important geographic markets may negatively impact our operations, reputation, and ability to attract and retain key employees and could have a material adverse effect on our businesses, financial condition, results of operations and prospects.

RISKS RELATED TO OUR CORPORATE AND PARTNERSHIP STRUCTURE

Corporate Structure

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 its disparate voting rights.

As of January 31, 2015, Cantor (including CFGM) beneficially owned all of the outstanding shares of our Class B common stock, representing approximately 65.6% of our total voting power. As long as Cantor beneficially owns a majority of our total voting power, it will have the ability, without the consent of the public holders of Class A common stock, 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 Mr. 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. The Class B common stock is controlled by Cantor and is 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 of Class B common stock could adversely affect the market price of our Class A common stock.

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 compared to holders of Class B 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 different groups of stockholders, subject to applicable provisions set forth in a corporation’s certificate of incorporation and general principles of corporate law and fiduciary duties.

Delaware law, our corporate organizational documents and other requirements 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 Class A stockholders. Some provisions of the Delaware General Corporation Law (the “DGCL”), our amended and restated certificate of incorporation, and our amended and restated 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, may discourage coercive takeover practices and inadequate takeover bids. These provisions may also 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 initiator 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 amended and restated 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 the 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. In addition, our certificate of incorporation permits us to issue “blank check” preferred stock.

Our amended and restated bylaws require advance written notice prior to a meeting of our 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. In the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 120th day prior to the date of such proxy statement or the tenth day following the day on which public announcement of the date of such meeting is first made by us. 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 of our 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 Class A common stock was traded on NASDAQ. 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 shares of Class A common stock.

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 Amended and Restated 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 certain grants, payments, and grants of exchangeability in the event of certain change of control events.

The foregoing factors, as well as the significant common stock ownership by Cantor, including shares of Class B common stock, and the provisions of the indentures for our outstanding notes discussed above, could impede a merger, takeover or other business combination or discourage a potential investor from making a tender offer for our Class A common stock, which, under certain circumstances, could reduce the market value of our Class A common stock.

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

We are a parent holding company with no direct operations and will be able to pay dividends, taxes and other expenses, and to make repurchases of shares our Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, only from our available cash on hand and funds received from distributions or loans from BGC U.S. and BGC Global. As discussed above, regulatory, tax restrictions or elections, and other legal or contractual restrictions may limit our ability to transfer funds freely from our subsidiaries. In addition, any unanticipated accounting, tax or other charges against net income could adversely affect our ability to pay dividends and to make repurchases.

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 and regulatory needs. As a result, BGC U.S.'s and BGC Global's ability, and in turn our ability, to make such distributions will depend upon the continuing profitability and strategic and operating needs of our businesses, including various capital adequacy and clearing capital requirements promulgated by federal, self-regulatory, and other authorities to which our subsidiaries are subject. We expect to pay not less than 75% of our post-tax distributable earnings per fully diluted share as cash dividends to our common stockholders, with the balance of such distributable earnings to be available to repurchase shares of our Class A common stock or purchase BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners and others.

Our board of directors and our Audit Committee have authorized repurchases of shares of our Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries as part of this policy, including those held by Cantor, our executive officers, other employees, partners. As of January 31, 2015, we had approximately $139.8 million remaining under this authorization and may continue to actively make repurchases or purchases, or cease to make such repurchases or purchases, from time to time. 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 neither have current plans to do so nor do we expect to do so as long as we maintain our current dividend policy. Accordingly, there can be no assurance that future dividends will be paid or that dividend amounts will be maintained at current or future levels.

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, limited partnership unit holders 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 has 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 paid by us, a greater percentage indirect interest in BGC U.S. and BGC Global following a repurchase of Class A common stock by us or a greater value of assets following a purchase of assets by us 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, other 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 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. Our current dividend policy could result in distributions to our common stockholders that are different from the distributions made by BGC Holdings to its unit holders.

If Cantor, we or any of our subsidiaries were deemed an "investment company" under the Investment Company Act, applicable restrictions could make it impractical for us to continue our businesses as contemplated and could materially adversely affect our businesses, financial condition, results of operations and prospects.

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. If we were to cease participation in the management of BGC Holdings (or if BGC Holdings, in turn, were to cease participation in the management of BGC U.S. and BGC Global) or be deemed not to have a majority of the voting power of BGC Holdings (or if BGC Holdings, in turn, were deemed not to have a majority of the voting power of BGC U.S. and BGC Global), our interests in BGC Holdings or BGC U.S. and 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. and BGC Global or were 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. 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 Cantor, us, or BGC Holdings 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 BGC U.S. and BGC Global, as the case may be) and ability to compensate key employees. Therefore, if Cantor, we, or BGC Holdings became subject to the Investment Company Act, it could make it impractical to continue our businesses, impair agreements and arrangements, and impair the transactions contemplated by those agreements and arrangements, between and among Cantor, us, BGC Holdings, and BGC U.S., and BGC Global, or any combination thereof, and materially adversely affect our businesses, financial condition, results of operations and prospects.

Partnership Structure

Our BGC Holdings partnership structure may adversely affect our ability to recruit, retain, compensate and motivate some employee partners.

While we believe that our BGC Holdings partnership structure promotes recruitment and retention and motivation of our employee partners, some employee partners may be more attracted to the benefits of working at a privately controlled partnership, or at a public company with a different compensation structure than our own, which may adversely affect our ability to recruit, retain, compensate and motivate these persons. While BGC Holdings limited partnership interests entitle founding/working and other limited partners to participate in distributions of income from the operations of our businesses, upon leaving BGC Holdings (or upon any other redemption or purchase of such limited partnership interests, as described below), any such founding/working or other limited 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 or post-termination amount, if any, and not any goodwill or going concern value of our businesses. Further, certain partner units, such as PSUs and PSIs, have no right to a post-termination payment. Moreover, until units are made exchangeable, other limited partners have no unilateral right to exchange their BGC Holdings limited partnership interests for shares of our Class A common stock.

The BGC Holdings limited partnership interests are also subject to redemption, and subject founding/working and other limited partners to non-competition and non-solicitation covenants, as well as other obligations. In addition, the exercise of Cantor’s right to purchase from BGC Holdings exchangeable limited partnership interests generally when founding partner units are redeemed or granted exchangeability will result in the share of distributions of income from the operations of our businesses on other outstanding BGC Holdings limited partnership interests, including those held by founding/working and other limited partners, to remain the same rather than increasing as would be the case if such interests were redeemed or granted exchangeability without such Cantor right to purchase. In addition, any purchase of exchangeable limited partnership units by Cantor from BGC Holdings following Cantor’s decision to grant exchangeability on founding partner units will result in additional dilution to the other partners of BGC Holdings.

The terms of the BGC Holdings limited partnership interests held by founding/working and limited partners also provide for the following:

- such units are not entitled to reinvest the distributions on their BGC Holdings limited partnership interests in additional BGC Holdings limited partnership interests at preferential or historical prices or at all; and
- Cantor is entitled to receive any amounts from selected extraordinary transactions that are withheld from distributions to certain partners and forfeited by 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.

In addition, the ability to acquire shares of our Class A common stock underlying BGC Holdings exchangeable units is not dependent upon the partner's continued employment with us or compliance with partner obligations, and such partners are therefore not restricted from leaving us by the potential loss of such shares.

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 of the assets of BGC U.S. and BGC Global resulting from Cantor's exchange of interests in BGC Holdings for our common stock.

Cantor's partnership interests in BGC Holdings may be exchanged for shares of our Class A common stock or our 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.

We are a party to rights and obligations under a 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 the 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 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% cash savings, if any, in income tax that we realize. Cantor has not exercised this right to date, but there can be no assurance that it will not do so in the future.

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 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 businesses, entry into new lines of businesses and borrowings and issuances of our 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 Class A common stock or purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners, and others;
- 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;
- 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;
- the nature, quality and pricing of administrative services to be provided to or by Cantor and/or Tower Bridge; and
- provision of clearing capital pursuant to the Clearing Agreement and potential and existing loan arrangements.

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 shares of our Class A, or securities convertible or exchangeable into shares of Class A common stock, that would dilute Cantor's voting power in us.

In addition, Cantor has from time to time in the past and may in the future consider possible strategic realignments of its own businesses and/or of the relationships that exist between and among Cantor and its other affiliates and us. Any future related-party transaction or arrangement between Cantor and its other affiliates and us is subject to the prior approval by our Audit Committee, but generally does not otherwise require the separate approval of our stockholders, and if such stockholder approval is required, Cantor may retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders. Further, our regulators, including the FCA, may require the consolidation, for regulatory purposes, of Cantor and its other affiliates and us with respect to our U.K.-regulated entities or other entities or require other restructuring of the group. There is no assurance that such consolidation or restructuring would not result in a material expense or disruption to our businesses.

Moreover, 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 executive officers are faced with decisions that could have different implications for us and Cantor. 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 businesses, and failure to do so may adversely affect our businesses, financial condition, results of operations and prospects.

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.

In order to address potential conflicts of interest between Cantor and its representatives and us, our amended and restated 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, as defined in our certificate of incorporation, or any of the representatives, as defined in our certificate of incorporation, 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, including with respect to corporate opportunities. 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.

Our amended and restated 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 us and/or Cantor and each of our respective representatives, and the BGC U.S. and BGC Global limited partnership agreements contain similar provisions with respect to us and/or BGC Holdings and each of our respective representatives.

If Cantor competes with us, it could materially harm our businesses, financial condition, results of operations and prospects.

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 and may subject us to litigation.

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 relating to our acquisition of certain of our BGC business from Cantor in 2008, 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 us without any cost. Any future related-party transactions or arrangements between us and Cantor are subject to the prior approval by our Audit Committee, but generally do not otherwise require the separate approval of our stockholders, and if such stockholder approval were required, Cantor may retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders.

These related-party relationships may from time to time subject us to litigation. For example, a purported derivative action, since dismissed and now being appealed, was filed alleging that certain related-party transactions were unfair to us.

We are controlled by Cantor, which in turn controls its wholly owned subsidiary, CF&Co, which is acting as our sales agent in our controlled equity offerings and provides us with additional investment banking services.

We are controlled by Cantor, which in turn controls its wholly owned subsidiary, CF&Co, which acts as our sales agent pursuant to controlled equity offering sales agreements, including the current one entered into on November 20, 2014 (collectively, the “Sales Agreements”). Pursuant to the November 2014 Sales Agreement, we may offer and sell up to an aggregate of 20 million shares of Class A common stock. Under these Sales Agreements, we agree to pay CF&Co 2% of the gross proceeds from the sale of shares of our Class A common stock.

In selling shares of our Class A common stock under the Sales Agreements, we may determine to instruct CF&Co not to sell our shares at less than a minimum price per share designated by us. Alternatively, we may instruct CF&Co to sell our shares so as to seek to realize a designated minimum price per share for all shares sold over a designated time period, or so as to seek to raise a designated minimum dollar amount of gross proceeds from sales of all such shares over a designated time period.

CF&Co has retained independent legal advisors in connection with its role as sales agent under the Sales Agreements, but for the reasons described below it may not be in a position to provide us with independent financial input in connection with the offering of shares of our Class A common stock pursuant to the Sales Agreements. We are not required to, and have not engaged, an independent investment banking firm to act as a qualified independent underwriter or to otherwise provide us with independent input in our controlled equity offerings.

While our board of directors and Audit Committee will be involved with any future decision by us to enter into or terminate new sales agreements with CF&Co, our management has been delegated the authority to determine, and to so instruct CF&Co with respect to, matters involving the manner, timing, number of shares, and minimum prices per share or proceeds for sales of our shares, or the suspension thereof, in our controlled equity offering pursuant to the Sales Agreements. Our management may be expected to consult with appropriate personnel from CF&Co in making such determinations, but given the overlap between our senior management and that of Cantor and its wholly-owned subsidiary, CF&Co, it may be expected that any joint determinations by our senior management and that of CF&Co with respect to our controlled equity offering will involve the same individuals. In making such joint determinations, our Audit Committee has instructed our senior management to act in the best interests of us and our stockholders. Nevertheless, in making such determinations, such individuals will not have the benefit of input from an independent investment banking firm that is able to make its own determinations with respect to our controlled equity offering, including, but not limited to, whether to suspend sales under the Sales Agreement or to terminate a Sales Agreement.

In addition, Cantor, CF&Co and their affiliates have provided investment banking services to us and our affiliates in the past, and may be expected to do so in the future, including acting as our financial advisor in connection with business combinations, dispositions, or other transactions, including the acquisition of GFI, and placing or recommending to us various investments, stock loans or cash management vehicles. They receive customary fees and commissions for these services. They may also receive brokerage and market data and analytics products and services from us and our respective affiliates. We also provide to and receive from Cantor and its affiliates various administrative services.

Risks Related to Our Class A Common Stock

Purchasers, as well as existing stockholders, may experience significant dilution as a result of offerings of our shares of Class A common stock.

The November 20, 2014 Sales Agreement with CF&Co currently remains in effect with respect to the issuance and sale of up to an aggregate of 20 million shares of our Class A common stock from time to time on a delayed or continuous basis. As of February 25, 2015, we have issued and sold an aggregate of approximately 0.8 million shares of Class A common stock under the Sales Agreement, with approximately 19.2 million shares of Class A common stock remaining to be sold under the Agreement. Further, we have an effective shelf registration statement on Form S-4 with respect to the offer and sale of up to an aggregate of 20 million shares of Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of January 31, 2015, we have issued an aggregate of 6.5 million shares of Class A common stock under the Form S-4, all in connection with acquisitions. We also have an effective shelf registration statement on Form S-3 pursuant to which we can offer and sell up to an aggregate of 10 million shares of our Class A common stock under our Dividend Reinvestment and Stock Purchase Plan. As of January 31, 2015, we have issued approximately 188,100 shares of our Class A common stock under the Plan.

Because the sales of shares of our Class A common stock under the Sales Agreements have been made, and any other future sales of our Class A common stock may be made, in privately negotiated transactions or directly into the market at prevailing market prices or at prices related to such prevailing market prices, the prices at which these shares have been sold and may be sold in the future will vary, and these variations may be significant. Purchasers of these shares may suffer significant dilution if the price they pay is higher than the price paid by other purchasers of shares of our Class A common stock under the Sales Agreements and any future offerings of our shares of Class A common stock.

In addition, the sale by us of any shares of our Class A common stock may have the following effects:

- our existing Class A common stockholders' proportionate ownership interest in us will decrease;
- our existing Class A common stockholders may suffer significant dilution;
- the amount of cash available per share for dividends payable on shares of our Class A common stock may decrease;
- the relative voting strength of each previously outstanding share of our Class A common stock may be diminished; and
- the market price of our Class A common stock may decline.

Because we intend to use the net proceeds from the sale of shares of Class A common stock under the November 2014 Sales Agreements, and may use the net proceeds from future offerings, for general corporate purposes, which, among other things, are expected to include repurchases of shares of our Class A common stock and purchases of BGC Holdings units or other equity interests in us or in our subsidiaries from Cantor, our executive officers, other employees, partners, and others, and/or to replenish cash used to effect such repurchases and purchases, investors should be aware that such net proceeds will not be available for other corporate purposes, and that, depending upon the timing and prices of such repurchases of shares and purchases of units and of the sales of our shares under the November 2014 Sales Agreement and the liquidity and depth of our market, we may sell a greater aggregate number of shares, at a lower average price per share, under the November 2014 Sales Agreement than the number of shares or units repurchased or purchased, thereby increasing the aggregate number of shares and units outstanding and decreasing our earnings per share.

We intend to use the net proceeds of the sale of shares of Class A common stock under the Sales Agreements, and may use the net proceeds from future offerings, for general corporate purposes, which among other things, are expected to include repurchases of shares of our Class A common stock and purchases of BGC Holdings units or other equity interests in us or in our subsidiaries from Cantor, our executive officers, other employees, partners, and others, and/or to replenish cash used to effect such repurchases and purchases. From January 1, 2014 to December 31, 2014, we repurchased an aggregate of 13,630,725 shares of Class A common stock at an aggregate purchase price of approximately $100.3 million with an average repurchase price of $7.36 per share. During that period, we redeemed for cash an aggregate of 10.4 million limited partnership units at an average price of $7.28 per unit and an aggregate of 3.8 million founding/working partner units at an average price of $7.66 per unit. This excludes activity with respect to the Global Partnership Restructuring Program, including the approximately 76 million units with the Company redeemed or exchanged from partners at the end of the second quarter of 2013. In the future, we expect to continue to repurchase shares of our Class A common stock and purchase BGC Holdings units from Cantor, our executive officers, other employees, partners, and others, and these repurchases and purchases may be significant.

To the extent that we continue to use the net proceeds of the sale of shares of our Class A common stock to fund repurchases of shares and purchases of units, or to replenish cash used to effect repurchases and purchases, net proceeds will not be available for other corporate purposes. In addition, to the extent that we seek to sell shares of our Class A common stock to raise net proceeds for repurchases of shares and purchases of units, depending upon the timing and prices of the repurchases of shares and purchases of units and of the sales of our shares and the liquidity and depth of our market, we may in fact sell a greater aggregate number of shares of our Class A common stock, at a lower average price per share, in our offerings than the aggregate number of shares repurchased and units purchased by us and the average price per share or unit that we are paying in such repurchases and purchases. Thus, our strategy may result in an increase in the number of our shares and units outstanding and a decrease in our earnings per share on both a basic and a fully diluted basis.

Nevertheless, our management believes that selling our shares, and using the net proceeds of such sales to repurchase shares and purchase units, is in our best interest and that of our stockholders. While we believe that we can successfully manage our strategy, and that our share price may in fact increase as we increase the amount of cash available for dividends and share repurchases and unit purchases by paying a portion of the compensation of our employees in the form of partnership units and restricted stock, gradually lowering our compensation expenses for purposes of distributable earnings, and lowering our long-term effective tax rate for distributable earnings, there can be no assurance that our strategy will be successful or that we can achieve any or all of such objectives.

The market price of our Class A common stock has fluctuated significantly and may continue to do so. In addition, future sales of shares of Class A common stock could adversely affect the market price of our Class A common stock.

The market price of our Class A common stock has fluctuated significantly, and the market price of our Class A common stock may continue to do so depending upon many factors, including our actual results of operations and perceived prospects, the prospects of our competition and of the financial and commercial real estate markets 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 segments, changes in general economic or market conditions and broad market fluctuations. The market price of our Class A common stock may continue to be subject to similar market fluctuations, which may be unrelated to our operating performance or prospects, and increased volatility could result in a decline in the market price of our Class A common stock. Declines in the price of our Class A common stock may adversely affect our ability to recruit and retain key employees, including brokers, salespeople, managers and other professionals.

Future sales of our shares also could adversely affect the market price of our Class A 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 public offerings, future acquisitions, strategic alliances, third-party investments and private placements or otherwise, the market price of our Class A common stock could decline significantly.

In addition to our sales of shares of our Class A common stock pursuant to our controlled equity offerings, our acquisition shelf, and our dividend reinvestment plan discussed above, events which could have such an effect include the following:

- Our 8.75% Convertible Notes due April 2015 are currently convertible into an aggregate of 23,990,605 shares of Class A common stock. In connection with the issuance of the 8.75% Convertible Notes, we entered into a registration rights agreement with Cantor, dated April 1, 2010, pursuant to which holders of the shares of Class A common stock issuable upon conversion of the 8.75% Convertible Notes have resale registration rights;
- The 4.50% Convertible Notes are currently convertible into 16,260,160 million shares of Class A common stock;
- We may issue shares of Class A common stock upon the conversion or exchange of any convertible or exchangeable debt securities that may be issued by us in the future;
- Stockholders may resell shares of Class A common stock issuable by us in connection with (i) the conversion by Cantor of shares of its Class B common stock into shares of Class A common stock, (ii) the exchange of Cantor's exchangeable limited partnership interests, (iii) the exchange, redemption, or purchase of partnership units for shares of Class A common stock, including in partnership restructurings, (iv) incentive compensation, including grants of restricted stock, RSUs, and options, and (v) donations of shares by us to The Cantor Fitzgerald Relief Fund; and
- Stockholders may resell outstanding shares of our Class A common stock, including sales by Cantor partners who receive distribution rights shares from Cantor, The Cantor Fitzgerald Relief Fund which may receive donated shares from Cantor or others, and our employees and partners who hold our shares, including those received in compensatory arrangements from us.

The 4.50% Convertible Notes and the capped call transactions may affect the market for and trading price of our Class A common stock.

Owners of our 4.50% Convertible Notes may employ, or seek to employ, a convertible arbitrage strategy with respect to the notes. Investors that employ a convertible arbitrage strategy with respect to the 4.50% Convertible Notes typically will implement that strategy by selling short our Class A common stock underlying the notes or by entering into cash-settled OTC derivative transactions with respect to our Class A common stock that provide investors with short economic exposure to our Class A common stock.

In connection with the sale of the 4.50% Convertible Notes, we entered into capped call transactions with affiliates of Bank of America Merrill Lynch and Deutsche Bank Securities, in connection with the pricing of the notes and the overallotment option to cover the shares of our Class A common stock underlying the notes.

The capped call transactions are expected generally to reduce the potential dilution with respect to our Class A common stock upon conversion of the 4.50% Convertible Notes in the event that the volume-weighted average price per share of our Class A common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions (which initially corresponded to the original conversion price of the notes and is subject to anti-dilution adjustments). If, however, the volume-weighted average price per share of the Class A common stock, as measured under the terms of the capped call transactions, exceeds the cap price of the capped call transactions, the value of the shares of the Class A common stock that we expect to receive upon the exercise of the capped call transactions will be capped, and the dilution mitigation under the capped call transactions will be limited based on such capped value, which means there would be dilution with respect to the Class A common stock to the extent that the then volume-weighted average price per share of the Class A common stock exceeds the cap price of the capped call transactions. A failure by a hedge counterparty (due to bankruptcy or otherwise) to pay or deliver, as the case may be, to us amounts owed to us under the capped call transactions will not reduce the consideration we are required to deliver to a holder upon its conversion of the 4.50% Convertible Notes and may result in an increase in dilution with respect to our Class A common stock.

In connection with hedging the capped call transactions, we believe the hedge counterparties may enter into, or may unwind, various derivative transactions with respect to and/or purchase or sell our Class A common stock in secondary market transactions. Such arbitrage and hedging activities could have the effect of causing or avoiding an increase or decrease in the trading price of the Class A common stock, including during any cash settlement averaging period relating to a conversion of the notes and following any conversion of the notes and during the period prior to the maturity date. The effect, if any, of any of these transactions and activities on our Class A common stock will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the market for and trading price of our Class A common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

We have offices in the United States, Canada, Europe, United Kingdom, Latin America, Asia, Africa and the Middle East. Our principal executive offices are located at 499 Park Avenue, New York, New York. We also occupy a space at 199 Water Street, New York, New York, which serves as a trading operation for our Financial

Services businesses, and space at 125 Park Avenue, New York, New York, which serves as the headquarters of our commercial Real Estate Services businesses. Under the Administrative Services Agreement with Cantor, we are obligated to Cantor for our pro rata portion (based on square footage used) of rental expense during the terms of the leases for such spaces.

Our largest presence outside of the New York metropolitan area is in London, located at One Churchill Place, Canary Wharf.

We currently occupy concurrent computing centers in Rochelle Park, New Jersey and Trumbull, Connecticut, which primarily service our Financial Services segment. Although the Rochelle Park, New Jersey data center was transferred to NASDAQ OMX in June 2013, we continue to use that data center and have the right to do so until June 2015. We plan to relocate this data center to a co-location facility in New Jersey after June 2015. In addition, we occupy two data centers in the United Kingdom located in Canary Wharf and Romford, respectively. Our U.S Financial Services operations also have office space in Atlanta, Boston, Dallas, Houston, Los Angeles and Miami, and both business segments have office space in Chicago.

After completing the acquisition of Newmark in October 2011, we also have a number of additional offices in several states (Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and Washington) and the District of Columbia, which are used in our Real Estate Services segment. With our recent acquisitions of Cornish & Carey Commercial and certain offices of ARA, we have increased the number of offices by approximately thirty within these above-referenced states. In addition, Newmark operates through license agreements in a number of states, including certain states where Newmark does not have its own offices.

ITEM 3. LEGAL PROCEEDINGS

See Note 20—"Commitments, Contingencies and Guarantees" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for a description of our legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Price Range of Class A Common Stock

Our Class A common stock is traded on the Nasdaq Global Select Market under the symbol "BGCP." There is no public trading market for our Class B common stock, which is held by Cantor and CFGM. The following table sets forth, for the fiscal quarters indicated, the high and low sales prices per share of our Class A common stock on the Nasdaq Global Select Market.

We declared quarterly dividends of $0.12 for each of the four quarters of 2013 and 2014.

	High	Low
2015		
First Quarter (through February 27, 2015)	$9.50	$7.78
2014		
First Quarter	$7.30	$5.96
Second Quarter	$7.65	$6.50
Third Quarter	$8.01	$7.16
Fourth Quarter	$9.57	$6.87
2013		
First Quarter	$4.81	$3.43
Second Quarter	$5.96	$3.84
Third Quarter	$6.53	$5.44
Fourth Quarter	$6.18	$5.10

On February 27, 2015, the closing sales price of our Class A common stock on the Nasdaq Global Select Market was $9.08. As of February 27, 2015, there were 338 holders of record of our Class A common stock and two holders of record of our Class B common stock.

Dividend Policy

Our board of directors has 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" as cash dividends to our common stockholders, with the balance of such distributable earnings to be available to repurchase shares of our Class A common stock or purchase BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners and others. Please see below for a detailed definition of "post-tax distributable earnings per fully diluted share."

Our board of directors and our Audit Committee have authorized repurchases of shares of our Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including those held by Cantor, our executive officers, other employees, partners and others. As of January 31, 2015, we had approximately $139.8 million remaining under this authorization and may continue to actively make repurchases or purchases, or cease to make such repurchases or purchases, from time to time.

We expect to pay such dividends on our common stock, if and when declared by our board of directors, on a quarterly basis. The dividend to our common stockholders is expected to be calculated based on post-tax distributable earnings allocated to us and generated over the fiscal quarter ending prior to the record date for the dividend. No assurance can be made, however, that a dividend will be paid each quarter.

The declaration, payment, timing and amount of any future dividends payable by us on our common stock will be at the sole discretion of our board of directors. 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. Our ability to pay dividends may also be limited by regulatory considerations as well as by covenants contained in financing or other agreements. In addition, under Delaware law, dividends may be payable only out of surplus, which is our net assets minus our capital (as defined under Delaware law), 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, tax, regulatory or other charges against net income may adversely affect our ability to declare dividends. While we intend to declare and pay dividends quarterly, 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 our dividends will not change.

Share Repurchases and Unit Purchases

Our boards of directors and our Audit Committee have authorized repurchases of our Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners and others, including Cantor employees and partners. On July 30, 2014, our board of directors and Audit Committee increased the authorization to $250 million. As of January 31, 2015, we had approximately $139.8 million remaining from that authorization. From time to time, we may actively continue to repurchase shares or purchase units.

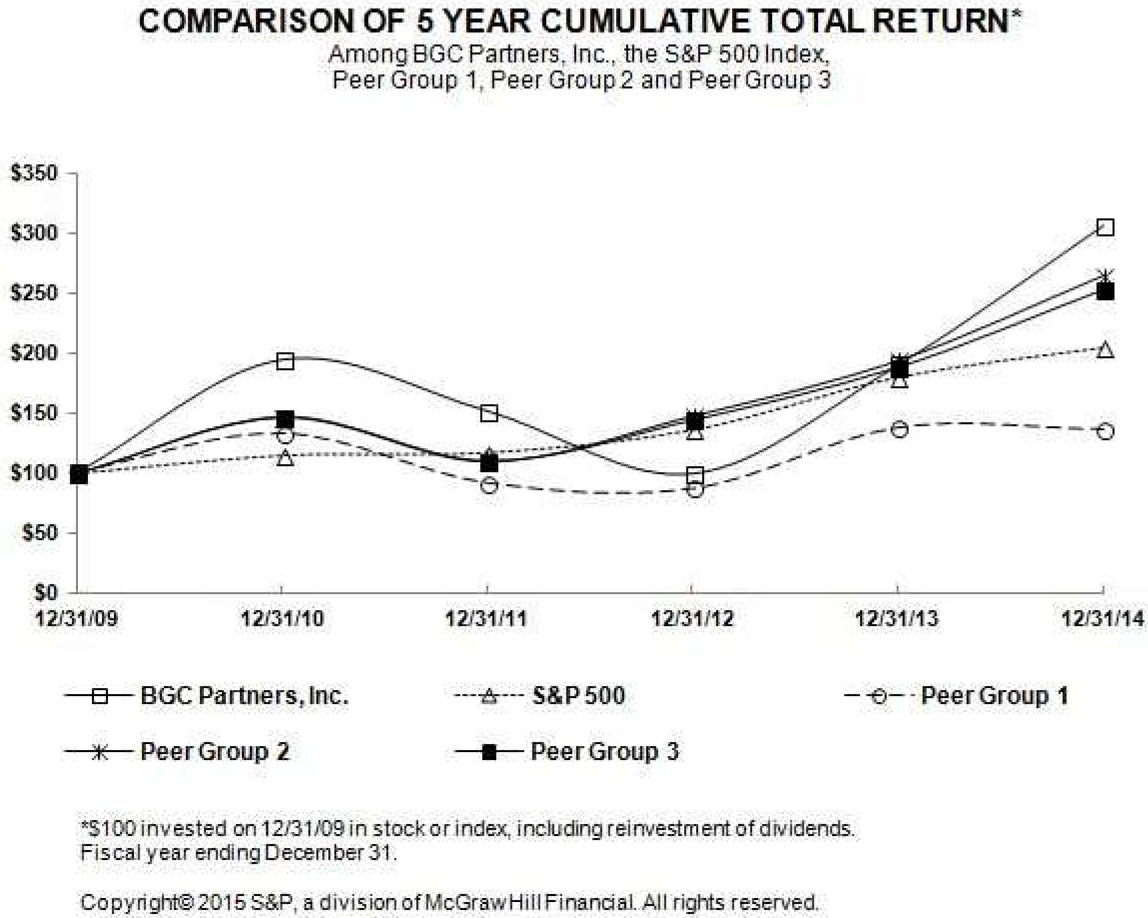
During the year ended December 31, 2014, we repurchased 13,630,725 shares of our Class A common stock at an aggregate purchase price of approximately $100.3 million for an average price of $7.36 per share.

During the fourth quarter of 2014, we repurchased 3,088,786 shares of our Class A common stock at an aggregate purchase price of $24.3 million for an average price of $7.85 per share.

[Table of Contents](#)

PERFORMANCE GRAPH

The performance graph below shows a comparison of the cumulative total stockholder return, on a net dividend reinvestment basis, of $100 invested on December 31, 2009, measured on December 31, 2010, December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014. Peer Group 1 consists of Compagnie Financière Tradition SA, GFI, ICAP plc. and Tullet Prebon plc. Peer Group 2 consists of CBRE Group, Inc., HFF, Inc. and Jones Lang LaSalle Inc. Peer Group 3 is exactly the same as Peer Group 2, with the exception of HFF, Inc., which is replaced with First Service Corp. which, as a full service commercial real estate firm, is a better comparison to our Real Estate Services segment than HFF, Inc. Peer Group 3 will supersede what is currently Peer Group 2 in subsequent years. The returns of the peer group companies have been weighted according to their stock market capitalization for purposes of arriving at a peer group average. Total returns are shown on a "net dividend" basis, which tax effects dividend reinvestments from companies operating under certain U.K and European tax jurisdictions, according to local tax laws.



Certain Definitions

"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 our and our subsidiaries' financial performance. We believe that distributable earnings best reflect the operating earnings generated by us 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 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 us, 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 our ordinary operating results.

Revenues for distributable earnings are defined as GAAP revenues excluding the impact of our 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 we do not believe such gains are reflective of our ongoing, ordinary operations.

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

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

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

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

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

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

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

Our 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 our board of directors with reference to post-tax distributable earnings per fully diluted share. In addition to our quarterly dividend to common stockholders, we expect to pay a pro-rata distribution of net income to BGC Holdings founding/working partner and other limited partnership units, including REUs, RPUs, LPUs, PSUs and PSIs, and to Cantor for its 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). We view 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 our presentation of GAAP financial results. However, management believes that they help provide investors with a clearer understanding of our financial performance and offer useful information to both management and investors regarding certain financial and business trends related to our 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.

Table of Contents

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth selected consolidated financial data for the last five years ended December 31, 2014. This selected consolidated financial data should be read in conjunction with "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and the accompanying Notes thereto included elsewhere in this Annual Report on Form 10-K. Amounts in thousands, except per share data.

	Year Ended December 31,				
	2014 [1, 3, 4]	2013 [1, 2, 3, 4]	2012 [3]	2011 [3]	2010
Consolidated Statements of Operations Data:					
Revenues:					
Commissions	$1,307,912	$1,202,244	$1,176,009	$ 996,263	$ 851,089
Principal transactions	253,951	309,908	336,160	375,001	377,581
Total brokerage revenues	1,561,863	1,512,152	1,512,169	1,371,264	1,228,670
Real estate management services	163,227	163,353	122,704	1,222	—
Fees from related parties	28,379	41,128	53,159	62,227	65,996
Market data	6,676	10,137	17,302	17,772	18,314
Software solutions	2,801	6,201	9,962	9,190	7,804
Interest income	7,312	6,833	6,506	5,441	3,308
Other revenues	17,232	5,177	4,495	4,174	13,960
Total revenues	1,787,490	1,744,981	1,726,297	1,471,290	1,338,052
Expenses:					
Compensation and employee benefits	1,121,075	1,255,580	1,032,552	789,534	793,014
Allocation of net income and grant of exchangeability to LPUs and FPUs	136,633	423,589	140,076	126,778	69,010
Total compensation and employee benefits	1,257,708	1,679,169	1,172,628	916,312	862,024
Other expenses	577,118	552,996	538,628	494,014	412,173
Total expenses	1,834,826	2,232,165	1,711,256	1,410,326	1,274,197
Other Income (losses), net:					
Gain on divestiture and sale of investments	—	723,147	52,471	—	—
Losses on equity method investments	(8,621)	(9,508)	(11,775)	(6,605)	(6,940)
Other income	52,769	39,466	—	—	—
Total other income (losses), net	44,148	753,105	40,696	(6,605)	(6,940)
Income (loss) from operations before income taxes	(3,188)	265,921	55,737	54,359	56,915
Provision for income taxes	651	92,166	20,224	15,999	11,543
Consolidated net income (loss)	(3,839)	173,755	35,513	38,360	45,372
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	(7,974)	102,831	11,649	18,223	24,210
Net income available to common stockholders	$ 4,135	$ 70,924	$ 23,864	$ 20,137	$ 21,162
Per share data:					
Basic earnings per share	$ 0.02	$ 0.37	$ 0.16	$ 0.17	$ 0.24
Fully diluted earnings per share	$ 0.02	$ 0.36	$ 0.16	$ 0.17	$ 0.24
Basic weighted-average shares of common stock outstanding	220,697	193,694	144,886	116,132	88,294
Fully diluted weighted-average shares of common stock outstanding	328,455	265,348	280,809	116,514	228,568
Dividends declared per share of common stock	$ 0.48	$ 0.48	$ 0.63	$ 0.65	$ 0.48
Dividends declared and paid per share of common stock	$ 0.48	$ 0.48	$ 0.63	$ 0.65	$ 0.48
Cash and cash equivalents	$ 648,277	$ 716,919	$ 388,409	$ 369,713	$ 364,104
Total assets	$2,751,127	$2,079,363	$1,638,939	$1,405,185	$1,470,314
Notes payable and collateralized borrowings	$ 556,700	$ 258,356	$ 301,444	$ 181,916	$ 39,258
Notes payable to related parties	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Total liabilities	$2,109,704	$1,309,698	$1,132,688	$ 904,218	$1,045,272
Total stockholders' equity	$ 401,516	$ 464,368	$ 334,292	$ 316,654	$ 236,917

1 Periods after June 28, 2013 reflect the Company's divestiture of its on-the-run, electronic benchmark U.S. Treasury platform to NASDAQ OMX on June 28, 2013.

2 Amounts include gains related to the Company's divestiture of its on-the-run, electronic benchmark U.S. Treasury platform to NASDAQ OMX on June 28, 2013.

[3] Information reflects the acquisition of Grubb & Ellis effective April 13, 2012 and Newmark effective October 14, 2011.
[4] Amounts include the gain related to the earn-out associated with the NASDAQ OMX transaction.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of BGC Partners, Inc.'s financial condition and results of operations should be read together with BGC Partners, Inc.'s consolidated financial statements and notes to those statements, included elsewhere in this report. When used herein, the terms "BGC Partners," "BGC," the "Company," "we," "us" and "our" refer to BGC Partners, Inc., including consolidated subsidiaries.

This Annual Report on Form 10-K (this "Form 10-K") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (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," "predicts," "possible," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends," and similar expressions are intended to identify 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, the factors set forth below and may impact either or both of our operating segments:

- market conditions, including trading volume and volatility, potential deterioration of equity and debt capital markets and markets for commercial real estate and related services, and our ability to access the capital markets;
- pricing, commissions and fees, and market position with respect to our products and services and those of our competitors;
- the effect of industry concentration and reorganization, reduction of customers, and consolidation;
- liquidity, regulatory, and clearing capital requirements and the impact of credit market events;
- our relationships with Cantor Fitzgerald, L.P. and its affiliates ("Cantor"), including Cantor Fitzgerald & Co. ("CF&Co") and Cantor Commercial Real Estate Company, L.P. ("CCRE"), any related conflicts of interest, any impact of Cantor's results on our credit ratings and/or associated outlooks, CF&Co's acting as our sales agent under our controlled equity or other offerings, CF&Co's acting as our financial advisor and/or dealer manager in connection with potential business combinations, tender offers, dispositions, or other transactions, our participation in various investments, stock loans or cash management vehicles placed by or recommended by CF&Co, and any services provided by CCRE with respect to finding and reviewing suitable acquisition or partner candidates, structuring transactions, and negotiating and due diligence services;
- economic or geopolitical conditions or uncertainties, the actions of governments or central banks, and the impact of natural disasters or weather-related or similar events, including power failures, communication and transportation disruptions, and other interruptions of utilities or other essential services;
- the effect on our businesses, our clients, the markets in which we operate, and the economy in general of possible shutdowns of the U.S. government, sequestrations, uncertainties regarding the debt ceiling and the federal budget, and other potential political impasses;
- the effect on our businesses of reductions in overall industry volumes in certain of our products as a result of Federal Reserve Board quantitative easing, the ending of quantitative easing, and other factors, including the level and timing of governmental debt issuances and outstanding amounts;
- the effect on our businesses of worldwide governmental debt issuances, austerity programs, increases or decreases in deficits, changes in monetary policy, and potential political impasses or regulatory requirements, including increased capital requirements for banks and other financial institutions;
- extensive regulation of our businesses, changes in regulations relating to the financial services, commercial real estate and other industries, and risks relating to compliance matters, including regulatory examinations, inspections, investigations and enforcement actions, and any resulting costs, fines, penalties, sanctions, enhanced oversight, increased financial and capital requirements, and changes to or restrictions or limitations on specific activities, operations, compensatory arrangements, and growth opportunities, including acquisitions, hiring, and new businesses, products, or services;
- factors related to specific transactions or series of transactions, including credit, performance, and unmatched principal risk, trade failures, counterparty failures, and the impact of fraud and unauthorized trading;

costs and expenses of developing, maintaining, and protecting our intellectual property, as well as employment and other litigation and their related costs, including judgments or settlements paid or received and the impact thereof on our financial results and cash flows in any given period;

certain financial risks, including the possibility of future losses, reduced cash flows from operations, increased leverage and the need for long-term borrowings or other sources of cash, relating to acquisitions, dispositions, tender offers or other matters, potential liquidity and other risks relating to our ability to obtain financing or refinancing of existing debt on terms acceptable to us, if at all, and risks of the resulting leverage, including potentially causing a reduction in our credit ratings and/or associated outlooks, increased borrowing costs, as well as interest rate and foreign currency exchange rate fluctuations;

risks associated with the temporary or longer-term investment of our available cash, including defaults or impairments on our investments or cash management vehicles and collectability of loan balances owed to us by partners, employees, or others;

our 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;

our ability to enter into marketing and strategic alliances and business combinations or other transactions in the financial services, real estate, and other industries, including acquisitions, tender offers, dispositions, reorganizations, partnering opportunities and joint ventures, and our ability to maintain or develop relationships with independently owned offices in our real estate services business, the anticipated benefits of any such transactions or relationships and the future impact of any such transactions or relationships on our financial results for current or future periods, the integration of any completed acquisitions and the use of proceeds of any completed dispositions, and the value of any hedging entered into in connection with consideration received or to be received in connection with such dispositions;

our estimates or determinations of potential value with respect to various assets or portions of our businesses, including with respect to the accuracy of the assumptions or the valuation models or multiples used;

our ability to hire and retain personnel, including brokers, salespeople, managers, and other professionals;

our ability to expand the use of technology for hybrid and fully electronic trading in our product offerings;

our ability to effectively manage any growth that may be achieved, while ensuring compliance with all applicable financial reporting, internal control, legal compliance, and regulatory requirements;

our ability to identify and remediate any material weaknesses in our internal controls that could affect our ability to prepare financial statements and reports in a timely manner, control our policies, practices and procedures, operations and assets, assess and manage our operational, regulatory, and financial risks, and integrate our acquired businesses and brokers, salespeople, managers and other professional;

the effectiveness of our risk management policies and procedures, and the impact of unexpected market moves and similar events;

information technology risks, including, capacity constraints, failures, or disruptions in our systems or those of the clients, counterparties, exchanges, clearing facilities, or other parties with which we interact, including cybersecurity risks and incidents;

the fact that the prices at which shares of our Class A common stock are sold in one or more of our controlled equity offerings or in other offerings or other transactions may vary significantly, and purchasers of shares in such offerings or transactions, as well as existing stockholders, may suffer significant dilution if the price they paid for their shares is higher than the price paid by other purchasers in such offerings or transactions;

our ability to meet expectations with respect to payments of dividends and distributions and repurchases of shares of our Class A common stock and purchases or redemptions of limited partnership interests of BGC Holdings, L.P. (“BGC Holdings”) or other equity interests in our subsidiaries, including from Cantor, our executive officers, other employees, partners, and others, and the net proceeds to be realized by us from offerings of our shares of Class A common stock; and

the effect on the market for and trading price of our Class A common stock of various offerings and other transactions, including our controlled equity and other offerings of our Class A common stock and convertible or exchangeable debt securities, our repurchases of shares of our Class A common stock and purchases of BGC Holdings limited partnership interests or other equity interests in our subsidiaries, any exchanges or redemptions of limited partnership units and issuances of shares of Class A common stock in connection therewith, including in partnership restructurings, our payment of dividends on our Class A common stock and distributions on BGC Holdings limited partnership interests, convertible arbitrage, hedging, and other transactions engaged in by holders of our 4.50% convertible notes and counterparties to our capped call transactions, and resales of shares of our Class A common stock by Cantor or by others of shares acquired from us or Cantor, including pursuant to our employee benefit plans, unit exchanges and redemptions, partnership restructurings, acquisitions, conversions of our convertible notes, conversions or exchanges of our convertible or exchangeable debt securities, and distributions from Cantor pursuant to Cantor's distribution rights obligations and other distributions to Cantor partners, including deferred distribution rights shares.

This discussion summarizes the significant factors affecting our results of operations and financial condition during the years ended December 31, 2014 and 2013. This discussion is provided to increase the understanding of, and should be read in conjunction with, our consolidated financial statements and the notes thereto included elsewhere in this Report.

OVERVIEW AND BUSINESS ENVIRONMENT

We are a leading global brokerage company servicing the financial and real estate markets through our Financial Services and Real Estate Services businesses. Our Financial Services business specializes in the brokerage of a broad range of products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures and structured products. Our Financial Services business 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. Our integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use voice, hybrid, or in many markets, fully electronic brokerage services in connection with transactions executed either over-the-counter ("OTC") or through an exchange. Through our BGC Trader™ and BGC Market Data brands, we offer financial technology solutions, market data, and analytics related to select financial instruments and markets.

We entered into the commercial real estate business in October 2011 with the acquisition of Newmark & Company Real Estate, Inc. ("Newmark"), a leading U.S. commercial real estate brokerage and advisory firm primarily serving corporate and institutional clients. Newmark was founded in 1929 in New York City. In 2000, Newmark embarked upon a national expansion and in 2006 entered into an agreement with London-based Knight Frank to operate jointly in the Americas as "Newmark Knight Frank." In the second quarter of 2012, we completed the acquisition of substantially all of the assets of Grubb & Ellis Company and its direct and indirect subsidiaries, which we refer to as "Grubb & Ellis." Grubb & Ellis was formed in 1958 and built a full-service national commercial real estate platform of property management, facilities management and brokerage services. We have completed the integration of Grubb & Ellis with Newmark Knight Frank to form the resulting brand, Newmark Grubb Knight Frank ("NGKF"). NGKF is a full-service commercial real estate platform that comprises our Real Estate Services segment, offering commercial real estate tenants, owners, investors and developers a wide range of services, including leasing and corporate advisory, investment sales and financial services, consulting, project and development management, and property and facilities management.

Our 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. We have offices in dozens of major markets, including New York and London, as well as in Atlanta, Beijing, Boston, Charlotte, Chicago, Copenhagen, Dallas, Denver, Dubai, Hong Kong, Houston, Istanbul, Johannesburg, Los Angeles, Mexico City, Miami, Moscow, Nyon, Paris, Philadelphia, Rio de Janeiro, San Francisco, Santa Clara, São Paulo, Seoul, Singapore, Sydney, Tokyo, Toronto, Washington, D.C. and Zurich.

We remain confident in our future growth prospects as we continue to increase the scale and depth of our real estate platform and continue to seek market driven opportunities to expand our business in numerous financial asset classes. In our Real Estate Services business, on August 13, 2014 we acquired Cornish & Carey Commercial ("Cornish & Carey" or "Cornish") and on December 15, 2014 we announced an agreement to acquire Apartment Realty Advisers ("ARA") and its members. By adding the leading commercial real estate services company in the Bay Area and Silicon Valley, and the nation's largest privately held, multi-housing brokerage, we have greatly broadened the scope and depth of services we can provide to clients across the U.S. During the year we made a number of key acquisitions across our Financial Services business. In December 2014 we acquired R.P. Martin, a market-leading interdealer brokerage focusing on European interest rates and foreign exchange products. In May 2014, we acquired Remate Lince, a leading Mexican inter-dealer broker focusing on interest rate derivatives and fixed income. And in February 2014 we purchased the assets of HEAT Energy Group, which specializes in East Coast U.S. power brokerage. We also continued to make key hires around the world. We expect these additions to increase our earnings per share going forward. These investments underscore BGC's ongoing commitment to make accretive acquisitions and profitably hire.

As of December 31, 2014, our liquidity, which we define as cash and cash equivalents, marketable securities and securities owned was in excess of $825 million, the majority of which we are free to deploy to increase stockholder and bondholder value, including as an example, the successful completion (on February 26, 2015) of our tender offer to acquire the shares of GFI. We expect to issue payment for the tendered shares on March 3, 2015 in the aggregate amount of $332.8 million. We also expect to receive approximately $625 million in NASDAQ OMX over the next 13 years, based on the February 10, 2015 price of that company's shares. We believe that this provides us with significant amount of capital with which to pay dividends, profitably hire, and make accretive acquisitions, all while maintaining our investment grade rating.

Successful Completion of Tender Offer to Acquire GFI Group, Inc.

On February 27, 2015 BGC and GFI Group Inc. (NYSE: GFIG) ("GFI"), announced the successful completion of BGC's tender offer for GFI shares. As of the expiration of the tender offer at 5:00 PM on February 26, 2015, approximately 54.6 million shares were tendered pursuant to the offer. The 54.6 million tendered shares, together with the 17.1 million shares of GFI common stock already owned by BGC, represent approximately 56.3% of GFI's outstanding shares. BGC has accepted the shares and expects to issue payment for the shares tendered on March 3, 2015. In addition, GFI employees holding RSUs will receive $6.10 per RSU in cash, based on their pre-existing vesting schedules. All outstanding conditions of the tender offer have been met.

GFI will be a controlled company and operate as a division of BGC, reporting to Shaun Lynn, President of BGC, and its financial results will be consolidated as part of BGC. Going forward, BGC and GFI are expected to remain separately branded divisions. GFI's current Executive Chairman, Michael Gooch, and its current Chief Executive Officer, Colin Heffron, will remain as Executives and Directors of GFI Group and shall continue as Chairman and CEO, respectively, of the GFI Division.

We believe the combination of BGC and GFI will create a strong and diversified company, well positioned to capture future growth opportunities. Through this combination, we expect to deliver substantial benefits to customers of the combined company, and we expect to become the largest and most profitable wholesale brokerage company. We also believe this is a highly complementary combination, which will result in meaningful economies of scale. While the front office operations will remain separately branded companies, we plan on integrating the back office, technology, and infrastructure of these two companies in a smart and deliberate way. By the end of the first year, we expect to save at least $50 million annually on items including network infrastructure, telephone lines, data centers, vendors, disaster recovery, regulatory capital, and interest expense. We expect further cost savings in the second year and beyond. We also expect to generate increased productivity per broker and to continue converting voice and hybrid broking to more profitable fully electronic trading, all of which should lead to increased revenues, profitability and cash flows.

NASDAQ OMX Transaction

On June 28, 2013, we completed the sale (the "NASDAQ OMX Transaction") of certain assets to The NASDAQ OMX Group, Inc. ("NASDAQ OMX"). NASDAQ OMX purchased certain assets and assumed certain liabilities from us and our affiliates, including the eSpeed brand name and various assets comprising the fully electronic portion of our benchmark on-the-run U.S. Treasury brokerage, market data and co-location service businesses (the "Purchased Assets" or "eSpeed"), for cash consideration of $750 million paid at closing, plus an earn-out of up to 14,883,705 shares of NASDAQ OMX common stock to be paid ratably in each of the fifteen years following the closing in which the consolidated gross revenue of NASDAQ OMX is equal to or greater than $25 million. Through December 31, 2014, we have received 1,984,494 shares of NASDAQ OMX common stock in accordance with the agreement. The contingent future issuances of NASDAQ OMX common stock are also subject to acceleration upon the occurrence of certain events, including the acquisition by any person of 50% or more of NASDAQ OMX's stock (including by merger), NASDAQ OMX ceasing to hold Purchased Assets representing 50% or more of the aggregate revenue attributable to the Purchased Assets as of the closing, and the sale of all or substantially all of NASDAQ OMX's assets, as well as to certain anti-dilution provisions.

As a result of the sale of eSpeed, we only sold our on-the-run; benchmark 2-, 3-, 5-, 7-, 10-, and 30-year fully electronic trading platform for U.S. Treasury Notes and Bonds. Over time, we had built these six instruments into some of the deepest and most liquid markets in the world. For the year ended December 31, 2013, eSpeed generated approximately $48.6 million in revenues—all of which was earned during the first two quarters, of which $46.5 million was recorded in our Financial Services segment and the remainder in Corporate items. We retained all of our other voice, hybrid, and fully electronic trading, market data, and software businesses, including voice, hybrid and electronic brokerage of off-the-run U.S. Treasuries, as well as Treasury Bills, Treasury Swaps, Treasury Repos, Treasury Spreads, and Treasury Rolls. We also continue to offer voice brokerage for on-the-run U.S. Treasuries. As we continue to convert our voice and hybrid desks to electronic execution, our ebusiness generated approximately $99.0 million in revenues during 2014. Going forward we expect these businesses to become an even more valuable part of BGC as they continue to grow faster than, and to be substantially larger than eSpeed ever was for us. For the purposes of this document, the assets sold may be referred to as "eSpeed," and the fully electronic businesses remaining with BGC may be referred to as "retained."

Tullett Legal Matters

On July 9, 2014, the FINRA Arbitration panel issued its award in our dispute with the Tullett Subsidiaries. The Tullett Subsidiaries' claims for punitive damages, as well as their claims against executives of the Company and its subsidiaries, were denied in their entirety. Tullett Subsidiaries were found to have breached their contract with the people who sold them Chapdelaine Corporate Securities & Co. (many of whom now work for BGC) and were ordered to pay those individuals over $6 million in damages. The Tullett Subsidiaries were also found to have wrongly refused to pay compensation and expenses to one of their former employees who now works for BGC, and whom was awarded over $222 thousand. BGC Financial and BGC Capital Markets (described together in the award and in this paragraph as "BGC") were found solely liable for approximately $13 million in damages. Certain desk heads that moved to BGC were found liable for a total of approximately $20 million. BGC has paid the awards against these desk heads. The FINRA award did not have a material financial effect on BGC.

On January 13, 2015, BGC Partners entered into a settlement of previously disclosed litigation with Tullett Prebon plc ("Tullett") that resolves all ten outstanding lawsuits involving the two companies. In exchange for such agreement, BGC Partners agreed to pay $100 million in the aggregate to Tullett. The settlement amount is a fraction of the amount that Tullett originally claimed, which, as previously reported, was in excess of $1 billion. In addition, on January 2, 2015, the judge dismissed Tullett's RICO claim, noting that Tullett had not produced enough evidence to support its claims.

As of December 31, 2014, BGC Partners will have accrued the settlement amount and all related expenses incurred through such date in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and expects to pay the settlement amount from existing cash. Going forward, the Company does not expect to have further expenses, including legal fees, relating to these claims. Over the course of the past five years, such fees have totaled tens of millions of dollars. In addition, for a period of one year, the Company and Tullett have agreed not to hire the senior employees, including desk heads, of the other party and its subsidiaries, which would include employees of GFI if BGC Partners closes on its pending tender offer.

Financial Services:

The financial intermediary sector has been a competitive area that has grown over the past decade due to several factors. One factor is the increasing use of derivatives to manage risk or to take advantage of the anticipated direction of a market by allowing users to protect gains and/or guard against losses in the price of underlying assets without having to buy or sell the underlying assets. Derivatives are often used to mitigate the risks associated with interest rates, equity ownership, changes in the value of foreign currency, credit defaults by corporate and sovereign debtors and changes in the prices of commodity products. Over the past decade, demand from financial institutions, financial services intermediaries and large corporations has increased volumes in the wholesale derivatives market, thereby increasing the business opportunity for financial intermediaries.

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

In recent years, our Financial Services businesses have faced challenging market conditions. While our Foreign Exchange ("FX") and Equities and other businesses operated in a generally improved macro environment towards the end of 2014 our Rates and Credit businesses continued to face a challenging macro backdrop. The continued low volume environment facing our Rates and Credit businesses has been part of a greater industry trend that has been attributed to a number of cyclical factors, including extreme monetary policies by several major central banks including the Federal Reserve, Bank of England, Bank of Japan, and more recently, the European Central Bank. These accommodative monetary policies have resulted in historically low levels of volatility and interest rates across most financial markets. The global credit markets have also faced structural issues such as the higher bank capital requirements under Basel III. Consequently, these factors contributed to lower trading volumes in our Rates and Credit asset classes across most geographies in which we operate.

Regulators in the U.S. have finalized most of the new rules across a range of financial marketplaces, including OTC derivatives, as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). Many of these rules became effective during 2013 and 2014 with ongoing phase-ins anticipated over the course of the coming years. Legislators and regulators in Europe and the Asia-Pacific region have crafted similar rules, some of which were implemented in 2014, specifically those falling under the Markets in Financial Instruments Directive II ("MiFID II"), while others are expected to be implemented in the future.

These OTC-related regulations and proposed rules call for additional pre- and post-trade market transparency, heightened collateral and capital standards, the transacting of certain derivatives using authorized venues, central clearing of most standardized derivatives, specific business conduct standards and the delivery of transaction data to newly designated trade repositories for public dissemination.

BGC Derivative Markets, a subsidiary of the Company, began operating as a Swap Execution Facility ("SEF") on October 2, 2013. Since then, mandatory Dodd-Frank Act compliant execution on SEFs by Swap Dealers and Major Swap Participants commenced in February 2014 for a small number of "made available to trade" products, and a wide range of other rules relating to the execution and clearing of derivative products have been finalized. BGC Derivative Markets has been active across the full range of Required and Permitted Products executed by U.S.-based customers and we anticipate improved derivatives volumes once the international regulatory landscape becomes clearer for our clients that operate globally.

In addition, BGC maintains its ownership stake in ELX, a CFTC approved designated contract market ("DCM"), which offers Dodd-Frank Act compliant swap trading to eligible market participants.

We believe that our relative competitive position is strong in this new environment, and that we will gain market share in the U.S. This is because the new rules not only require OTC market execution venues to maintain robust front-end and back-office IT capabilities and to make large and ongoing technology investments, but also because recent revisions to the execution methodology rules will allow elements of voice brokerage to flourish. We are a leader in both the breadth and scale of our hybrid and fully electronic trading capability, and we expect to outperform our competitors in such an environment.

Growth Drivers

As a wholesale intermediary, our business is driven primarily by overall industry volumes in the markets in which we broker, the size and productivity of our front-office headcount (including salespeople, brokers and other front-office professionals), regulatory issues and the percentage of our revenues related to fully electronic brokerage.

Below is a brief analysis of the market and industry volumes for some of our financial services products including our overall hybrid and fully electronic trading activities.

Overall Market Volumes and Volatility

Volume is driven by a number of items, including the level of issuance for financial instruments, the price volatility of financial instruments, macro-economic conditions, the creation and adoption of new products, the regulatory environment, and the introduction and adoption of new trading technologies. In general, increased price volatility increases the demand for hedging instruments, including many of the cash and derivative products that we broker.

Rates volumes in particular are influenced by market volatility, which has been dampened due to continued quantitative easing undertaken by the various central banks. Quantitative easing entails the central banks buying government securities or other securities in the open market—particularly longer-dated instruments—in an effort to promote increased lending and liquidity and bring down long-term interest rates. When central banks hold these instruments, they tend not to trade or hedge—thus lowering rates volumes across cash and derivatives markets industry-wide. Despite the conclusion of its Quantitative Easing program in the fourth quarter of this year, the U.S. Federal Reserve still had approximately $3.9 trillion worth of long-dated U.S. Treasury and Federal Agency securities as at February 4, 2015, compared with $1.7 trillion at the beginning of 2011 and zero prior to September 2008. Other major central banks have also greatly increased the amount of longer-dated debt on their balance sheets over the past three years or signaled a willingness to do so.

In addition, the G-20 central banks have agreed to implement the Basel III accord. Basel III was drafted with the intention of making banks more stable in the wake of the financial crisis. The accord, which will be phased in over the next few years, will force most large banks in G-20 nations to hold approximately three times as much Tier 1 capital as is required under the previous set of rules. The new capital rules make it more expensive for banks to hold non-sovereign debt assets on their balance sheets, and as a result, analysts say banks have reduced or will reduce their trading activity in corporate and asset-backed fixed income securities as well as in various other OTC cash and derivative instruments. We believe that this has reduced overall industry volumes in many of the products we trade, particularly in Credit.

During the year ended December 31, 2014, industry volumes were generally mixed for most of the OTC and listed products we broker in Rates, Credit, FX and Equities and other, as compared with 2013. For example, volumes were generally up within FX and Equities, while volumes were generally down within Rates and Credit. Below is a discussion of the volume and growth drivers of our various financial services brokerage product categories.

Rates Volumes and Volatility

Our Rates business is influenced by a number of factors, including; global sovereign issuances, secondary trading and the hedging of these sovereign debt instruments. While the amount of global sovereign debt outstanding remains high by historical standards, the level of secondary trading and related hedging activity remains muted. For example, according to the Federal Reserve, the average daily volume of U.S. Treasuries amongst primary dealers was down by over 8% as compared with a year earlier. Additionally, interest rate volumes were down by approximately 15% and 8% at ICE and Eurex, respectively. Our revenues from Rates products were down by 18.3% during the period to $401.6 million. Excluding eSpeed, revenues from our Rates products were down by 12.8% to $401.6 million.

Our Rates revenues are not totally dependent on market volumes and therefore do not always fluctuate consistently with industry metrics. This is largely because our voice, hybrid, and fully electronic desks in rates often have volume discounts built into their price structure, which results in our rates revenues being less volatile than the overall industry volumes.

Overall, analysts and economists expect the absolute level of sovereign debt outstanding to remain at elevated levels for the foreseeable future as governments finance their future deficits and roll over their sizable existing debt. For example, the Organization for Economic Cooperation and Development ("OECD")—which includes almost all of the advanced and developed economies of the world—reported that general government debt as a percentage of GDP will be 71.7% for the entire OECD in 2016. This would represent a slight increase from 69.4% in 2013, but is nearly double the 39.1% figure in 2007. Meanwhile, economists expect that the effects of various forms of quantitative easing will continue to negatively impact financial markets, as economic growth remains weak in most OECD countries. As a result, we expect long-term tailwinds in our Rates business from continuing high levels of government debt, but continued near-term headwinds due to the continued accommodative monetary policy of many major central banks.

Credit Volumes

The cash portion of our credit business is impacted by the level of global corporate bond issuance, while both the cash and credit derivatives sides of this business are impacted by sovereign and corporate issuance. Global credit derivative market turnover has declined due to uncertainty surrounding recently enacted rules for the clearing of credit derivatives in the U.S. along with non-uniform regulation across different geographies. In addition, corporate and asset-backed bond trading has continued to decline for many of our large bank customers as they reduce their inventory of bonds in order to comply with Basel III and other international financial regulations. During the period, primary dealer average daily volumes for corporate and mortgaged-backed bonds (“MBS”)—a reflection of the cash market—exhibited mixed trends, with corporate bonds volumes down by 1%, Federal Agency bonds up by 8%, while non-agency MBS bond volumes were down 17% from a year ago, according to the Federal Reserve. Total dealer gross notional credit derivatives outstanding as reported by SIFMA—a reflection of the inter-dealer derivatives market—was down by over 25% from the prior period. Our overall credit revenues declined by 7.6% to $225.9 million, which was reflective of difficult volume trends within the global inter-bank credit markets.

Foreign Exchange Volumes and Volatility

Global FX volumes were generally mixed during 2014, largely as a result of certain regulatory investigations that took place during the first half of the year, offset by an uptick in volatility in the second half of the year, primarily related to diverging monetary policy across many central banks. Our fully electronic FX revenues increased 10.2%, while our overall FX revenues increased 1.4% to $215.2 million. In comparison, spot FX volumes decreased by approximately 8% at Thomson Reuters and FX futures decreased by 9% at the CME.

Equities and Other Asset Classes

Global equity markets were generally up during the period. The number of U.S. shares traded was up 4% while notional value of European shares trades increased by 22%, according to Credit Suisse Equity Research. According to the OCC, average daily equity option volumes were up 4% versus 2013. Energy volumes were down 11% and 3% at ICE and CME, while commodities volumes were down 9% at the ICE and up 2% at CME as compared with 2013. In comparison, our overall revenues from Equities and other asset classes increased by 17.0% to $176.3 million. Of this amount, energy and commodities revenues were up by approximately 78%, largely driven by the acquisition of HEAT Energy Group during the year, along with the successful hiring of a number of new brokers. We believe we gained market share in energy and commodities during the year.

Hybrid and Fully Electronic Trading

Historically, technology-based product growth has led to higher margins and greater profits over time for exchanges and wholesale financial intermediaries alike, even if overall company revenues remain consistent. This is largely because fewer employees are needed to process the same volume of trades as trading becomes more automated. Over time, electronification of exchange-traded and OTC markets has also generally led to volumes increasing faster than commissions decline, and thus often to an overall increase in revenues. We have been a pioneer in creating and encouraging hybrid and fully electronic trading, and continually work with our customers to expand such trading across more asset classes and geographies.

Outside of U.S. Treasuries and spot FX, the banks and broker-dealers that dominate the OTC markets had generally been hesitant in adopting electronically traded products. However, in recent years, hybrid and fully electronic inter-dealer OTC markets for products, including CDS indices, FX options, and most recently interest rate swaps, have been created as banks and dealers have become more open to electronically traded products and as firms like us have invested in the kinds of technology favored by our customers. Recently enacted and pending regulation in Asia, Europe and the U.S. regarding banking, capital markets, and OTC derivatives is likely to accelerate the spread of fully electronic trading and we expect to benefit from the new rules regarding OTC derivatives once they are finalized globally. Our understanding is that the rules that have been promulgated or are being discussed will continue to allow for trading through a variety of means, including voice, and we believe the net impact of these rules and the new bank capital requirements will encourage the growth of fully electronic trading for a number of products we broker.

The combination of more market acceptance of hybrid and fully electronic trading and our competitive advantage in terms of technology and experience has contributed to our strong gains in electronically traded products. During 2014, we continued to invest in hybrid and fully electronic technology broadly across our financial services product categories.

Our Financial Services electronic trading, market data and software solutions revenue – excluding eSpeed – increased by 22.7% to $99.0 million or 9.5% of segment revenue for the period, as compared with $80.7 million or 7.5% in the prior period. The increase in these retained technology-based revenues for the quarter was due in part to growth from the brokerage of fully electronic Credit, Rates and Spot FX as well as higher market data revenues. We now offer electronically traded products on a significant portion of our Financial Services segment’s more than 200 Financial Services desks. We expect the proportion of desks offering electronically traded products to continue to increase as we invest in technology to drive electronic trading over our platform. Over time, we expect the growth of our technology-based businesses to further improve this segment’s profitability.

Real Estate Services:

On October 14, 2011, we completed the acquisition of Newmark. On April 13, 2012, we acquired substantially all of the assets of Grubb & Ellis Company and its direct and indirect subsidiaries (collectively "Grubb & Ellis"). Newmark, Grubb & Ellis and certain independently-owned partner offices of the two, operate as "Newmark Grubb Knight Frank" in the Americas, and are associated with London-based Knight Frank. Our discussion of financial results for "Newmark Grubb Knight Frank," "NGKF," or "Real Estate Services" reflects only those businesses owned by us and does not include the results for Knight Frank or for the independently-owned offices that use some variation of the NGKF name in their branding or marketing.

NGKF is a full-service commercial real estate services platform, offering commercial real estate tenants, owners, investors and developers a wide range of services, including leasing and corporate advisory, investment sales and financial services ("real estate capital markets"), consulting, project and development management, and property and facilities management.

Our Real Estate Services segment continued to show solid growth and generated approximately 40% of our revenues in the year-ended 2014. Real Estate brokerage revenues grew by 31.7% year-over-year. NGKF's growth was primarily driven by the addition of Cornish & Carey, by double-digit organic growth in our capital markets and leasing brokerage revenues, and by our Global Corporate Services business. While we benefited from positive industry trends, we believe that NGKF once again made strong market share gains. Our Real Estate management services and other revenues were up by 0.4%; and overall revenues improved by 22.8%. Our intra-year acquisitions of Cornish & Carey and ARA are expected to drive future growth of our Real Estate Services business, particularly in the higher margin capital markets brokerage space.

Cornish is the leading commercial real estate services company in the important Bay Area and Silicon Valley markets. Cornish had over 275 brokers and generated approximately $135 million in revenues in 2013. The Bay Area is a top region for new business generation in the U.S. This acquisition will solidify our West Coast presence and further reinforce NGKF's position as a dominant industry force that offers clients the full range of commercial real estate services provided by best-in class brokers in multiple disciplines and geographies.

ARA is the nation's largest privately held, full-service investment brokerage network that focuses exclusively on the multi-housing industry. Subsequent to closing, the ARA acquisition is expected to generate additional revenues in excess of $100 million.

Results from Cornish and ARA were included within our Real Estate business only for the periods under which they were controlled by BGC.

We expect the overall profitability of our Real Estate Services business to increase as we increase its size and scale. However, the pre-tax margins in the segment are also impacted by the mix of revenues generated by NGKF. For example, real estate capital markets, which includes sales, commercial mortgage broking, and other financial services, generally has larger transactions that occur with less frequency when compared with leasing advisory. However, real estate capital markets brokerage tends to have significantly higher pre-tax margins than NGKF as a whole. Leasing advisory revenues are generally more predictable than revenues from real estate capital markets, while pre-tax earnings margins tend to be more similar to those of the segment as a whole. Property and facilities management, which together are called "real estate management services," generally have the most predictable and steady revenues, but pre-tax earnings margins below those for NGKF as a whole. When management services clients agree to give us exclusive rights to provide real estate services for their facilities or properties, it is for an extended period of time, which provides us with stable and foreseeable sources of brokerage revenues.

Growth Drivers

The key drivers of revenue growth for U.S. commercial real estate brokerage services companies include the overall health of the U.S. economy, including gross domestic product and employment trends in the U.S., which drives demand for various types of commercial leases and purchases; the institutional ownership of commercial real estate as an investible asset class; and the ability to attract and retain talent to our real estate services platform. In addition, in real estate sales, also known as real estate capital markets, growth is driven by the availability of credit to purchasers of and investors in commercial real estate.

Economic Growth in the U.S.

The U.S. economy is believed to have expanded by an annualized rate of 2.4% during 2014 according to the U.S. Bureau of Economic Analysis's preliminary estimate, as compared to an increase of 2.2% in 2013. U.S. economic growth was largely exhibited during the second half of the year, as real gross domestic product growth accelerated in the third and fourth quarters.

The Bureau of Labor Statistics reported that employers added a monthly average of 260,000 net new payroll jobs during the year, as compared to 199,000 in the prior period. Despite the return to pre-recession unemployment rates (5.7% as of January 2015), the long-term unemployment and the declining labor force participation rate (near a 35-year low) remain disappointing for many economists, but these indicators are less important to commercial real estate than job creation. Nonetheless, economists were generally encouraged by the fact that job creation over the three months ended January 31, 2015, totaled over 1 million, which was the fastest pace since 1999. In addition, the January jobs report showed that the civilian labor force rose by 703,000, and that the labor force participation rate rose by 0.2 percentage points month over month to 62.9 percent.

The 10-year Treasury yield ended the year at 2.17% after rising from its low of 1.63% on May 2, 2013. Treasury yields have remained low by historical standards, despite the Federal Reserve's continued tapering of its quantitative easing program. This has been in large part due to tempered expectations surrounding the Federal Open Market Committee ("FOMC") willingness to raise the federal funds rate in the near-term. In October 2014, the FOMC formally ended its quantitative easing program, which was responsible for the purchase of over $4.5 trillion worth of Treasury bonds and mortgage-backed securities. In the FOMC's most recent January 2015 meeting, the Committee stated it was "unlikely to begin the normalization process for at least the next couple of meetings." This guidance, along with declining energy prices in early 2015, has led most economists to forecast sustained low interest rates into 2015.

The combination of moderate economic growth and low interest rates that has been in place since the recession ended has been a powerful stimulus for commercial real estate, delivering steady absorption of excess space and strong investor demand for the yields available through both direct township of assets and publicly traded funds. Steady economic growth and low interest rates helped push vacancy rates down for the office, apartment, retail and industrial markets. The low level of new construction over the past few years has meant that tenants have been funneled into existing vacant space with the exception of apartments, where construction has propelled the market into a new expansion cycle. Asking rental rates posted moderate gains across all property types in 2014, propelled by demand for Class A assets in the top submarkets. The following trends drove the commercial real estate market in 2014:

- Strong U.S. employment growth and rising home values have fueled the economy and generated increased demand for commercial real estate space across all major sectors:
- Technology, energy, professional and business services and healthcare continued to power demand for office space, although declining oil prices will pose a challenge in 2015 for Texas and other energy-dependent markets:
- E-commerce and supply-chain optimization created tenant and owner-user demand for warehouses and distribution centers;
- Apartment rents benefited from strong job growth, and underlying demographic trends towards urban living amongst younger adults; and
- Strong corporate earnings combined with increased leisure travel generated demand for hotel room-nights.

Market Statistics

Following the financial crisis of 2007/2008, the U.S. commercial property market saw steep declines in activity in 2009. In 2010, the market began to recover, and by the end of 2011 there were signs that the recovery was gaining momentum—although still not at levels seen prior to the crisis. If the U.S. economy expands by 3% or more in 2015, the pace envisioned by many economists, we would expect this to fuel the continued expansion of demand for commercial real estate.

Although overall industry metrics are not necessarily as correlated to our revenues in Real Estate Services as they are in Financial Services, they do provide some indication of the general direction of the business. According to Newmark Grubb Knight Frank Research, the overall vacancy rate for office properties in the nation's key markets ended 2014 at 14.3%, down from 15.0% a year earlier, marking the lowest level since the fourth quarter of 2008. Employment growth—the primary driver of demand for office leasing activity—accelerated during the final quarter of 2014, which should provide continued momentum for the office market recovery. Rents for all property types in the U.S. continued to improve modestly. CoStar Group (a leading provider of information and analytic services) reported that net absorption for office, retail and industrial space increased by 22.6% for the trailing twelve months ended December 31, 2014.

In terms of commercial real estate sales metrics, according to CoStar's Value-Weighted U.S. Composite Index, average prices were up 11% year-over-year in 2014. During the year, the dollar volume of significant property sales rose by 17% above the year ago period according to Real Capital Analytics. In comparison, our Real Estate Services brokerage revenue increased by 31.7% year-over-year, primarily due to growth resulting from the acquisitions of Cornish & Carey and strong organic growth.

REGULATORY ENVIRONMENT

See "Regulation" in Part I, Item 1 of our Annual Report on Form 10-K for information related to our regulatory environment.

LIQUIDITY

See "Liquidity and Capital Resources" herein for information related to our liquidity and capital resources.

HIRING AND ACQUISITIONS

A key driver of our revenue is front-office headcount. We believe that our strong technology platform and unique partnership structure have enabled us to use both acquisitions and recruiting to profitably increase our front-office staff at a faster rate than our largest competitors since our formation in 2004.

We have invested significantly to capitalize on the current business environment through acquisitions, technology spending and the hiring of new brokers, salespeople and other front-office professionals. The business climate for these acquisitions has been competitive, and it is expected that these conditions will persist for the foreseeable future. We have been able to attract businesses and brokers, salespeople and other front-office professionals to our platform as we believe they recognize that we have the scale, technology, experience and expertise to succeed in the current business environment.

As of December 31, 2014, our front-office headcount was up by 20% year-over-year to 2,863 brokers, salespeople and other front-office professionals. This increase was primarily due in part to the acquisition of Cornish & Carey, ARA and R.P. Martin. For the year-ended 2014, average revenue generated per front-office employee increased 2% from a year ago to approximately $629,000. The increase in overall company revenue per front-office employee was primarily driven by an increase in revenue per front-office employee in Real Estate Services, which increased over 20% from the prior period.

The laws and regulations passed or proposed on both sides of the Atlantic concerning OTC trading seem likely to favor increased use of technology by all market participants, and are likely to accelerate the adoption of both hybrid and fully electronic trading. We believe these developments will favor the larger inter-dealer brokers over smaller, non-public inter-dealer brokers, as the smaller ones generally do not have the financial resources to invest the necessary amounts in technology. We believe this will lead to further consolidation in our industry, and thus further allow us to profitably grow our front-office headcount.

Since 2013, our acquisitions have included Sterling International Brokers Limited, HEAT Energy Group, Remate Lince and Cornish & Carey Commercial, ARA, and R.P Martin.

During the year ended December 31, 2013, we acquired the business and certain assets of Sterling International Brokers Limited, a London-based financial brokerage firm specializing in Pound Sterling and other major currency transactions.

During 2014 in our Financial Services business we completed the following acquisitions, Remate Lince, the leading Mexican inter-dealer broker focusing on interest rate derivatives and fixed income; HEAT Energy Group, which specializes in East Coast U.S. power brokerage and; R.P. Martin a market-leading interdealer brokerage focusing on European interest rates and foreign exchange products. We also continued to make key hires around the world. We expect these additions to increase to earnings per share going forward. These investments underscore BGC’s ongoing commitment to make accretive acquisitions and profitably hire, and we are confident in our ability to utilize our capital to achieve strong revenue and earnings growth going forward.

During 2014 in our Real Estate Services business we completed the acquisition of members of ARA, the nation’s largest privately held, multi-housing brokerage and the acquisition of Cornish & Carey, the leading commercial real estate services company in the Bay Area and Silicon Valley. Accordingly, we have greatly broadened the scope and depth of services we can provide to our clients in Northern California and across the U.S.

Financial Overview

Revenues

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

Brokerage

We earn revenues from inter-dealer voice brokerage services on both an agency and matched principal basis. 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. Principal transaction revenues are primarily derived from matched principal transactions, whereby revenues are earned on the spread between the buy and the sell price of the brokered security, commodity or derivative. Customers either see the buy or sell price on a screen or are given this information over the phone. The brokerage fee is then added to the buy or sell price, which represents the spread we earn as principal transactions revenues. On a limited basis, we enter into unmatched principal transactions to facilitate a customer's execution needs for transactions initiated by such customers. We also provide market data products for selected financial institutions.

We offer our brokerage services in five broad product categories: rates, real estate, credit, FX, and equities and other asset classes. The chart below details brokerage revenues by product category and by voice/hybrid versus fully electronic (in thousands):

	For the Year Ended December 31,		
	2014	2013	2012
Brokerage revenue by product: [1]			
Rates	$ 401,602	$ 491,740	$ 532,436
Real estate	542,947	413,018	331,010
Credit	225,854	244,546	284,606
Foreign exchange	215,168	212,120	208,011
Equities and other asset classes	176,292	150,728	156,106
Total brokerage revenues	$1,561,863	$1,512,152	$1,512,169
Brokerage revenue by product (percentage):			
Rates	25.7%	32.5%	35.2%
Real estate	34.8	27.3	21.9
Credit	14.4	16.2	18.8
Foreign exchange	13.8	14.0	13.8
Equities and other asset classes	11.3	10.0	10.3
Total brokerage revenues	100.0%	100.0%	100.0%
Brokerage revenue by voice/hybrid and fully electronic:			
Voice/hybrid	$1,472,341	$1,407,004	$1,379,373
Fully electronic	89,522	105,148	132,796
Total brokerage revenues	$1,561,863	$1,512,152	$1,512,169
Brokerage revenue by voice/hybrid and fully electronic (percentage):			
Voice/hybrid	94.3%	93.0%	91.2%
Fully electronic	5.7	7.0	8.8
Total brokerage revenues	100.0%	100.0%	100.0%

1 Reclassifications of revenues across product categories may be reflected retroactively.

As the above table indicates, our brokerage operations in the rates product category produce a significant percentage of our total brokerage revenues. We expect that revenues from rates product brokerage operations will increase in absolute terms, but decline as a percentage of revenues as we continue to invest in expanding in other asset classes such as real estate, credit derivatives, foreign exchange, energy, commodities and equity-related products. These factors have enabled us to provide our client base with robust services across global markets.

Our position as a leading broker is enhanced by our hybrid brokerage platform. We believe that the more complex, less liquid markets on which we focus often require significant amounts of personal and attentive service from our brokers. In more mature markets, we offer electronic trading capabilities to our customers through our BGC Trader platform. Our hybrid platform allows our customers to trade on a voice, hybrid or, where available, fully electronic basis, regardless of whether the trade is OTC or exchange-based, and to benefit from the experience and market intelligence of our worldwide brokerage network. Our electronic capabilities include clearing, settlement and other back-office services as well as straight-through processing for our customers across several products. Furthermore, we participate in the operational leverage from our fully electronic platform. We believe our hybrid brokerage approach provides a competitive advantage over competitors who do not offer this full range of technology.

Rates

Our rates business is focused on government debt, futures and currency and interest rate derivatives, which are among the largest, most global and most actively traded markets. The main drivers of these markets are global macroeconomic forces such as growth, inflation, government budget policies and the volume of new issuance.

Real Estate

Following our acquisitions of Newmark and Grubb & Ellis, we offer a diverse range of commercial real estate brokerage and advisory services, including leasing and corporate advisory services, appraisal, investment sales and financial services.

Credit

We provide our brokerage services in a wide range of credit instruments, including asset-backed securities, convertible bonds, corporate bonds, credit derivatives and high yield bonds. The market for the most fundamental form of credit derivative, CDS, has grown significantly since its introduction in the mid-1990's.

Foreign Exchange

The foreign exchange market is one of the largest financial markets in the world. Foreign exchange transactions can either be undertaken in the spot market, in which one currency is sold and another is bought, or in the derivative market in which future settlement of the identical underlying currencies are traded. Our experience within this market has grown since 2004 to manage increased levels of foreign exchange trading. We provide full execution OTC brokerage services in most major currencies, including all G8 currencies, emerging market, cross and exotic options currencies.

Equities and Other Asset Classes

We provide brokerage services in a range of markets for equity products, including cash equities, equity derivatives (both listed and OTC), equity index futures and options on equity products. In addition, we offer brokerage services through our energy and commodities desks.

Real Estate Management Services

Following our acquisitions of Newmark and Grubb & Ellis, we provide commercial property management services to tenants and landlords in several key U.S. markets. In this business, we provide property and facilities management services along with project management and other consulting services to customers who utilize our commercial real estate brokerage services and other property owners.

Fees from Related Parties

We earn fees from related parties for technology services and software licenses and for certain administrative and back-office services we provide to affiliates, particularly Cantor and ELX Futures, L.P. ("ELX"). These administrative and back-office services include office space, utilization of fixed assets, accounting services, operational support, human resources, legal services and information technology.

Market Data

BGC Market Data is a supplier of real-time, tradable, indicative, end-of-day and historical market data. Our market data product suite includes fixed income, interest rate derivatives, credit derivatives, foreign exchange, foreign exchange options, money markets, energy and equity derivatives and structured market data products and services. It is made available to financial professionals, research analysts and other market participants via direct data feeds and BGC-hosted FTP environments, as well as via information vendors such as Bloomberg, Thomson Reuters, Interactive Data Corporation and other select specialist vendors.

Software Solutions

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

Interest Income

We generate interest income primarily from the investment of our daily cash balances, interest earned on securities owned and reverse repurchase agreements. These investments and transactions are generally short-term in nature.

Other Revenues

We earn other revenues from various sources including underwriting fees and litigation settlements.

Expenses

Compensation and Employee Benefits

The majority of our operating costs consist of cash and non-cash compensation expenses, which include base salaries, broker bonuses based on broker production, guaranteed bonuses, other discretionary bonuses, and all related employee benefits and taxes. Our employees consist of brokers, executives and other administrative support. The majority of our brokers receive a base salary and a formula bonus based primarily on a pool of brokers' production for a particular product or sales desk, as well as on the individual broker's performance. Members of our sales force receive either a base salary or a draw on commissions. Less experienced salespeople typically receive base salaries.

As part of our compensation plans employees are granted Limited partnership units in BGC Holdings which generally receive quarterly allocations of net income, that are cash distributed on a quarterly basis and generally contingent upon services being provided by the unit holders. As prescribed in FASB guidance, the quarterly allocations of net income on such limited partnership units are reflected as a component of compensation expense under "Allocation of net income and grant of exchangeability to limited partnership units and FPUs" in the Company's consolidated statements of operations.

Certain of these limited partnership units entitle the holders to receive post-termination payments equal to the notional amount in four equal yearly installments after the holder's termination. These limited partnership units are accounted for as post-termination liability awards under FASB guidance, which requires that the Company record an expense for such awards based on the change in value at each reporting period and include the expense in the Company's consolidated statements of operations as part of "Compensation and employee benefits." The liability for limited partnership units with a post-termination payout amount is included in "Accrued compensation" on the Company's consolidated statements of financial condition.

Certain limited partnership units are granted exchangeability into Class A common stock on a one-for-one basis (subject to adjustment). At the time exchangeability is granted, the Company recognizes an expense based on the fair value of the award on that date, which is included in "Allocation of net income and grants of exchangeability to limited partnership units and FPUs" in the Company's consolidated statements of operations.

The Company has also awarded Preferred Units. Each quarter, the net profits of BGC Holdings are allocated to such units at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation (the "Preferred Distribution"), which is deducted before the calculation and distribution of the quarterly partnership distribution for the remaining partnership units. The Preferred Units are not entitled to participate in partnership distributions other than with respect to the Preferred Distribution. Preferred Units may not be made exchangeable into the Company's Class A common stock and are only entitled to the Preferred Distribution, and accordingly they are not included in the Company's fully diluted share count. The quarterly allocations of net income on Preferred Units are reflected in compensation expense under "Allocation of net income and grants of exchangeability to limited partnership units and FPUs" in the Company's consolidated statements of operations.

We have entered into various agreements with certain of our employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distribution earnings that the individual receives on their limited partnership interests or may be forgiven over a period of time. The forgivable portion of these loans is recognized as compensation expense over the life of the loan. From time to time, we may also enter into agreements with employees and partners to grant bonus and salary advances or other types of loans. These advances and loans are repayable in the timeframes outlined in the underlying agreements.

In addition, we also enter into deferred compensation agreements with employees providing services to us. The costs associated with such plans are generally amortized over the period in which they vest. See Note 19—"Compensation" to our consolidated financial statements.

Other Operating Expenses

We have various other operating expenses. We incur leasing, equipment and maintenance expenses for our affiliates worldwide. We also incur selling and promotion expenses, which include entertainment, marketing and travel-related expenses. We incur communication expenses for voice and data connections with our clients, clearing agents and general usage; professional and consulting fees for legal, audit and other special projects; and interest expense related to short-term operational funding needs, and notes payables and collateralized borrowings.

Primarily in the U.S., we pay fees to Cantor for performing certain administrative and other support, including charges for occupancy of office space, utilization of fixed assets and accounting, operations, human resources, legal services and technology infrastructure support. Management believes that these charges are a reasonable reflection of the utilization of services rendered. However, the expenses for these services are not necessarily indicative of the expenses that would have been incurred if we had not obtained these services from Cantor. In addition, these charges may not reflect the costs of services we may receive from Cantor in the future. We incur commissions and floor brokerage fees for clearing, brokerage and other transactional expenses for clearing and settlement services. We also incur various other normal operating expenses.

Other Income (Losses), Net

Gain on Divestiture and Sale of Investments

On June 28, 2013, we sold our on-the-run, electronic benchmark U.S. Treasury platform to NASDAQ OMX Group. The $723.1 million gain from this transaction is included in "Gain on divestiture and sale of investments," in our consolidated statements of operation for the year ended December 31, 2013. For the year ended December 31, 2012, "Gain on divestiture and sale of investments," included a $52.5 million one-time gain from the Company's sale of its investments in the London Metals Exchange ("LME") in December 2012.

Losses on Equity Method Investments

Losses on equity Method investments represent our pro rata share of the net losses on investments over which we have significant influence but do not control.

Other Income

Other income is comprised of the gain associated with the NASDAQ OMX earn-out shares and the movements related to the mark-to-market and/or hedges on the shares. The earn-out of these shares is related to the sale of eSpeed on June 28, 2013.

Provision for Income Taxes

We incur tax expenses based on the location, legal structure and jurisdictional taxing authorities of each of our subsidiaries. Certain of our entities are treated as U.S. partnerships for U.S. federal income tax purposes. As such, much of the income is not subject to U.S. federal and state income taxes because taxes related to income earned by partnerships represent obligations of the individual partners. The partners' liability or benefit is not reflected in our consolidated financial statements. Outside of the U.S., we operate principally through subsidiary corporations subject to local income taxes. Our consolidated financial statements include U.S. federal, state and local income taxes on our allocable share of the U.S. results of operations, as well as taxes payable to jurisdictions outside the U.S.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2014 we had a loss from operations before taxes of $3.2 million compared to income from operations before income taxes of $265.9 million in the year earlier period. Total revenues for the year ended December 31, 2014 increased approximately $42.5 million to $1,787.5 million primarily due to increased brokerage revenues. Total expenses decreased approximately $397.4 million to $1,834.8 million primarily due to the significant compensation charges of $465.0 million recorded during the year ended December 31, 2013 related to our Global Partnership Restructuring Program. This decrease was partially offset by a $50.0 million increase on other expenses primarily driven by costs associated with hiring brokers and the settlement of litigation. Other Income (losses), net decreased by $709.0 million to $44.1 million. This was primarily due to the $723.1 million gain on divestiture recorded in 2013 related to our sale of eSpeed to NASDAQ OMX in June 2013. The impact of this prior year gain was partially offset by a $13.3 million increase in other income related to the NASDAQ earn-out shares and the related mark-to-market movements.

Our Real Estate Services business had a strong year that ended December 31, 2014. NGKF's performance was driven by a combination of the addition of Cornish & Carey, double-digit organic growth in brokerage revenues, increased revenues from its Global Corporate Services business, and better operating efficiencies resulting from the successful integration of previous acquisitions. While the conditions in the financial markets remained challenging we continued to achieve significant growth in our higher margin fully electronic businesses. Going forward, we expect these businesses to become an even more valuable part of BGC. With our December 31, 2014 liquidity in excess of $825 million, and approximately $625 million still expected to be received in NASDAQ OMX stock over the next 13 years, we expect to have more than a billion dollars available to fuel the growth of the Company. We anticipate using these funds to repay debt, repurchase common shares and units, and/or to maintain our regular common dividend for the foreseeable future. We also expect to continue making accretive acquisitions across both Real Estate Services and Financial Services. An excellent example is our recent successful tender offer for the shares of GFI Group Inc. ("GFI"). We are confident that a combination of GFI and BGC will deliver significant benefits to GFI's customers and brokers as part of a larger,

Table of Contents

better capitalized and more diversified company. We expect the combination will also produce increased productivity per broker, meaningful synergies, substantial earnings accretion and stronger cash flow, enabling us to drive shareholder value and deliver superior service for our customers.

RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of operations data expressed as a percentage of total revenues for the periods indicated (in thousands):

	Year Ended December 31,					
	2014		2013		2012	
	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues	Actual Results	Percentage of Total Revenues
Revenues:						
Commissions	$1,307,912	73.2%	$1,202,244	68.9%	$1,176,009	68.1%
Principal transactions	253,951	14.2	309,908	17.8	336,160	19.5
Total brokerage revenues	1,561,863	87.4	1,512,152	86.7	1,512,169	87.6
Real estate management services	163,227	9.1	163,353	9.4	122,704	7.1
Fees from related parties	28,379	1.6	41,128	2.3	53,159	3.1
Market data	6,676	0.4	10,137	0.6	17,302	1.0
Software solutions	2,801	0.1	6,201	0.3	9,962	0.6
Interest income	7,312	0.4	6,833	0.4	6,506	0.4
Other revenues	17,232	1.0	5,177	0.3	4,495	0.2
Total revenues	1,787,490	100.0	1,744,981	100.0	1,726,297	100.0
Expenses:						
Compensation and employee benefits	1,121,075	62.7	1,255,580	72.0	1,032,552	59.8
Allocation of net income and grant of exchangeability to limited partnership units and FPUs	136,633	7.7	423,589	24.3	140,076	8.1
Total compensation and employee benefits	1,257,708	70.4	1,679,169	96.3	1,172,628	67.9
Occupancy and equipment	147,435	8.3	154,108	8.8	155,349	9.0
Fees to related parties	12,137	0.7	9,443	0.5	11,792	0.7
Professional and consulting fees	51,823	2.9	51,384	2.9	72,777	4.2
Communications	82,493	4.6	92,022	5.3	90,807	5.3
Selling and promotion	71,737	4.0	81,007	4.6	86,040	5.0
Commissions and floor brokerage	19,349	1.1	22,530	1.3	22,733	1.3
Interest expense	37,945	2.1	38,332	2.2	34,885	2.0
Other expenses	154,199	8.6	104,170	6.0	64,245	3.7
Total expenses	1,834,826	102.7	2,232,165	127.9	1,711,256	99.1
Other income (losses), net:						
Gain on divestiture and sale of investments	—	—	723,147	41.4	52,471	3.1
Losses on equity method investments	(8,621)	(0.5)	(9,508)	(0.5)	(11,775)	(0.7)
Other Income	52,769	3.0	39,466	2.3	—	0.0
Total other income (losses), net	44,148	2.5	753,105	43.2	40,696	2.4
Income (loss) from operations before income taxes	(3,188)	(0.2)	265,921	15.3	55,737	3.3
Provision for income taxes	651	0.0	92,166	5.3	20,224	1.2
Consolidated net income (loss)	(3,839)	(0.2)	173,755	10.0	35,513	2.1
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	(7,974)	(0.4)	102,831	5.9	11,649	0.7
Net income available to common stockholders	$ 4,135	0.2%	$ 70,924	4.1%	$ 23,864	1.4%

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues

Brokerage Revenues

Total brokerage revenues increased by $49.7 million, or 3.3%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. Commission revenues increased by $105.7 million, or 8.8%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. Principal transactions revenues decreased by $56.0 million, or 18.1%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013.

The increase in brokerage revenues was primarily driven by increases in Real Estate, FX and Equities and other asset classes, partially offset by decreases in rates and credit products.

The decrease in rates revenues of $90.1 million was primarily due to the sale of the eSpeed business in June 2013 and lower global interest rate activity during the year ended December 31, 2014.

Our fully electronic credit revenues increased by $10.4 million as compared to the year ended December 31, 2013, however our overall credit revenues declined by 7.6% to $225.9 million in the year ended December 31, 2014. This decrease was mainly due to lower overall industry-wide inter-dealer activity in credit derivatives, investment-grade corporate bonds, and non-agency mortgage bonds.

Our FX revenues were up by 1.4% to $215.2 million for the year ended December 31, 2014. This increase was primarily driven by growth across on voice, hybrid, and fully electronic desks most notably in our e-brokered foreign exchange spot and derivative products.

Real Estate brokerage revenues increased by $129.9 million for the year ended December 31, 2014. This increase was primarily driven by growth in the leasing and consulting businesses, increased operating efficiencies resulting from the successful integration of acquisitions and continued improvements in broker productivity.

Our brokerage revenues from equities and other asset classes increased $25.6 million, or 17.0%, to $176.3 million for the year ended December 31, 2014. This increase was primarily driven by strong gains in our energy and commodities businesses, due to organic growth and the acquisition of Heat Energy Group in the first quarter of 2014.

Real Estate Management Services

Real estate management services revenue was relatively flat at $163.2 million for the year ended December 31, 2014.

Fees from Related Parties

Fees from related parties decreased by $12.8 million, or 31.0%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The decrease was primarily due to decreased revenues related to ELX (as a result of the sale of the eSpeed business) and lower technology service fees.

Market Data

Market data revenues decreased by $3.5 million, or 34.1%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The decrease was primarily due to the sale of the eSpeed business in June 2013.

Software Solutions

Software solutions revenues decreased by $3.4 million, or 54.8%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily due to the sale of our Kleos Managed Services, Dedicated Network Access and Disaster Recovery business to NASDAQ OMX in June 2013.

Interest Income

Interest income increased by $0.5 million, or 7.0%, to $7.3 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013.

Other Revenues

Other revenues increased by $12.1 million to $17.2 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The increase was primarily due to a settlement related to litigation received during the year ended December 31, 2014.

Expenses

Compensation and Employee Benefits

Compensation and employee benefits expense decreased by $134.5 million, or 10.7%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The main driver of this decrease was a charge of $160.5 million taken during the year ended December 31, 2013 related to the reduction of compensation-related partnership loans in connection with our Global Partnership Restructuring Program. The decrease was partially offset by increased compensation expense associated with higher brokerage revenues during the year ended December 31, 2014

Allocations of Net Income and Grant of Exchangeability to Limited Partnership Units and FPUs

The Allocations of net income and grant of exchangeability to limited partnership units and FPUs decreased by $287.0 million for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This decrease was primarily driven by $304.1 million charge taken in the year ended December 31, 2013 related to the redemption/exchange of limited partnership units in connection with our Global Partnership Restructuring Program.

Occupancy and Equipment

Occupancy and equipment expense decreased $6.7 million to $147.4 million for the year ended December 31, 2014, as compared to the year ended December 31, 2013. This decrease was primarily driven by lower depreciation and amortization costs as well as lower hardware maintenance costs following the sale of our eSpeed business in June 2013.

Fees to Related Parties

Fees to related parties increased by $2.7 million, or 28.5%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. Fees to related parties are allocations paid to Cantor for administrative and support services.

Professional and Consulting Fees

Professional and consulting fees were relatively flat at $51.8 million for the year ended December 31, 2014 as compared to $51.4 for the year ended December 31, 2013.

Communications

Communications expense decreased by $9.5 million, or 10.4%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This decrease was primarily driven by our ongoing cost reduction program which rationalized and lowered the costs of certain market data terminals.

Selling and Promotion

Selling and promotion expense decreased by $9.3 million, or 11.4%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The decrease was partially due to lower client entertainment expenses and partially due to our ongoing cost reduction program.

Commissions and Floor Brokerage

Commissions and floor brokerage expense decreased by $3.2 million, or 14.1%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily due to reduced clearing and transfer costs due to the sale of the eSpeed business to NASDAQ OMX in June 2013.

Interest Expense

Interest expense was relatively flat at $37.9 million for the year ended December 31, 2014 as compared to $38.3 million for the year ended December 31, 2013. The slight decrease was primarily related to our prepayment of collateralized debt during 2013 partially offset by the interest expense associated with our 5.375% Senior Notes issued in December 2014.

Other Expenses

Other expenses increased by $50.0 million, or 48.0%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This increase was primarily driven by charges taken during the year ended December 31, 2014 related to the cost of hiring additional brokers and litigation settlements, partially offset by charges taken during the year ended December 31, 2013 related to a commitment to make charitable contributions.

Other Income (losses), net

Gain on Divestiture

The gain on divestiture related to the NASDAQ OMX transaction was $723.1 million recorded in the year ended December 31, 2013.

Losses on Equity Method Investments

Losses on equity method investments decreased by $0.9 million, or 9.3%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. Losses on equity method investments represent our pro rata share of the net losses on investments over which we have significant influence but do not control.

Other Income

Other income increased $13.3 million, or 33.7%, for the year ended December 31, 2014 as compared to the year earlier period. This increase was due to the $52.8 million recognized on the earn-out related to the NASDAQ OMX Transaction and the associated mark-to-market movements and/or hedging in the year ended December 31, 2014. During the year ended December 31, 2014, we recognized $39.5 million on the earn-out related to the NASDAQ OMX Transaction. In both periods we received 992,247 shares of NASDAQ OMX stock. The increased income was driven by the year-over-year increase in the share price.

Provision for Income Taxes

Provision for income taxes decreased $91.5 million to $0.7 million for the year ended December 31, 2014 as compared to the year earlier period. This decrease was primarily driven by a decrease in taxable income in the year ended December 31, 2014 as compared to the year earlier period, as the year ended December 31, 2013 included the gain or divestiture related to sale of eSpeed. Our consolidated effective tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings.

Net Income Attributable to Noncontrolling Interest in Subsidiaries

Net income attributable to noncontrolling interest in subsidiaries decreased by $110.8 million, to a loss of 8.0 million, for the year ended December 31, 2014 as compared to income of $102.8 million the year ended December 31, 2013. This decrease was due to lower income during the year ended December 31, 2014 as the year earlier period included the gain on divestiture related to the sale of eSpeed.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Revenues

Brokerage Revenues

Total brokerage revenues were relatively unchanged for the year ended December 31, 2013 as compared to the year ended December 31, 2012. Commission revenues increased by $26.2 million, or 2.2%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. Principal transactions revenues decreased by $26.3 million, or 7.8%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012.

Increases in real estate and FX brokerage revenues were offset by decreases in revenues in rates, credit and equities and other asset classes.

The decrease in rates revenues of $40.7 million, or 7.6%, was partially due to the sale of the eSpeed business and partially attributable to general market deterioration.

Real Estate brokerage revenues increased by $82.0 million, or 24.8%, for the year ended December 31, 2013. The increase was primarily due to growth resulting from the acquisition of Grubb & Ellis in the second quarter of 2012 as well as our other recent acquisitions (Frederick Ross and Smith Mack) and organic growth. Industry trends in sales and leasing remain favorable for the U.S. commercial real estate market.

Our fully electronic credit revenues decreased by 9.9% as compared to the year ended December 31, 2012, and our overall credit revenues decreased by 14.1% to $244.5 million in the year ended December 31, 2013. The decrease was primarily due to lower trading volumes and a general market deterioration.

Our fully electronic FX volumes increased 52%, while our overall FX revenues were up by 2.0% to $212.1 million for the year ended December 31, 2013. In comparison, FX volumes increased by 4.4% at CME, and declined by approximately 6% at both EBS and Reuters.

Global equity markets continued to be challenging during 2013. For example, U.S. equity derivatives volumes were mixed year-over-year according to the Options Clearing Corporation, but were down by approximately 12% and 28%, respectively, according to the Eurex and Euronext. Energy and commodities volumes were also generally flat or down year-over-year according to the CME and ICE. In comparison, our revenues from equities and other asset classes decreased by 3.4%.

Real Estate Management Services

Real estate management services revenues increased by $40.6 million, or 33.1%, to $163.4 million for the year ended December 31, 2013, primarily due to the acquisition of Grubb & Ellis in the second quarter of 2012.

Fees from Related Parties

Fees from related parties decreased by $12.0 million, or 22.6%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The decrease was primarily due to decreased revenues related to ELX (as a result of the sale of the eSpeed business) and lower technology service fees.

Market Data

Market data revenues decreased by $7.2 million, or 41.4%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. This decrease was primarily due to the sale of the eSpeed business as well as an overall decline in the U.S. Treasuries business.

Software Solutions

Software solutions revenues decreased by $3.8 million, or 37.8%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to the sale of our Kleos Managed Services, Dedicated Network Access and Disaster Recovery businesses to NASDAQ OMX in June 2013.

Interest Income

Interest income increased by $0.3 million or 5.0%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012.

Other Revenues

Other revenues increased by $0.7 million, or 15.2%, to $5.2 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012.

Expenses

Compensation and Employee Benefits

Compensation and employee benefits expense increased by $223.0 million, or 21.6%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The main driver of this increase was the compensation charge of approximately $160.5 million we incurred during the year ended December 31, 2013 related to a reserve on compensation-related partnership loans in connection with our Global Partnership Restructuring Program. In addition, a component of the increase was the result of the acquisition of Grubb & Ellis in April 2012.

Allocation of Net Income and Grant of Exchangeability to Limited Partnership Units and FPUs

Allocation of net income and grant of exchangeability to Limited Partnership Units and FPUs increased by $283.5 million, or 202.4%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. For the year ended December 31, 2013, we incurred compensation expense, before associated income taxes, of $361.0 million related to the redemption/exchange of partnership units and issuance of restricted shares in connection with our Global Partnership Restructuring Program and the grant of exchangeability on partnership units. For the year ended December 31, 2012, we incurred compensation expense, before associated income taxes, of $127.1 million related to the grant of exchangeability on partnership units.

Occupancy and Equipment

Occupancy and equipment expense decreased by $1.2 million, or 0.8%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. This decrease was primarily due to lower depreciation and amortization expenses due to the sale of eSpeed as well as lower rent in our Real Estate Services segment related to office consolidations resulting from the integration of NGKF. These decreases were partially offset by a provision recorded in the year ended December 31, 2013 related to a subleasing arrangement and other impairment charges.

Fees to Related Parties

Fees to related parties decreased by $2.3 million, or 19.9%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. Fees to related parties are allocations paid to Cantor for administrative and support services.

Professional and Consulting Fees

Professional and consulting fees decreased by $21.4 million, or 29.4%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The decrease was primarily due to decreased costs associated with legal and regulatory matters as well as lower costs related to acquisitions.

Communications

Communications expense increased by $1.2 million, or 1.3%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. As a percentage of total revenues, communications expense decreased across the two periods.

Selling and Promotion

Selling and promotion expense decreased by $5.0 million, or 5.8%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. As a percentage of total brokerage revenues, selling and promotion expenses decreased across the two periods.

Commissions and Floor Brokerage

Commissions and floor brokerage expense decreased by $0.2 million, or 0.9%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The decrease was primarily driven by reduced clearing and transfer costs due to the sale of the eSpeed business.

Interest Expense

Interest expense increased by $3.4 million, or 9.9%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The increase was primarily related to our issuance of the 8.125% Senior Notes in June 2012.

Other Expenses

Other expenses increased by $39.9 million, or 62.1%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The increase was primarily due to an increase in costs associated with hiring brokers and a commitment to make charitable contributions. In addition, the costs related to the Grubb & Ellis business were in place for the full year ended December 31, 2013, as compared to only a portion of the year ended December 31, 2012.

Other Income (Losses), net

Gain on Divestiture and Sale of Investments

The gain on divestiture related to the sale of eSpeed was $723.1 million for the year ended December 31, 2013. For the year ended December 31, 2012, we recorded $52.5 million related to the sale of our investment in the London Metal Exchange (the "LME") as a result of Hong Kong Exchange & Clearing Limited's acquisition of the LME in December 2012.

Losses on Equity Method Investments

Losses on equity method investments decreased by $2.3 million, or 19.3%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. Losses on equity method investments represent our pro rata share of the net losses on investments over which we have significant influence but which we do not control.

Other Income

For the year ended December 31, 2013, we recognized $39.5 million of Other Income as a result of the earn-out related to the NASDAQ OMX Transaction and the associated mark-to-market movements and/or hedging.

Provision for Income Taxes

Provision for income taxes increased to $92.2 million for the year ended December 31, 2013 as compared to $20.2 million for the year ended December 31, 2012. This increase was primarily driven by an increase in U.S. taxable income in the year ended December 31, 2013 as compared to the year earlier period as well as by an increase in taxes related to the gain on the sale of eSpeed. Our consolidated effective tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings.

Net Income Attributable to Noncontrolling Interest in Subsidiaries

Net income attributable to noncontrolling interest in subsidiaries increased by $91.2 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The increase in net income attributable to noncontrolling interest in subsidiaries related to the increased income in the year ended December 31, 2013.

Business Segment Financial Results

The business segments are determined based on the products and services provided and reflect the manner in which financial information is evaluated by management. We evaluate the performance and review the results of the segments based on each segment's "Income (loss) from operations before income taxes."

Certain financial information for our segments is presented below. The amounts shown below for the Financial Services and Real Estate Services segments reflect the amounts that are used by management to allocate resources and assess performance, which is based on each segment's "Income (loss) from operations before income taxes." In addition to the two business segments, the tables below include a "Corporate Items" category. Corporate revenues include fees from related parties and interest income as well as gains that are not considered part of the Company's ordinary, ongoing business. Corporate expenses include non-cash compensation expenses (such as the grant of exchangeability to limited partnership units; redemption/exchange of partnership units, issuance of restricted shares and allocations of net income to founding/working partner units and limited partnership units) as well as unallocated expenses such as certain professional and consulting fees, executive compensation and interest expense, which are managed separately at the corporate level.

Table of Contents

Year ended December 31, 2014 (in thousands):

	Financial Services*	Real Estate Services*	Corporate Items	Total
Total revenues	$1,044,343	$708,793	$ 34,354	$1,787,490
Total expenses	863,834	639,657	331,335	1,834,826
Total other income (losses), net	52,769	—	(8,621)	44,148
Income (loss) from operations before income taxes	$ 233,278	$ 69,136	$(305,602)	$ (3,188)

* For the year ended December 31, 2014, the Financial Services segment income (loss) from operations before income taxes includes $52.8 million related to the earn-out portion of the NASDAQ OMX Transaction consideration and the associated mark-to-market movements and/or hedging. For the year ended December 31, 2014, the Real Estate Services segment income (loss) from operations before income taxes excludes $9.6 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Year ended December 31, 2013 (in thousands):

	Financial Services*	Real Estate Services*	Corporate Items	Total
Total revenues	$1,124,752	$577,191	$ 43,038	$1,744,981
Total expenses	960,636	531,620	739,909	2,232,165
Total other income (losses), net	39,466	—	713,639	753,105
Income (loss) from operations before income taxes	$ 203,582	$ 45,571	$ 16,768	$ 265,921

* For the year ended December 31, 2013, the Financial Services segment revenues include $39.5 million related to the earn-out portion of the NASDAQ OMX Transaction consideration and related hedging transactions. For the year ended December 31, 2013, the Real Estate Services segment income (loss) from operations before income taxes excludes $10.6 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting. For the year ended December 31, 2013, Corporate Items income (loss) from operations before income taxes includes a $723.1 million gain on divestiture related to the sale of eSpeed and approximately $465 million in compensation expense related to the Global Partnership Restructuring Program.

Year ended December 31, 2012 (in thousands):

	Financial Services*	Real Estate Services*	Corporate Items	Total
Total revenues	$1,221,409	$454,616	$ 50,272	$1,726,297
Total expenses	1,007,111	431,726	272,419	1,711,256
Total other income (losses), net	—	—	40,696	40,696
Income (loss) from operations before income taxes	$ 214,298	$ 22,890	$(181,451)	$ 55,737

* For the year ended December 31, 2012, the Real Estate Services segment income (loss) from operations before income taxes excludes $21.1 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Segment Results for the Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues

Revenues for Financial Services decreased approximately $80.4 million, or 7.1%, to $1,044.3 million for year ended December 31, 2014 from $1,124.8 million for the year ended December 31, 2013. The decrease in revenues for our Financial Services segment was primarily due to a decline in brokerage revenues in Rates (primarily due to the sale of eSpeed in June 2013) and Credit, partially offset by an increase in Equities and Other Classes and FX.

Revenues for Real Estate Services increased approximately $131.6 million, or 22.8%, to $708.8 million for the year ended December 31, 2014 from $577.2 million for the year ended December 31, 2013. The increase in revenues for our Real Estate Services segment was primarily due to the acquisition of Cornish & Carey and a significant increase in broker productivity along with favorable industry trends in sales and leasing for the U.S. commercial real estate market.

Expenses

Total expenses for Financial Services decreased approximately $96.8 million, or 10.1%, to $863.8 million for the year ended

December 31, 2014 from $960.6 million for the year ended December 31, 2013. The decrease in expenses for our Financial Services Segment was primarily due to lower compensation related costs, due to lower revenues and our continued cost reduction program.

Total expenses for Real Estate Services increased approximately $108.0 million, or 20.3%, to $639.7 million for the year ended December 31, 2014 from $531.6 million for the year ended December 31, 2013. The increase in expenses for our Real Estate Services segment was primarily due to increased compensation associated with higher revenues.

Other income (losses), net

Other income (losses), net, for Financial Services increased approximately $13.3 million, or 33.7%, to $52.8 million for the year ended December 31, 2014 from $39.5 million for the year ended December 31, 2013. The increase in other income (losses), net, for our Financial Services segment was primarily due to the earn-out portion and the related mark-to-market movements and/or hedging of the NASDAQ OMX Transaction consideration.

Other income (losses), net, for the Corporate Items category decreased approximately $722.3 million, or 101.2%, to $(8.6) million for the year ended December 31, 2014 from $713.6 million for the year ended December 31, 2013. The decrease was primarily due to the gain on divestiture related to the sale of eSpeed in 2013.

Income (loss) from operations before income taxes

Income (loss) from operations before income taxes for Financial Services increased approximately $29.7 million, or 14.6%, to $233.3 million for the year ended December 31, 2014 from $203.6 million for the year ended December 31, 2013. The increase in income (loss) from operations before income taxes for our Financial Services segment was primarily due to lower revenues along with our ongoing cost reduction program.

Income (loss) from operations before income taxes for Real Estate Services increased $23.6 million, or 51.7%, to $69.1 million for the year ended December 31, 2014 from $45.6 million for the year ended December 31, 2013. The increase in income (loss) from operations before income taxes for our Real Estate Services segment was due to increased revenues, as described above, partially offset by an increase in expenses, as also described above.

Segment Results for the Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012

Revenues

Revenues for Financial Services decreased approximately $96.7 million, or 7.9%, to $1,124.7 million for the year ended December 31, 2013 from $1,221.4 million for the year ended December 31, 2012. The decrease in revenues for our Financial Services segment was primarily due to a decline in brokerage revenues in rates, credit and equities and other asset classes, partially offset by an increase in FX and the $39.5 million recognized on the earn-out related to the sale of eSpeed.

Revenues for Real Estate Services increased approximately $122.6 million, or 27.0%, to $577.2 million for the year ended December 31, 2013 from $454.6 million for the year ended December 31, 2012. The increase in revenues for our Real Estate Services segment was primarily due to the stabilization of the Grubb & Ellis brokers after the transition out of bankruptcy and a more favorable real estate environment as well as growth resulting from our recent acquisitions (Frederick Ross and Smith Mack).

Expenses

Total expenses for Financial Services decreased approximately $46.5 million, or 4.6%, to $960.6 million for the year ended December 31, 2013 from $1,007.1 million for the year ended December 31, 2012.

Total expenses for Real Estate Services increased approximately $99.9 million, or 23.1%, to $531.6 million for the year ended December 31, 2013 from $431.7 million for the year ended December 31, 2012. The increase in expenses for our Real Estate Services segment was primarily due to our acquisition of substantially all of the assets of Grubb & Ellis in April of 2012 and our other recent acquisitions (Frederick Ross and Smith Mack).

Income (loss) from operations before income taxes

Income (loss) from operations before income taxes for Financial Services decreased approximately $10.7 million, or 5.0%, to $203.6 million for the year ended December 31, 2013 from $214.3 million for the year ended December 31, 2012. The decrease in income (loss) from operations before income taxes for our Financial Services segment was primarily due to lower revenues, as described above, partially offset by lower expenses, as also described above.

Income (loss) from operations before income taxes for Real Estate Services increased $22.7 million, or 99.1%, to $45.6 million for the year ended December 31, 2013 from $22.9 million for the year ended December 31, 2012. The increase in income (loss) from operations before income taxes for our Real Estate Services segment was due to increased revenues, as described above, partially offset by an increase in expenses, as also described above.

Table of Contents

QUARTERLY RESULTS OF OPERATIONS

The following table sets forth our unaudited quarterly results of operations for the indicated periods (in thousands). Results of any period are not necessarily indicative of results for a full year and may, in certain periods, be affected by seasonal fluctuations in our business. Certain reclassifications have been made to prior period amounts to conform to the current period's presentation.

	December 31, 2014 [1]	September 30, 2014 [1,3]	June 30, 2014 [1]	March 31, 2014 [1]	December 31, 2013 [1]	September 30, 2013 [1,3]	June 30, 2013 [2]	March 31, 2013
Revenues:								
Commissions	$ 381,182	$ 331,466	$291,666	$303,598	$ 295,415	$ 283,293	$324,832	$298,704
Principal transactions	50,366	51,327	72,751	79,507	68,777	67,785	85,349	87,997
Real estate management services	43,929	40,452	39,020	39,826	43,745	40,447	39,823	39,338
Fees from related parties	6,631	6,749	7,967	7,032	7,667	8,071	12,242	13,148
Market data	1,890	1,660	1,492	1,634	1,191	1,178	3,643	4,125
Software solutions	688	709	703	701	661	444	2,530	2,566
Interest income	1,673	1,642	1,925	2,072	2,071	1,563	1,651	1,548
Other revenues	2,924	2,211	1,678	10,419	1,764	1,408	1,174	831
Total revenues	489,283	436,216	417,202	444,789	421,291	404,189	471,244	448,257
Expenses:								
Compensation and employee benefits	310,816	270,642	264,318	275,299	269,444	258,642	448,686	278,808
Allocations of net income and grants of exchangeability to limited partnership units and FPUs	30,392	52,516	22,402	31,323	32,125	10,365	363,077	18,022
Total compensation and employee benefits	341,208	323,158	286,720	306,622	301,569	269,007	811,763	296,830
Occupancy and equipment	35,238	35,575	35,701	40,921	39,633	37,908	37,340	39,227
Fees to related parties	5,516	2,681	2,133	1,807	2,292	2,022	2,286	2,843
Professional and consulting fees	20,013	10,565	10,156	11,089	13,304	11,772	11,367	14,941
Communications	20,636	20,087	21,312	20,458	22,475	22,451	22,755	24,341
Selling and promotion	18,727	16,730	18,255	18,025	17,614	19,839	23,239	20,315
Commissions and floor brokerage	4,762	4,806	5,575	4,206	5,287	5,075	6,397	5,771
Interest expense	10,183	9,197	9,230	9,335	9,479	9,164	9,989	9,700
Other expenses	97,301	26,732	13,584	16,582	13,642	13,444	59,780	17,304
Total expenses	553,584	449,531	402,666	429,045	425,295	390,682	984,916	431,272
Other Income (losses), net:								
Gain on divestiture and sale of investments	—	—	—	—	—	—	723,147	—
Losses on equity method investments	(2,418)	(2,640)	(1,288)	(2,275)	(2,291)	(2,705)	(1,224)	(3,288)
Other Income (losses)	7,433	45,892	1,667	(2,223)	7,605	31,861	—	—
Total other income (losses), net	5,015	43,252	379	(4,498)	5,314	29,156	721,923	(3,288)
Income from operations before income taxes	(59,286)	29,937	14,915	11,246	1,310	42,663	208,251	13,697
Provision (benefit) for income taxes	(22,501)	18,808	3,600	744	(315)	10,675	78,711	3,095
Consolidated net income (loss)	(36,785)	11,129	11,315	10,502	1,625	31,988	129,540	10,602
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	(18,100)	3,918	3,714	2,494	(2,509)	6,662	95,074	3,604
Net income (loss) available to common stockholders	(18,685)	$ 7,211	$ 7,601	$ 8,008	$ 4,134	$ 25,326	$ 34,466	$ 6,998

1 Periods after June 28, 2013 reflect the Company's divestiture of its on-the-run, electronic benchmark U.S. Treasury platform to NASDAQ OMX on June 28, 2013.
2 Amounts include gains related to the Company's divestiture of its on-the-run, electronic benchmark U.S. Treasury platform to NASDAQ OMX on June 28, 2013.
3 Amounts include the gain related to the earn-out associated with the NASDAQ OMX transaction.

Note: Certain prior period amounts have been reclassified to conform with the current presentation.

Table of Contents

The table below details our brokerage revenues by product category for the indicated periods (in thousands):

	For the Three Months Ended							
	December 31, 2014 [1]	September 30, 2014 [1]	June 30, 2014 (1)	March 31, 2014 (1)	December 31, 2013 (1)	September 30, 2013 (1)	June 30, 2013	March 31, 2013
Brokerage revenue by product):								
Rates	$ 89,715	$ 93,538	$104,677	$113,672	$ 99,339	$ 109,110	$138,299	$144,992
Real Estate	189,827	136,048	107,901	109,170	131,311	105,303	103,155	73,249
Credit	47,940	53,545	58,923	65,446	53,651	54,410	67,343	69,142
Foreign Exchange	57,591	56,233	49,279	52,066	44,687	47,393	60,692	59,348
Equities and Other Asset Classes	46,475	43,429	43,637	42,751	35,204	34,862	40,692	39,970
Total brokerage revenues	$ 431,548	$ 382,793	$364,417	$383,105	$ 364,192	$ 351,078	$410,181	$386,701
Brokerage revenue by product (percentage):								
Rates	20.8%	24.4%	28.7%	29.7%	27.3%	31.1%	33.7%	37.5%
Real Estate	44.0	35.6	29.6	28.5	36.1	30.0	25.1	19.0
Credit	11.1	14.0	16.2	17.1	14.7	15.5	16.4	17.9
Foreign Exchange	13.3	14.7	13.5	13.6	12.3	13.5	14.8	15.3
Equities and Other Asset Classes	10.8	11.3	12.0	11.1	9.6	9.9	10.0	10.3
Total brokerage revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Brokerage revenue by voice/hybrid and fully electronic:								
Voice/hybrid	$ 406,240	$ 360,110	$344,053	$361,939	$ 347,889	$ 334,864	$374,397	$349,854
Fully electronic	25,308	22,683	20,364	21,166	16,303	16,214	35,784	36,847
Total brokerage revenues	$ 431,548	$ 382,793	$364,417	$383,105	$ 364,192	$ 351,078	$410,181	$386,701
Brokerage revenue by voice/hybrid and fully electronic (percentage):								
Voice/hybrid	94.1%	94.1%	94.4%	94.5%	95.5%	95.4%	91.3%	90.5%
Fully electronic	5.9	5.9	5.6	5.5	4.5	4.6	8.7	9.5
Total brokerage revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1 Periods after June 28, 2013 reflect the Company's divestiture of its on-the-run, electronic benchmark U.S. Treasury platform to NASDAQ OMX on June 28, 2013.

LIQUIDITY AND CAPITAL RESOURCES

Balance Sheet

Our balance sheet and business model are not capital intensive. Our assets consist largely of cash, collateralized and uncollateralized short-dated receivables and less liquid assets needed to support our business. Longer-term capital (equity and notes payable) is held to support the less liquid assets and potential capital intensive opportunities. Total assets at December 31, 2014 were $2.8 billion, an increase of 32.3% as compared to December 31, 2013. The increase in total assets was driven primarily by increases in receivables from broker-dealers, clearing organizations, customers and related broker-dealers, Marketable securities and goodwill. The increase in Receivables from broker-dealers, clearing organizations, customers and related broker-dealers related to an increase in open fail to deliver contracts and was offset by a corresponding increase in open fail to receive contracts which are included in Payables to broker-dealers, clearing organizations, customers and related broker-dealers. We maintain a significant portion of our assets in cash, with our liquidity (which we define as cash and cash equivalents, marketable securities and securities owned) at December 31, 2014 of $825.5 million. See "Liquidity Analysis" below for a further discussion of our liquidity.

On February 26, 2015 we successfully completed our tender offer to acquire the shares of GFI common stock (the "shares"), for $6.10 per share in cash and accepted for purchase approximately 54.6 million shares (the "Tendered Shares") tendered to us pursuant to our offer. The tendered shares together with the 17.1 million shares already owned by us, represent approximately 56.3% of GFI's outstanding shares. We expect to issue payment for the Tendered Shares on March 3, 2015 in the aggregate amount of $332.8 million.

As part of our cash management process, we may enter into tri-party reverse repurchase agreements and other short term investments, some of which may be with Cantor. As of December 31, 2014, we had no reverse repurchase agreements outstanding with Cantor.

Additionally, in August 2013, the Audit Committee authorized us to invest up to $350 million in an asset-backed commercial paper program for which certain Cantor entities serve as placement agent and referral agent. The program issues short-term notes to money market investors and is expected to be used from time to time as a liquidity management vehicle. The notes are backed by assets of highly rated banks. We are entitled to invest in the program so long as the program meets investment policy guidelines, including relating to ratings. Cantor will earn a spread between the rate it receives from the short-term note issuer and the rate it pays to us on any investments in this program. This spread will be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program. As of December 31, 2014, we had $125 million invested in the program.

Funding

Our funding base consists of longer-term capital (equity and notes payable), shorter-term liabilities and accruals that are a natural outgrowth of specific assets and/or our business model, such as matched fails and accrued compensation. We have limited need for short-term unsecured funding in our regulated entities for their brokerage business. Contingent liquidity needs are largely limited to potential cash collateral that may be needed to meet clearing bank, clearinghouse, and exchange margins and/or to fund fails. Capital expenditures tend to be cash neutral and approximately in line with depreciation. Current cash balances significantly exceed our unsecured letters of credit and our unsecured bank borrowings. We believe that cash in and available to our largest regulated entities, inclusive of financing provided by clearing banks, is adequate for potential cash demands of normal operations such as margin or fail financing. We expect our operating activities going forward to generate adequate cash flows to fund normal operations, including any dividends issued pursuant to our dividend policy. However, we believe that there are a significant number of capital intensive opportunities for us to maximize our growth and strategic position, including, among other things, acquisitions, strategic alliances and joint ventures potentially involving all types and combinations of equity, debt and acquisition alternatives. As a result, we may need to raise additional funds to:

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

Acquisitions and financial reporting obligations related thereto may impact our ability to access capital markets on a timely basis and may necessitate greater short-term borrowings in the interim. This may impact our credit rating or the interest rates on our debt. We may need to access short-term capital sources to meet business needs from time to time, including, but not limited to, conducting operations, hiring or retaining brokers, financing acquisitions, and providing liquidity, including in situations where we may not be able to access the capital markets in a timely manner when desired by us. Accordingly, we cannot guarantee that we will be able to obtain additional financing when needed on terms that are acceptable to us, if at all.

On June 28, 2013, upon completion of the sale of eSpeed (see “NASDAQ OMX Transaction” herein), we received cash consideration of $750 million, subject to adjustment for certain pre-paid amounts and accrued costs and expenses, plus an earn-out of up to 14,883,705 shares of NASDAQ OMX common stock to be paid ratably in each of the fifteen years following the closing.

As of December 31, 2014, our liquidity, which we define as cash and cash equivalents, marketable securities and securities owned, was approximately $825.5 million, the majority of which we are free to deploy to increase stockholder and bondholder value, including as an example, the successful completion (on February 26, 2015) of our tender offer to acquire the shares of GFI. We expect to issue payment for the tendered shares on March 3, 2015 in the aggregate amount of $332.8 million. We also expect to receive approximately $625 million in NASDAQ OMX over the next approximately 13 years. We believe that we are in a strong position to increase our profits by making additional investments across Real Estate and Financial Services. In addition, we expect to have sufficient funds to repay debt, repurchase common shares and units, and maintain our regular common dividend for the foreseeable future.

Notes Payable and Collateralized Borrowings

8.75% Convertible Notes

On April 1, 2010, BGC Holdings issued an aggregate of $150.0 million principal amount of the 8.75% Convertible Notes to Cantor. We used the proceeds of the 8.75% Convertible Notes to repay at maturity $150.0 million aggregate principal amount of Senior Notes.

The 8.75% Convertible Notes are senior unsecured obligations and rank equally and ratably with all of our existing and future senior unsecured obligations. The 8.75% Convertible Notes bear an annual interest rate of 8.75% currently, which is payable semi-annually in arrears on April 15 and October 15 of each year. As of December 31, 2014, the 8.75% Convertible Notes were convertible, at the holder’s option, at a conversion rate of 159.9374 shares of Class A common stock per $1,000 principal amount of notes, subject to adjustment in certain circumstances. The 8.75% Convertible Notes were convertible into approximately 24.0 million shares of Class A common stock as of December 31, 2014. The 8.75% Convertible Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted.

4.50% Convertible Notes

On July 29, 2011, we issued an aggregate of $160.0 million principal amount of 4.50% Convertible Notes. In connection with the offering of the 4.50% Convertible Notes, we entered into an Indenture, dated as of July 29, 2011, with U.S. Bank National Association, as trustee. The 4.50% Convertible Notes were offered and sold solely to qualified institutional buyers pursuant to Rule 144A under the Securities Act.

The 4.50% Convertible Notes are our general senior unsecured obligations. The 4.50% Convertible Notes pay interest semi-annually at a rate of 4.50% per annum and were priced at par. As of December 31, 2014, the 4.50% Convertible Notes were convertible, at the holder’s option, at a conversion rate of 101.6260 shares of Class A common stock per $1,000 principal amount of notes, subject to adjustment in certain circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our

Class A common stock, or a combination thereof at our election. As of December 31, 2014, the 4.50% Convertible Notes were convertible into approximately 16.3 million shares of our Class A common stock. The 4.50% Convertible Notes will mature on July 15, 2016, unless earlier repurchased, exchanged or converted. The carrying value of the 4.50% Convertible Notes was approximately $152.5 million as of December 31, 2014.

In connection with the offering of the 4.50% Convertible Notes, we entered into capped call transactions, which are expected to reduce the potential dilution of our Class A common stock upon any conversion of 4.50% Convertible Notes in the event that the market value per share of our Class A common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions ($10.62 as of December 31, 2014, subject to adjustment in certain circumstances). The capped call transactions had an initial cap price equal to $12.30 per share (50% above the last reported sale price of our Class A common stock on the NASDAQ on July 25, 2011), and had a cap price equal to approximately $13.27 per share as of December 31, 2014.

The net proceeds from this offering were approximately $144.2 million after deducting the initial purchasers' discounts and commissions, estimated offering expenses and the cost of the capped call transactions. We used the net proceeds from the offering for general corporate purposes, including financing acquisitions.

8.125% Senior Notes

On June 26, 2012, we issued an aggregate of $112.5 million principal amount of 8.125% Senior Notes due 2042. The 8.125% Senior Notes are our senior unsecured obligations. The 8.125% Senior Notes may be redeemed for cash, in whole or in part, on or after June 26, 2017, at our option, at any time and from time to time, until maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest on the principal amount being redeemed to, but not including, the redemption date. The 8.125% Senior Notes are listed on the New York Stock Exchange under the symbol "BGCA." We used the proceeds to repay short-term borrowings under our unsecured revolving credit facility and for general corporate purposes, including acquisitions. The initial carrying value of the 8.125% Senior Notes was $108.7 million, net of debt issuance costs of $3.8 million. CF&Co, an affiliate of us, served as one of the underwriters in this transaction and was paid an underwriting fee of approximately $0.2 million.

5.375% Senior Notes

On December 9, 2014, the Company issued an aggregate of $300.0 million principal amount of 5.375% Senior Notes due 2019 ("the 5.375% Senior Notes"). The 5.375% Senior Notes are general senior unsecured obligations of the Company. The 5.375% Senior Notes bear interest at a rate of 5.375% per year, payable in cash on June 9 and December 9 of each year, commencing June 9, 2015. The interest rate payable on the notes will be subject to adjustments from time to time based on the debt rating assigned by specified rating agencies to the notes, as set forth in the Indenture. The 5.375% Senior Notes will mature on December 9, 2019. The Company may redeem some or all of the notes at any time or from time to time for cash at certain "make-whole" redemption prices (as set forth in the Indenture). If a "Change of Control Triggering Event" (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date.

The initial carrying value of the 5.375% Senior Notes was $295.1 million, net of the discount and debt issuance costs of $4.9 million. The issuance costs are amortized as interest cost, and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The Company recorded interest expense related to the 5.375% Senior Notes of $1.0 million for the year ended December 31, 2014. There was no interest expense related to the 5.375% Senior Notes for the years ended December 31, 2013 and 2012.

Collateralized Borrowings

On various dates beginning in 2009 and most recently in December 2012, we entered into secured loan arrangements under which we pledged certain fixed assets in exchange for loans. The secured loan arrangements had fixed rates between 2.62% and 8.09% per annum and were repayable in consecutive monthly installments with the final payments due in December 2016. During the year ended December 31, 2013, we prepaid $26.7 million related to secured loan arrangements and during the six months ended June 30, 2014, we prepaid the remaining balance. Therefore, there were no secured loan arrangement balances as of December 31, 2014. The outstanding balance of the secured loan arrangements was $1.6 million and as of December 31, 2013. The value of the fixed assets pledged was $1.5 million as of December 31, 2013.

On various dates during the years ended December 31, 2010 and 2011, we sold certain furniture, equipment and software for $34.2 million, net of costs and concurrently entered into agreements to lease the property back. The principal and interest on the leases were repayable in equal monthly installments for terms of 36 months (software) and 48 months (furniture and equipment) with maturities through September 2014.

During the year ended December 31, 2013, we terminated the leases and prepaid the outstanding balance of $7.2 million.

Because the leases were terminated during 2013, we had no outstanding balance or fixed assets pledged related to the leases as of December 31, 2014 or 2013. We recorded interest expense of $0.7 million and $1.1 million for the year ended December 31, 2013 and 2012, respectively.

Because assets reverted back to us at the end of the leases, the transactions were capitalized. As a result, consideration received from the purchaser was included in our consolidated statements of financial condition as a financing obligation, and payments made under the lease were recorded as interest expense (at an effective rate of approximately 6%). Depreciation on these fixed assets was charged to “Occupancy and equipment” in our consolidated statements of operations.

We may raise additional funds from time to time through equity or debt financing, including public and private sales of debt securities, to finance our business, operations and possible acquisitions.

CREDIT RATINGS

Our public long-term credit ratings and associated outlook are as follows:

	Rating	Outlook
Fitch Ratings Inc.	BBB-	Stable
Standard & Poor’s	BBB-	Stable

Credit ratings and associated outlooks are influenced by a number of factors, including but not limited to: operating environment, earnings and profitability trends, the prudence of funding and liquidity management practices, balance sheet size/composition and resulting leverage, cash flow coverage of interest, composition and size of the capital base, available liquidity, outstanding borrowing levels and the firm’s competitive position in the industry. A credit rating and/or the associated outlook can be revised upward or downward at any time by a rating agency if such rating agency decides that circumstances warrant such a change. Any reduction in our credit ratings and/or the associated outlook could adversely affect the availability of debt financing on terms acceptable to us, as well as the cost and other terms upon which we are able to obtain any such financing. In addition, credit ratings and associated outlooks may be important to customers or counterparties when we compete in certain markets and when we seek to engage in certain transactions. In connection with certain agreements, we may be required to provide additional collateral in the event of a credit ratings downgrade.

LIQUIDITY ANALYSIS

We consider our liquidity to be comprised of the sum of Cash and cash equivalents plus Marketable securities and Securities owned. The discussion below describes the key components of our liquidity analysis, including earnings, dividends and distributions, net investing and funding activities including repurchases and redemptions of Class A common stock and partnership units, security settlements, changes in securities held and marketable securities, and changes in our working capital.

We consider the following in analyzing changes in our liquidity.

A comparison of consolidated net income adjusted for certain non-cash items (e.g., grants of exchangeability) as presented on the cash flow statement. Dividends and distributions are payments made to our holders of common shares and limited partnership interests and are related to earnings from prior periods. These timing differences will impact our cash flows in a given period.

Our investing and funding activities represent a combination of our capital raising activities, including short-term borrowings and repayments, issuances of shares under our controlled equity offerings (net), Class A common stock repurchases and partnership unit redemptions, purchases and sales of securities, dispositions, and other investments (e.g. acquisitions, forgivable loans to new brokers and capital expenditures-all net of depreciation and amortization).

Our securities settlement activities primarily represent deposits with clearing organizations. In addition, when advantageous, we may elect to facilitate the settlement of matched principal transactions by funding failed trades, which results in a temporary secured use of cash and is economically beneficial to us.

Other changes in working capital represent changes primarily in receivables and payables and accrued liabilities that impact our liquidity,

Changes in Securities owned and Marketable securities may result from additional cash investments or sales, which will be offset by a corresponding change in Cash and cash equivalents and accordingly will not result in a change in our liquidity. Conversely, changes in the market value of such securities and the receipt of the NASDAQ earn-out in the form of additional NASDAQ shares are reflected in our earnings or other comprehensive income and will result in changes in our liquidity.

The following is an analysis which describes the key components of changes in our liquidity.

Discussion of the year ended December 31, 2014

	Liquidity Analysis as of	
(in millions)	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 648.3	$ 716.9
Securities owned	32.5	33.1
Marketable securities	144.7	45.0
Total	$ 825.5	$ 795.0

The $30.5 million increase in our liquidity position from $795.0 million to $825.5 million as of December 31, 2014 was primarily driven by the $295.1 in net proceeds from the issuance of the 5.375% Senior Notes in December 2014, partially offset by cash used for the redemption and/or repurchase of 18.9 million shares and units at a cost of $139.9 million and cash used for acquisitions. The Company's calculation of liquidity as of December 31, 2014, includes the 17.1 million shares of GFI that BGC and its affiliates own, although the Company and its affiliates do not currently intend to sell these shares.

Discussion of year ended December 31, 2013

	Liquidity Analysis as of	
(in millions)	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 716.9	$ 388.4
Securities owned	33.1	32.0
Marketable securities	45.0	—
Total	$ 795.0	$ 420.4

For the year ended December 31, 2013 our liquidity of $795.0 was primarily driven by the cash received from the sale of eSpeed to NASDAQ OMX in June 2013. The net proceeds from the divestiture of eSpeed was approximately $747.7 million. This increase in our liquidity was partially offset by $305.2 million of dividends and distributions paid to our shareholders and limited partners for the third and fourth quarters of 2012 and the first, second and third quarters of 2013, including distributions in respect of the NASDAQ OMX Transaction.

CLEARING CAPITAL

In November 2008, we entered into a clearing capital agreement with Cantor to clear U.S. Treasury and U.S. government agency securities transactions on our behalf. Pursuant to the terms of this agreement, so long as Cantor is providing clearing services to us, Cantor shall be entitled to request from us, and we shall post as soon as practicable, cash or other property acceptable to Cantor in the amount reasonably requested by Cantor under the clearing capital agreement. Cantor had not requested any cash or other property from us as collateral as of December 31, 2014.

REGULATORY REQUIREMENTS

Our liquidity and available cash resources are restricted by regulatory requirements of our operating subsidiaries. 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 U.S., are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer. In addition, self-regulatory organizations such as the Financial Industry Regulatory Authority ("FINRA") and the National Futures Association ("NFA") along with statutory bodies such as the Financial Conduct Authority ("FCA") and the U.S. Securities and Exchange Commission (the "SEC") require strict compliance with their rules and regulations. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with broker-dealers and are not designed to specifically protect stockholders. These regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements.

The FCA is the relevant statutory regulator in the United Kingdom. The FCA was established in 2013, and superseded the former regulatory agency, the FSA. The FCA's objectives are to protect customers, maintain the stability of the financial services industry and promote competition between financial services providers. It has broad rule-making, investigative and enforcement powers derived from the Financial Services and Markets Act 2000 and subsequent and derivative legislation and regulations.

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. Additionally, certain other of our foreign subsidiaries are required to maintain non-U.S. net capital requirements. In Hong Kong, BGC Securities (Hong Kong), LLC and BGC Capital Markets (Hong Kong), Limited are regulated by the Securities and Futures Commission and The Hong Kong Monetary Authority, respectively. Both are subject to Hong Kong net capital requirements. In France, Aurel BGC, BGC France Holdings, and Ginalfi Finance; in Australia, BGC Partners

(Australia) Pty Limited and BGC (Securities); in Japan, BGC Shoken Kaisha Limited's Japanese branch; in Singapore, BGC Partners (Singapore) Limited and BGC Securities (Singapore) Ltd; in Korea, BGC Capital Markets & Foreign Exchange Broker (Korea) Limited; and in Turkey, BGC Partners Menkul Degerler AS, all have net capital requirements imposed upon them by local regulators. In addition, the LCH (LIFFE/LME) clearing organization, of which BGC LP is a member, also imposes minimum capital requirements.

As of December 31, 2014, $336.8 million of net assets were held by regulated subsidiaries. As of December 31, 2014, these subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of $156.4 million.

In April 2013, our Board of Directors and Audit Committee authorized management to enter into indemnification agreements with Cantor and its affiliates with respect to the provision of any guarantees provided by Cantor and its affiliates from time to time as required by regulators. These services may be provided from time to time at a reasonable and customary fee.

BGC Derivative Markets, L.P. ("BGC Derivative Markets"), a subsidiary of the Company, began operating as a Swap Execution Facility ("SEF") on October 2, 2013. Since then, mandatory Dodd-Frank Act compliant execution on SEFs by Swap Dealers and Major Swap Participants commenced in February 2014 for a small number of "made available to trade" products, and a wide range of other rules relating to the execution and clearing of derivative products have been finalized. BGC Derivative Markets has been active across the full range of Required and Permitted Products executed by U.S.-based customers, and we anticipate improved derivatives volumes once the international regulatory landscape becomes clearer for the majority of our clients that operate globally. In addition, BGC maintains its ownership stake in ELX, a CFTC-approved designated contract market ("DCM") which offers Dodd-Frank Act compliant swap trading to eligible market participants

Much of BGC's global derivatives volumes continue to be executed by non-U.S. based clients outside the U.S. and subject to local prudential regulations. As such, we also continue to operate our Multilateral Trading facility ("MTF") in accordance with EU directives as licensed by the FCA.

The Markets in Financial Instruments Directive ("MiFID") Level 2 draft regulatory technical standards were published by the European Securities and Markets Authority ("ESMA") on May 22, 2014 and were subject to public comment until August 1, 2014. In December 2014, ESMA published a consultation paper on the draft regulatory technical standards in relation to MiFID II and the Markets in Financial Instruments Regulations. The consultation period ends on March 2, 2015.

See "Regulation" in Part I, Item 1 of this Annual Report on Form 10-K for additional information related to our regulatory environment.

EQUITY

Class A Common Stock

Changes in shares of our Class A common stock outstanding for the years ended December 31, 2014 and 2013 were as follows.

	Years Ended December 31,	
	2014	2013
Shares outstanding at beginning of period	181,583,001	123,913,759
Share issuances:		
Exchanges of limited partnership interests (1)	14,597,544	55,953,246
Vesting of restricted stock units (RSUs)	987,831	909,407
Acquisitions	1,912,630	2,799,604
Other issuances of Class A common stock	47,896	1,053,842
Treasury stock repurchases	(14,020,586)	(3,046,857)
Shares outstanding at end of period	185,108,316	181,583,001

Class B Common Stock

We did not issue any shares of Class B common stock during the years ended December 31, 2014 and 2013. As of December 31, 2014 and 2013 the Company's Class B common stock outstanding was 34,848,107.

Unit Redemptions and Share Repurchase Program

Our Board of Directors and Audit Committee have authorized repurchases of our Class A common stock and redemptions of BGC Holdings limited partnership interests or other equity interests in our subsidiaries. In February 2014, our Audit Committee authorized such repurchases of stock or units from Cantor employees and partners. On July 30, 2014, our Board of Directors and Audit Committee increased the Company’s share repurchase and unit redemption authorization to $250 million. From time to time, we may actively continue to repurchase shares or redeem units.

Table of Contents

The table below represents unit redemption and share repurchase activity for the year ended December 31, 2014.

Period	Total Number of Units Redeemed or Shares Repurchased	Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/Purchased Under the Plan
Redemptions [1]			
January 1, 2014 – March 31, 2014	2,369,681	$ 6.35	
April 1, 2014 – June 30, 2014	2,055,942	6.89	
July 1, 2014 – September 30, 2014	7,024,702	7.58	
October 1, 2014 – December 31, 2014	2,795,523	8.09	
Total Redemptions	14,245,848	7.38	
Repurchases [2]			
January 1, 2014 – March 31, 2014	2,883,418	$ 6.64	
April 1, 2014 – June 30, 2014	3,982,825	7.17	
July 1, 2014 – September 30, 2014	3,675,696	7.71	
October 1, 2014 – December 31, 2014	3,088,786	7.85	
Total Repurchases	13,630,725	$ 7.36	
Total Redemptions and Repurchases	27,876,573	$ 7.37	$ 145,835,541

[1] During the year ended December 31, 2014, the Company redeemed approximately 10.4 million limited partnership units at an average price of $7.28 per unit and approximately 3.8 million FPUs at an average price of $7.66 per unit. During the year ended December 31, 2013, the Company redeemed approximately 10.4 million limited partnership units at an average price of $5.03 per unit an approximately 1.4 million FPUs at an average price of $4.48 per unit.

[2] During the year ended December 31, 2014, the Company repurchased approximately 13.6 million shares of its Class A common stock at an aggregate purchase price of approximately $100.3 million for an average price of $7.36 per share. During the year ended December 31, 2013, the Company repurchased approximately 3.0 million shares of its Class A common stock at an aggregate purchase price of approximately $15.5 million for an average price of $5.09 per share.

The fully diluted weighted-average share count for the year ended December 31, 2014 was as follows (in thousands):

	Three Months Ended December 31, 2014	Year Ended December 31, 2014
Common stock outstanding [1]	221,020	220,697
Limited partnership interests in BGC Holdings	—	106,047
RSUs (Treasury stock method)	—	775
Other	—	936
Total [2]	221,020	328,455

[1] Common stock outstanding consisted of Class A shares, Class B shares and contingent shares for which all necessary conditions have been satisfied except for the passage of time. For the quarter ended December 31, 2014, the weighted-average share count of Class A shares was 186.2 million and Class B shares was 34.8 million. For the year ended December 31, 2014, the weighted-average share count of Class A shares was 185.9 million and Class B shares was 34.8 million.

[2] Given the net loss during the quarter ended December 31, 2014, approximately 156.9 million potentially dilutive securities were not included in the computation of fully diluted earnings per share because their effect would have been anti-dilutive. Anti-dilutive securities for the quarter ended December 31, 2014 included, on a weighted-average basis, 111.0 million limited partnership interests, 40.2 million shares underlying Convertible Notes and 5.7 million other securities or other contracts to issue shares of common stock. For the year ended December 31, 2014, approximately 44.4 million potentially dilutive securities were not included in the computation of fully diluted earnings per share because their effect would have been anti-dilutive. Anti-dilutive securities for the year ended December 31, 2014 included, on a weighted-average basis, 40.1 million shares underlying Convertible Notes and 4.3 million other securities or other contracts to issue shares of common stock. Also, as of December 31, 2014, approximately 10.9 million shares of contingent Class A common stock and limited partnership units were excluded from fully diluted EPS computations because the conditions for issuance had not been met by the end of the period.

At the end of the second quarter of 2013, we commenced a Global Partnership Restructuring Program, as a result of which we reduced our fully diluted share count by approximately 32 million shares. In November 2013, we entered into the Ninth Amendment to the Agreement of Limited Partnership of the Partnership (see “Ninth Amendment to Partnership Agreement” herein), which created new preferred partnership units that may not be made exchangeable into our Class A common stock and are only entitled to a distribution each quarter at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation, and accordingly they will not be included in the fully diluted share count. Going forward, we intend to continue to reduce our overall rate of share count growth by utilizing these new preferred partnership units.

Similarly, in May 2014 we entered into the Tenth Amendment to the Agreement of Limited Partnership of the Partnership (see "Tenth Amendment to Partnership Agreement" herein). Pursuant to this amendment, NPSUs may not be made exchangeable into shares of the Company's Class A common stock and will not be allocated any items of profit or loss, and accordingly they will not be included in the fully diluted share count.

Stock Option Exercises

We did not issue any shares of our Class A common stock related to the exercise of stock options during the years ended December 31, 2014 and 2013.

Equity Registration Statements

We currently have in place an effective equity shelf Registration Statement on Form S-3 (the "Form S-3 Registration Statement") with respect to the issuance and sale of up to 20 million shares of our Class A common stock from time to time on a delayed or continuous basis. On December 12, 2012, we entered into a controlled equity offering sales agreement with CF&Co (the "December 2012 Sales Agreement"), pursuant to which we may offer and sell up to an aggregate of 20 million shares of our Class A common stock. On February 5, 2015, we completed the sales available under the December 2012 Sales Agreement. On November 20, 2014, we entered into a controlled equity offering sales agreement with CF&Co (the "November 2014 Sales Agreement"), pursuant to which we may offer and sell up to an aggregate of 20 million shares of our Class A common stock. Shares of our Class A common stock sold under our controlled equity offering sales agreement are used primarily for redemptions of limited partnership interests in BGC Holdings. CF&Co is a wholly-owned subsidiary of Cantor and an affiliate of us. Under the December 2012 Sales Agreement and November 2014 Sales Agreement, we have agreed to pay CF&Co 2% of the gross proceeds from the sale of shares.

As of February 25, 2015, we have issued and sold an aggregate of approximately 0.8 million shares of Class A common stock under the Form S-3 Registration Statement pursuant to the November 2014 Sales Agreement, with approximately 19.2 million shares of Class A common stock remaining to be sold under this agreement. We intend to use the net proceeds of any shares of Class A common stock sold for general corporate purposes, including potential acquisitions, redemptions of limited partnership units and founding/working partner units in BGC Holdings and repurchases of shares of Class A common stock from partners, executive officers and other employees of ours or our subsidiaries and of Cantor and its affiliates. Certain of such partners will be expected to use the proceeds from such sales to repay outstanding loans issued by, or credit enhanced by, Cantor or BGC Holdings. In addition to general corporate purposes, these registrations along with our share buy-back authorization are designed as a planning device in order to facilitate the redemption process. Going forward, we may redeem units and reduce our fully diluted share count under our repurchase authorization or later sell Class A shares under the registration.

Further, we have an effective registration statement on Form S-4 (the "Form S-4 Registration Statement"), with respect to the offer and sale of up to 20 million shares of Class A common stock from time to time in connection with business combination transactions, including acquisitions of other businesses, assets, properties or securities. As of December 31, 2014, we have issued an aggregate of 6.5 million shares of Class A common stock under the Form S-4 Registration Statement, all in connection with acquisitions in the real estate brokerage industry. We also have an effective shelf Registration Statement on Form S-3 pursuant to which we can offer and sell up to 10 million shares of our Class A common stock under the BGC Partners, Inc. Dividend Reinvestment and Stock Purchase Plan. As of December 31, 2014, we have issued approximately 187.6 thousand shares of our Class A common stock under the Dividend Reinvestment and Stock Purchase Plan.

On April 12, 2013, we filed a resale Registration Statement on Form S-3 pursuant to which 2,810,000 shares of our Class A common stock may be sold by The Cantor Fitzgerald Relief Fund (the "Relief Fund") or by its pledgees, donees, transferees or other successors in interest. Of the 2,810,000 shares, 1,810,000 shares were donated on December 21, 2012 and the remaining 1,000,000 shares were donated on April 2, 2013.

Our Compensation Committee may grant stock options, stock appreciation rights, deferred stock such as RSUs, bonus stock, performance awards, dividend equivalents and other equity-based awards, including to provide exchange rights for shares of our Class A common stock upon exchange of limited partnership units and founding/working partner units. On June 3, 2014, at our Annual Meeting of Stockholders, our stockholders approved an amendment to our Fourth Amended and Restated Long Term Incentive Plan (the "Equity Plan") to increase from 200 million to 300 million the aggregate number of shares of our Class A common stock that may be delivered or cash settled pursuant to awards granted during the life of the Equity Plan. On June 12, 2014, we filed a Registration Statement on Form S-8 with respect to the additional 100 million shares. As of December 31, 2014, the limit on the aggregate number of shares authorized to be delivered allowed for the grant of future awards relating to 145.4 million shares.

UNIT REDEMPTIONS AND EXCHANGES—EXECUTIVE OFFICERS

During 2013, our executive officers participated in the Global Partnership Restructuring Program. In connection with the program, Messrs. Lynn, Windeatt and Sadler received an aggregate of 283,206 newly-issued BGC Holdings limited partnership units (equivalent to 9.75% of their non-exchangeable units that were redeemed in the above transactions). Upon any sale or other transfer by such executive officers of shares of restricted stock, a proportional number of these units will be redeemed for zero by BGC Holdings.

These units are not expected to be made exchangeable into shares of Class A common stock. In connection with the sale of certain shares of restricted stock, an aggregate of 91,703 of such units held by Messrs. Lynn, Windeatt and Sadler were redeemed for zero on February 5, 2014.

SHARE REPURCHASES FROM EXECUTIVE OFFICERS

On January 21, 2014, the Compensation Committee authorized the acceleration of restrictions with respect to an aggregate of 1,254,723 shares of restricted Class A common stock held by our executive officers as follows: Mr. Lutnick, 628,872 shares (Mr. Lutnick does not currently intend to sell any of these shares); Mr. Lynn, 424,347 shares; Mr. Merkel, 14,689 shares; Mr. Windeatt, 146,843 shares; and Mr. Sadler, 39,972 shares. The Compensation Committee authorized the Company to repurchase any or all of such shares from the executive officers at a price of $6.51 per share, which was the closing price of our Class A common stock on January 21, 2014.

On February 5, 2014, certain executive officers elected to sell, and we agreed to purchase, an aggregate of 636,841 shares of Class A common stock from such executive officers at a price of $6.51 per share as follows: Mr. Lynn, 424,347 shares; Mr. Merkel, 14,689 shares; Mr. Windeatt, 157,833 shares (of which 146,843 shares were previously restricted and an additional 10,990 freely tradable shares); and Mr. Sadler, 39,972 shares.

On January 30, 2015, the Compensation Committee authorized the acceleration of restrictions with respect to an aggregate of 578,756 shares of restricted Class A common stock held by the Company's executive officers as follows: Mr. Lynn, 455,733 shares; Mr. Windeatt, 95,148 shares; Mr. Sadler, 31,669 shares; and Mr. Merkel, 16,354 shares. The Compensation Committee authorized the Company to repurchase any or all of such shares for the executive officers at a price of $7.83 per share, which was the closing price of our Class A common stock on January 30, 2015. In December, 2014, the Compensation Committee authorized the repurchase from Mr. Windeatt of 42,500 shares of restricted stock to the Company, which were sold for an aggregate of $371,875. In January 2015, upon vesting of NPSU awards granted to Mr. Merkel in 2014, the Compensation Committee authorized the Company to grant exchangeability and repurchase 5,607 vested PSUs and 4,588 vested PPSUs at the average price of shares sold under the CEO less 2%.

CONTINGENT PAYMENTS RELATED TO ACQUISITIONS

The Company has completed acquisitions, whose purchase price included an aggregate of approximately 9.4 million shares of the Company's Class A common stock (with an acquisition date fair value of approximately $52.0 million), 7.9 million limited partnership units (with an acquisition date fair value of approximately $46.5 million) and $35.8 million in cash that may be issued contingent on certain targets being met through 2018.

As of December 31, 2014, the Company has issued 5.0 million shares of its Class A common stock, 1.2 million of limited partnership units and $1.2 million in cash related to contingent payments.

CANTOR RIGHTS TO PURCHASE LIMITED PARTNERSHIP INTERESTS FROM BGC HOLDINGS

Cantor has the right to purchase limited partnership interests (Cantor units) from BGC Holdings upon redemption of non-exchangeable founding/working partner units redeemed by BGC Holdings upon termination or bankruptcy of the founding/working partner. Any such Cantor units purchased by Cantor are exchangeable for shares of Class B common stock or, at Cantor's election or if there are no additional authorized but unissued shares of Class B common stock, shares of Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments).

On July 21, 2014, the Company issued exchange rights with respect to, and Cantor purchased, an aggregate of 3,142,257 exchangeable limited partnership units in BGC Holdings consisting of (i) 1,371,058 such units in connection with the redemption by BGC Holdings of an aggregate of 1,371,058 non-exchangeable founding partner units from former Cantor partners who were former founding partners of BGC Holdings, and (ii) 1,771,199 such units in connection with the grant of exchangeability to 1,771,199 units held by former Cantor partners who were former founding partners of BGC Holdings. Such exchangeable limited partnership units were exchangeable by Cantor at any time on a one-for-one basis for shares of common stock of the Company. The aggregate net purchase price paid by Cantor for such units was $10,605,549. Immediately after Cantor's purchases of such exchangeable limited partnership units, also on July 21, 2014, the Company purchased from Cantor an aggregate of 5 million units and shares, consisting of (i) all of such 3,142,257 units and (ii) 1,857,743 previously-owned shares of the Company's Class A common stock, for $38.7 million based on the closing price per share of the Class A common stock on the date of such purchases.

As of December 31, 2014, there were 732,226 non-exchangeable founding/working partner units remaining in which BGC Holdings had the right to redeem and Cantor had the right to purchase an equivalent number of Cantor units.

GUARANTEE AGREEMENT FROM CF&CO

Under rules adopted by the CFTC, all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the National Futures Association ("NFA") and either meet financial reporting and net capital requirements on an individual basis or obtain a guarantee agreement from a registered Futures Commission Merchant ("FCM"). Our European-based brokers engage from time to time in interest rate swap transactions with U.S.-based counterparties, and therefore we are subject to the CFTC requirements. CF&Co has entered into guarantees on our behalf, and we are required to indemnify CF&Co for the amounts, if any, paid by CF&Co on our behalf pursuant to this arrangement.

NINTH AMENDMENT TO PARTNERSHIP AGREEMENT

On November 6, 2013, BGC GP, LLC, a subsidiary of the Company and the General Partner of the Company's majority-owned subsidiary, BGC Holdings, and Cantor, the Majority in Interest Exchangeable Limited Partner of the Partnership, entered into the Ninth Amendment to the Agreement of Limited Partnership of the Partnership (the "Ninth Amendment") effective as of July 1, 2013.

In order to facilitate partner compensation and for other corporate purposes, the Ninth Amendment creates new preferred partnership units ("Preferred Units") that may be awarded to holders of, or contemporaneous with the grant of, PSUs, PSIs, PSEs, LPUs, APSUs, APSIs, APSEs, REUs, RPUs, AREUs, and ARPUs.

Each quarter, the net profits of BGC Holdings will be allocated to such units at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation (the "Preferred Distribution"), which is deducted before the calculation and distribution of the quarterly partnership distribution for the remaining partnership units. The Preferred Units will not be entitled to participate in partnership distributions other than with respect to the Preferred Distribution. The Preferred Units may not be made exchangeable into our Class A common stock and are only entitled to the Preferred Distribution, and accordingly they will not be included in the fully diluted share count.

The Ninth Amendment was approved by the Board of Directors and the Audit Committee of the Board of Directors.

TENTH AMENDMENT TO THE PARTNERSHIP AGREEMENT

On May 9, 2014, partners of BGC Holdings approved the Tenth Amendment to the Agreement of Limited Partnership of BGC Holdings (the "Tenth Amendment") effective as of May 9, 2014. In order to facilitate partner compensation and for other corporate purposes the Tenth Amendment creates a new class of partnership units ("NPSUs"), which are working partner units.

NPSUs are identical to PSUs except that NPSUs will not be entitled to participate in Partnership distributions, will not be allocated any items of profit or loss and may not be made exchangeable into shares of the Company's Class A common stock. Upon grant, NPSUs may be assigned a written vesting schedule pursuant to which a certain number of NPSUs would be converted for PSUs/PPSUs on each vesting date, subject to terms and conditions determined by the General Partner of the Partnership in its sole discretion, including that the recipient continue to provide substantial services to the Company and comply with his or her partnership obligations.

The Tenth Amendment was approved by the Audit Committee of the Board of Directors and by the full Board of Directors.

STOCK LOAN TRANSACTIONS WITH CANTOR

On October 3, 2014, management was granted approval to enter into stock loan transactions with CF&Co. utilizing shares of NASDAQ OMX stock or other equities. Such stock loan transactions will bear market terms and rates.

EXECUTIVE COMPENSATION

On May 9, 2014, the Compensation Committee authorized the grant of 4 million NPSUs to Mr. Lutnick and 1 million NPSUs to Mr. Merkel. The NPSUs granted to Mr. Lutnick will vest ratably on January 1 of each year beginning January 1, 2015 and ending January 1, 2018, such that an equal number of NPSUs will vest and automatically be converted into an equivalent number of PSUs/PPSUs on each vesting date. The NPSUs granted to Mr. Merkel will vest ratably on January 1 of each year beginning January 1, 2015 and ending January 1, 2021, such that an equal number of NPSUs will vest and automatically be converted into an equivalent number of PSUs/PPSUs on each vesting date. Exchange rights with respect to any non-exchangeable PSUs/PPSUs will be determined in accordance with the Company's practices when determining discretionary bonuses or awards, which may include the Compensation Committee's exercise of negative discretion to reduce or withhold any such awards.

Upon the signing of any agreement that would result in a "Change in Control" (as defined in the Amended and Restated Change in Control Agreements entered into by each of Messrs. Lutnick and Merkel) (1) any unvested NPSUs held by Messrs. Lutnick or Merkel shall vest in full and automatically be converted for exchangeable PSUs/PPSUs (i.e., such PSUs shall be exchangeable for shares of Class A common stock and PPSUs shall be exchangeable for cash), and (2) any non-exchangeable PSUs/PPSUs held by Messrs. Lutnick and Merkel shall become immediately exchangeable, which exchangeability may be exercised in connection with such "Change in Control."

On January 30, 2015, the Compensation Committee authorized the grant of 4 million NPSUs to Mr. Lutnick and 1 million NPSUs to Mr. Lynn. These NPSUs will vest ratably on January 1 of each year beginning January 1, 2016 and ending January 1, 2020, such that an equal number of NPSUs vest and convert into an equivalent number of PSUs/PPSUs for Mr. Lutnick and LPUs/PLPUs for Mr. Lynn on each vesting date.

Exchange rights with respect to any non-exchangeable PSUs/PPSUs and non-exchangeable LPUs/PLPUs will be determined in accordance with the Company's practices when determining discretionary bonuses or awards, which may include the Compensation Committee's exercise of negative discretion to reduce or withhold any such awards. Upon the signing of any agreement that would result in a "Change in Control" (as defined in the Amended and Restated Change in Control Agreement entered into by Mr. Lutnick and the applicable Deed of Adherence entered into by Mr. Lynn) (1) any unvested NPSUs held by Messrs. Lutnick or Lynn shall vest in full and automatically be converted for exchangeable PSUs/PPSUs or LPUs/PLPUs (i.e., such PSUs and LPUs shall be exchangeable for shares of Class A common stock and PPSUs and PLPUs shall be exchangeable for cash), and (2) any non-exchangeable PSUs/PPSUs held by Mr. Lutnick and non-exchangeable LPUs/PLPUs held by Mr. Lynn shall become immediately exchangeable, which exchangeability may be exercised in connection with such "Change in Control," except that 9.75% of Mr. Lynn's LPUs/PLPUs shall be deemed to be redeemed for zero in proportion to such exchanges of LPUs/PLPUs in accordance with the customary LPU/PLPU structure.

Successful Completion of Tender Offer to Acquire GFI Group, Inc.

On February 27, 2015 BGC and GFI Group Inc. (NYSE: GFIG) ("GFI"), announced the successful completion of BGC's tender offer for GFI shares. As of the expiration of the tender offer at 5:00 PM on February 26, 2015, approximately 54.6 million shares were tendered pursuant to the offer. The 54.6 million tendered shares, together with the 17.1 million shares of GFI common stock already owned by BGC, represent approximately 56.3% of GFI's outstanding shares. BGC has accepted the shares and expects to issue payment for the shares tendered on March 3, 2015. In addition, GFI employees holding RSUs will receive $6.10 per RSU in cash, based on their pre-existing vesting schedules. All outstanding conditions of the tender offer have been met.

GFI will be a controlled company and operate as a division of BGC, reporting to Shaun Lynn, President of BGC, and its financial results will be consolidated as part of BGC. Going forward, BGC and GFI are expected to remain separately branded divisions. GFI's current Executive Chairman, Michael Gooch, and its current Chief Executive Officer, Colin Heffron, will remain as Executives and Directors of GFI Group and shall continue as Chairman and CEO, respectively, of the GFI Division.

Table of Contents

We believe the combination of BGC and GFI will create a strong and diversified company, well positioned to capture future growth opportunities. Through this combination, we expect to deliver substantial benefits to customers of the combined company, and we expect to become the largest and most profitable wholesale brokerage company. We also believe this is a highly complementary combination, which will result in meaningful economies of scale. While the front office operations will remain separately branded companies, we plan on integrating the back office, technology, and infrastructure of these two companies in a smart and deliberate way. By the end of the first year, we expect to save at least $50 million annually on items including network infrastructure, telephone lines, data centers, vendors, disaster recovery, regulatory capital, and interest expense. We expect further cost savings in the second year and beyond. We also expect to generate increased productivity per broker and to continue converting voice and hybrid broking to more profitable fully electronic trading, all of which should lead to increased revenues, profitability and cash flows.

MARKET SUMMARY

The following table provides certain volume and transaction count information for the quarterly periods indicated:

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Notional Volume (in billions)					
Total fully electronic volume	$ 4,897	$ 3,919	$ 3,538	3,116	$ 2,755
Total hybrid volume— [1]	33,609	36,823	37,486	37,089	34,617
Total fully electronic and hybrid volume	$ 38,506	$ 40,742	$41,024	40,205	$ 37,372
Transaction Count (in thousands, except for days)					
Total fully electronic transactions	3,358	2,502	2,122	1,781	1,538
Total hybrid transactions	679	650	659	706	610
Total transactions	4,037	3,152	2,781	2,487	2,148
Trading days	64	64	63	61	64

1 Defined as volume from hybrid transactions conducted by BGC Brokers, exclusive of voice-only transactions.

ANNUAL MARKET ACTIVITY

Fully electronic volume, including new products, was $15.5 trillion for the year ended December 31, 2014, compared to $32.5 trillion for the year ended December 31, 2013. Excluding eSpeed, fully electronic volume, including new products, was $10.0 trillion for the year ended December 31, 2013. Our combined voice-assisted and screen-assisted volume for the year ended December 31, 2014 was $160.5 trillion, compared to $179.0 trillion for the year ended December 31, 2013. Our combined voice-assisted and screen-assisted volume, excluding eSpeed, for the year ended December 31, 2013, was $156.4 trillion.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes certain of our contractual obligations at December 31, 2014 (in thousands):

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating leases [1]	$ 260,028	$ 49,542	$ 73,887	$ 48,620	$ 87,979
Notes payable and collateralized borrowings [2]	722,500	150,000	160,000	300,000	112,500
Interest on notes payable [3]	345,574	36,294	54,431	49,591	205,258
Other contractual obligations [4]	16,557	16,557	—	—	—
Total contractual obligations	$1,344,659	$252,393	$288,318	$398,211	$ 405,737

1 Operating leases are related to rental payments under various non-cancelable leases, principally for office space, net of sublease payments to be received. The total amount of sublease payments to be received is approximately $9.0 million over the life of the agreement.

2 Notes payable and collateralized borrowings reflects the issuance of $150.0 million of the 8.75% Convertible Notes, $160.0 million of the 4.50% Convertible Notes (the $160.0 million represents the principal amount of the debt; the carrying value of the 4.50% Convertible Notes as of December 31, 2014 was approximately $152.5 million), $112.5 million of the 8.125% Senior Notes (the $112.5 million represents the principal amount of the debt; the carrying value of the 8.125% Senior Notes as of December 31, 2014 was approximately $109.0 million) and $300.0 million of the 5.375% Senior Notes (the $300.0 million represents the principal amount of the debt; the carrying value of the 5.375% Senior Notes as of December 31, 2014 was approximately $295.2 million). See Note 18— "Notes Payable, Collateralized and Short-Term Borrowings," for more information regarding these obligations, including timing of payments and compliance with debt covenants.

3 The $205.3 million of interest on notes payable that are due in more than five years represents interest on the 8.125% Senior Notes. The 8.125% Senior Notes may be redeemed for cash, in whole or in part, on or after June 26, 2017, at the Company's option, which may impact

the actual interest paid.

[4] Other contractual obligations reflect commitments to make charitable contributions, which are recorded as part of “Accounts payable, accrued and other liabilities” in the Company’s consolidated statements of financial condition.

OFF-BALANCE SHEET ARRANGEMENTS

In the ordinary course of business, we enter into arrangements with unconsolidated entities, including variable interest entities. See Note 15—"Investments" to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information related to our investments in unconsolidated entities.

CRITICAL ACCOUNTING POLICIES

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in our consolidated financial statements. We believe that of our significant accounting policies (see Note 4—"Summary of Significant Accounting Policies" to our consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K), the following policies involve a higher degree of judgment and complexity.

Revenue Recognition

We derive our revenues primarily through commissions from brokerage services, the spread between the buy and sell prices on matched principal transactions, revenues from real estate management services, fees from related parties, fees from certain information products, fees for the provision of certain software solutions, and other revenues.

We recognize revenue when four basic criteria have been met:

- Existence of persuasive evidence that an arrangement exists;
- Delivery has occurred or services have been rendered;
- The seller's price to the buyer is fixed and determinable; and
- Collectability is reasonably assured.

The judgments involved in revenue recognition include determining the appropriate time to recognize revenue. In particular within our Real Estate Services segment, we evaluate our transactions to determine whether contingencies exist that may impact the timing of revenue recognition.

Equity-Based and Other Compensation

Discretionary Bonus: A portion of our compensation and employee benefits expense is comprised of discretionary bonuses, which may be paid in cash, equity, partnership awards or a combination thereof. We accrue expense in a period based on revenues in that period and on the expected combination of cash, equity and partnership units. Given the assumptions used in estimating discretionary bonuses, actual results may differ.

Restricted Stock Units: We account for equity-based compensation under the fair value recognition provisions of the Financial Accounting Standards Board ("FASB") guidance. Restricted stock units ("RSUs") provided to certain employees are accounted for as equity awards, and as per FASB guidance, we are required to record an expense for the portion of the RSUs that is ultimately expected to vest. FASB guidance requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Because significant assumptions are used in estimating employee turnover and associated forfeiture rates, actual results may differ from our estimates under different assumptions or conditions.

The fair value of RSU awards to employees is determined on the date of grant, based on the market value of our Class A common stock. Generally, RSUs granted by us as employee compensation do not receive dividend equivalents; as such, we adjust the fair value of the RSUs for the present value of expected forgone dividends, which requires us to include an estimate of expected dividends as a valuation input. This grant-date fair value is amortized to expense ratably over the awards' vesting periods. For RSUs with graded vesting features, we have made an accounting policy election to recognize compensation cost on a straight-line basis. The amortization is reflected as non-cash equity-based compensation expense in our consolidated statements of operations.

Restricted Stock: Restricted stock provided to certain employees is accounted for as an equity award, and as per FASB guidance, we are required to record an expense for the portion of the restricted stock that is ultimately expected to vest. We have granted restricted stock that is not subject to continued employment or service; however, transferability is subject to compliance with our and our affiliates' customary noncompete obligations. Such shares of restricted stock are generally saleable by partners in five to ten years. Because the restricted stock is not subject to continued employment or service, the grant-date fair value of the restricted stock is expensed on the date of grant. The expense is reflected as non-cash equity-based compensation expense in our consolidated statements of operations.

Limited Partnership Units: Limited partnership units in BGC Holdings are generally held by employees. Generally such units receive quarterly allocations of net income, which are cash distributed on a quarterly basis and generally contingent upon services being provided by the unit holders. As discussed above, our new Preferred Units are not entitled to participate in partnership distributions other than with respect to a distribution at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation. As prescribed in FASB guidance, the quarterly allocations of net income to such limited partnership units are reflected as a component of compensation expense under “Allocation of net income and grants of exchangeability to limited partnership units and FPUs” in our consolidated statements of operations.

Certain of these limited partnership units entitle the holders to receive post-termination payments equal to the notional amount in four equal yearly installments after the holder’s termination. These limited partnership units are accounted for as post-termination liability awards under FASB guidance. Accordingly, we recognize a liability for these units on our consolidated statements of financial condition as part of “Accrued compensation” for the amortized portion of the post-termination payment amount, based on the current fair value of the expected future cash payout. We amortize the post-termination payment amount, less an expected forfeiture rate, over the vesting period, and record an expense for such awards based on the change in value at each reporting period in our consolidated statements of operations as part of “Compensation and employee benefits.”

Certain limited partnership units are granted exchangeability into Class A common stock on a one-for-one basis (subject to adjustment). At the time exchangeability is granted, we recognize an expense based on the fair value of the award on that date, which is included in “Allocation of net income and grants of exchangeability to limited partnership units and FPUs” in our consolidated statements of operations. During the years ended December 31, 2014, 2013 and 2012, we incurred compensation expense, before associated income taxes, of $126.5 million, $57.0 million and $127.1 million, respectively, related to the grant of exchangeability on partnership units. In addition, during the year ended December 31, 2013, the Company redeemed or exchanged limited partnership units in connection with its Global Partnership Restructuring Program and incurred compensation expense, before associated income taxes of $304.1 million.

At the end of the second quarter of 2013, we commenced a Global Partnership Restructuring Program. As a result of the program, we reduced the number of BGC Holdings limited partnership units outstanding by approximately 76 million units and granted approximately 44 million shares of our Class A common stock, of which approximately 41 million were restricted shares. Taken together, these actions reduced our fully diluted share count by approximately 32 million shares.

Employee Loans: We have entered into various agreements with certain of our employees and partners whereby these individuals receive loans that may be either wholly or in part repaid from distributions that the individuals receive on some or all of their limited partnership interests or may be forgiven over a period of time. Cash advance distribution loans are documented in formal agreements and are repayable in timeframes outlined in the underlying agreements. We intend for these advances to be repaid in full from the future distributions on existing and future awards granted. The distributions are treated as compensation expense when made and the proceeds are used to repay the loan. The forgivable portion of any loans is recognized as compensation expense in our consolidated statements of operations over the life of the loan. We review the loan balances each reporting period for collectability. If we determine that the collectability of a portion of the loan balances is not expected, we recognize a reserve against the loan balances. Actual collectability of loan balances may differ from our estimates.

The Company commenced a Global Partnership Restructuring Program to provide retention incentives and to allow the Company to take advantage of certain tax efficiencies. Under the program, certain BGC Holdings limited partnership units were redeemed or exchanged for restricted stock. Due to the net redemption/exchange of the limited partnership units described above, the Company determined that the collectability of a portion of the employee loan balances were not expected and, therefore, the Company recognized a reserve for the year ended December 31, 2013 in the amount of approximately $160.5 million. The compensation expense related to this reserve is included as part of “Compensation and employee benefits” in the Company’s consolidated statements of operations.

As of December 31, 2014 and December 31, 2013, the aggregate balance of employee loans, net of reserve, was $130.8 million and $142.8 million, respectively, and is included as “Loans, forgivable loans and other receivables from employees and partners, net” in our consolidated statements of financial condition. Compensation expense for the above-mentioned employee loans for the years ended December 31, 2014, 2013 and 2012 was $25.7 million, $195 million (including a reserve of $160.5 million recognized, related to the Global Partnership Restructuring Program) and $35.6 million, respectively. The compensation expense related to these loans was included as part of “Compensation and employee benefits” in our consolidated statements of operations.

Goodwill

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. As prescribed in FASB guidance, Goodwill and Other Intangible Assets, goodwill is not amortized, but instead is periodically tested for impairment. We review goodwill for impairment on an annual basis during the fourth quarter of each fiscal year or whenever an event occurs or circumstances change that could reduce the fair value of a reporting unit below its carrying amount.

When reviewing goodwill for impairment, we first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the results of the qualitative assessment are not conclusive, or if we choose to bypass the qualitative assessment, we perform a goodwill impairment analysis using a two-step process.

The first step involves comparing each reporting unit's estimated fair value with its carrying value, including goodwill. To estimate the fair value of the reporting units, we use a discounted cash flow model and data regarding market comparables. The valuation process requires significant judgment and involves the use of significant estimates and assumptions. These assumptions include cash flow projections, estimated cost of capital and the selection of peer companies and relevant multiples. Because significant assumptions and estimates are used in projecting future cash flows, choosing peer companies and selecting relevant multiples, actual results may differ from our estimates under different assumptions or conditions. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is deemed not to be impaired. If the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of potential impairment.

The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated a potential impairment may exist. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit as calculated in step one, over the estimated fair values of the individual assets, liabilities and identified intangibles. Events such as economic weakness, significant declines in operating results of reporting units, or significant changes to critical inputs of the goodwill impairment test (e.g., estimates of cash flows or cost of capital) could cause the estimated fair value of our reporting units to decline, which could result in an impairment of goodwill in the future.

Income Taxes

We account for income taxes using the asset and liability method as prescribed in FASB guidance on Accounting for Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Certain of our entities are taxed as U.S. partnerships and are subject to the Unincorporated Business Tax ("UBT") in the City of New York. Therefore, the tax liability or benefit related to the partnership income or loss except for UBT rests with the partners (see Note 3—"Limited Partnership Interests in BGC Holdings" for a discussion of partnership interests), rather than the partnership entity. As such, the partners' tax liability or benefit is not reflected in our consolidated financial statements. The tax-related assets, liabilities, provisions or benefits included in our consolidated financial statements also reflect the results of the entities that are taxed as corporations, either in the U.S. or in foreign jurisdictions. Pursuant to FASB guidance on Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement on Accounting for Income Taxes, we provide for uncertain tax positions based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. Management is required to determine whether a tax position is more likely than not to be sustained upon examination by tax authorities, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Because significant assumptions are used in determining whether a tax benefit is more likely than not to be sustained upon examination by tax authorities, actual results may differ from our estimates under different assumptions or conditions. We recognize interest and penalties related to income tax matters in "Interest expense" and "Other expenses," respectively, in our consolidated statement of operations.

A valuation allowance is recorded against deferred tax assets if it is deemed more likely than not that those assets will not be realized. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results, the existence of cumulative losses in the most recent fiscal years, estimates of future taxable income and the feasibility of tax planning strategies.

The measurement of current and deferred income tax assets and liabilities is based on provisions of enacted tax laws and involves uncertainties in the application of tax regulations in the U.S. and other tax jurisdictions. Because our interpretation of complex tax law may impact the measurement of current and deferred income taxes, actual results may differ from these estimates under different assumptions regarding the application of tax law.

See Note 4—"Summary of Significant Accounting Policies," to our consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for additional information regarding our significant accounting policies.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 1—"Organization and Basis of Presentation," to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K for information regarding recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Credit Risk

Credit risk arises from potential non-performance by counterparties and customers. BGC Partners has established policies and procedures to manage its exposure to credit risk. BGC Partners maintains a thorough credit approval process to limit exposure to counterparty risk and employs stringent monitoring to control the counterparty risk from its matched principal and agency businesses. BGC Partners' account opening and counterparty approval process includes verification of key customer identification, anti-money laundering verification checks and a credit review of financial and operating data. The credit review process includes establishing an internal credit rating and any other information deemed necessary to make an informed credit decision, which may include correspondence, due diligence calls and a visit to the entity's premises, as necessary.

Credit approval is granted subject to certain trading limits and may be subject to additional conditions, such as the receipt of collateral or other credit support. Ongoing credit monitoring procedures include reviewing periodic financial statements and publicly available information on the client and collecting data from credit rating agencies, where available, to assess the ongoing financial condition of the client.

Through its subsidiaries, BGC Partners executes matched principal transactions in which it acts as a "middleman" by serving as counterparty to both a buyer and a seller in matching back-to-back trades. These transactions are then settled through a recognized settlement system or third-party clearing organization. Settlement typically occurs within one to three business days after the trade date. Cash settlement of the transaction occurs upon receipt or delivery of the underlying instrument that was traded. BGC Partners generally avoids settlement of principal transactions on a free-of-payment basis or by physical delivery of the underlying instrument. However, free-of-payment transactions may occur on a very limited basis.

The number of matched principal trades BGC Partners executes has continued to grow as compared to prior years. Receivables from broker-dealers, clearing organizations, customers and related broker-dealers and Payables to broker-dealers, clearing organizations, customers and related broker-dealers on the Company's consolidated statements of financial condition primarily represent the simultaneous purchase and sale of the securities associated with those matched principal transactions that have not settled as of their stated settlement dates. BGC Partners' experience has been that substantially all of these transactions ultimately settle at the contracted amounts.

In addition, BGC Partners incurs limited credit risk related to certain brokerage activities. The counterparty risk relates to the collectability of the outstanding brokerage fee receivables. The review process includes monitoring both the clients and the related brokerage receivables. The review includes an evaluation of the ongoing collection process and an aging analysis of the brokerage receivables.

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices or other factors will result in losses for a specified position. BGC Partners may allow certain of its desks to enter into unmatched principal transactions in the ordinary course of business and hold long and short inventory positions. These transactions are primarily for the purpose of facilitating clients' execution needs, adding liquidity to a market or attracting additional order flow. As a result, BGC Partners may have market risk exposure on these transactions. BGC Partners' exposure varies based on the size of its overall positions, the risk characteristics of the instruments held and the amount of time the positions are held before they are disposed of. BGC Partners has limited ability to track its exposure to market risk and unmatched positions on an intra-day basis; however, it attempts to mitigate its market risk on these positions by strict risk limits, extremely limited holding periods and hedging its exposure. These positions are intended to be held short term to facilitate customer transactions. However, due to a number of factors, including the nature of the position and access to the market on which it trades, BGC Partners may not be able to unwind the position and it may be forced to hold the position for a longer period than anticipated. All positions held longer than intra-day are marked to market.

We also have investments in marketable equity securities, which are publicly-traded, and which had a fair value of $144.7 million as of December 31, 2014. Investments in marketable securities carry a degree of risk, as there can be no assurance that the marketable securities will not lose value and, in general, securities markets can be volatile and unpredictable. As a result of these different market risks, our holdings of marketable securities could be materially and adversely affected. We may seek to minimize the effect of price changes on a portion of our investments in marketable securities through the use of derivative contracts. However, there can be no assurance that our hedging activities will be adequate to protect us against price risks associated with our investments in marketable securities. See Note 10—"Marketable Securities" and Note 12—"Derivatives" to our consolidated financial statements in Part I, Item 8 of this Annual Report on Form 10-K for further information regarding these investments and related hedging activities.

Our risk management procedures and strict limits are designed to monitor and limit the risk of unintended loss and have been effective in the past. However, there is no assurance that these procedures and limits will be effective at limiting unanticipated losses in the future. Adverse movements in the securities positions or a downturn or disruption in the markets for these positions could result in a substantial loss. In addition, principal gains and losses resulting from these positions could on occasion have a disproportionate effect, positive or negative, on BGC Partners' consolidated financial condition and results of operations for any particular reporting period.

Operational Risk

Our businesses are highly dependent on our ability to process a large number of transactions across numerous and diverse markets in many currencies on a daily basis. If any of our data processing systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes, people or systems, we could suffer impairment to our liquidity, financial loss, a disruption of our businesses, liability to clients, regulatory intervention or reputational damage. These systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including cybersecurity incidents, a disruption of electrical or communications services or our inability to occupy one or more of our buildings. The inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses.

In addition, despite our contingency plans, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which they are located. This may include a disruption involving electrical, communications, transportation or other services used by us or third parties with whom we conduct business.

Foreign Currency Risk

BGC Partners is exposed to risks associated with changes in foreign exchange rates. Changes in foreign currency rates create volatility in the U.S. dollar equivalent of the Company's revenues and expenses, in particular with regard to British Pounds and Euros. In addition, changes in the remeasurement of BGC Partners' foreign currency denominated net assets are recorded as part of its results of operations and fluctuate with changes in foreign currency rates. BGC monitors the net exposure in foreign currencies on a daily basis and hedges its exposure as deemed appropriate with highly rated major financial institutions.

Interest Rate Risk

BGC Partners had $706.7 million in fixed-rate debt outstanding as of December 31, 2014. These debt obligations are not currently subject to fluctuations in interest rates, although in the event of refinancing or issuance of new debt, such debt could be subject to changes in interest rates.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

BGC Partners, Inc. and Subsidiaries

Consolidated Financial Statements for the years ended December 31, 2014, 2013 and 2012

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of BGC Partners, Inc.:

We have audited the accompanying consolidated statements of financial condition of BGC Partners, Inc. (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BGC Partners, Inc. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), BGC Partners, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 2, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
New York, New York
March 2, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of BGC Partners, Inc.:

We have audited BGC Partners, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). BGC Partners, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Cornish and Carey Commercial, which is included in the 2014 consolidated financial statements of BGC Partners, Inc. and constituted $71.7 million or 2.6% of total assets, as of December 31, 2014 and $61.9 million or 3.5% of revenues for the year then ended. Our audit of internal control over financial reporting of BGC Partners, Inc. also did not include an evaluation of the internal control over financial reporting of Cornish and Carey Commercial.

In our opinion, BGC Partners, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial condition of BGC Partners, Inc. as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2014 of BGC Partners, Inc. and our report dated March 2, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
New York, New York
March 2, 2015

BGC PARTNERS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands, except per share data)

	December 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	$ 648,277	$ 716,919
Cash segregated under regulatory requirements	12,144	8,687
Securities owned	32,508	33,119
Securities borrowed	62,736	—
Marketable securities	144,719	45,002
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	640,761	349,915
Accrued commissions receivable, net	292,050	265,920
Loans, forgivable loans and other receivables from employees and partners, net	130,775	142,769
Fixed assets, net	112,020	127,615
Investments	17,392	17,703
Goodwill	392,570	163,339
Other intangible assets, net	27,980	18,180
Receivables from related parties	8,864	15,211
Other assets	228,331	174,984
Total assets	$ 2,751,127	$ 2,079,363
Liabilities, Redeemable Partnership Interest, and Equity		
Accrued compensation	$ 231,679	$ 187,855
Securities sold, not yet purchased	—	2,031
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	646,169	303,549
Payables to related parties	23,326	15,382
Accounts payable, accrued and other liabilities	501,830	392,525
Notes payable and collateralized borrowings	556,700	258,356
Notes payable to related parties	150,000	150,000
Total liabilities	2,109,704	1,309,698
Commitments and contingencies (Note 20)		
Redeemable partnership interest	59,501	66,918
Equity		
Stockholders' equity:		
Class A common stock, par value $0.01 per share; 500,000 shares authorized; 220,217 and 202,671 shares issued at December 31, 2014 and December 31, 2013, respectively; and 185,108 and 181,583 shares outstanding at December 31, 2014 and December 31, 2013, respectively	2,202	2,027
Class B common stock, par value $0.01 per share; 100,000 shares authorized; 34,848 shares issued and outstanding at December 31, 2014 and December 31, 2013, convertible into Class A common stock	348	348
Additional paid-in capital	817,158	745,678
Contingent Class A common stock	47,383	12,051
Treasury stock, at cost: 35,109 and 21,088 shares of Class A common stock at December 31, 2014 and December 31, 2013, respectively	(200,958)	(121,753)
Retained deficit	(268,920)	(167,923)
Accumulated other comprehensive income (loss)	4,303	(6,060)
Total stockholders' equity	401,516	464,368
Noncontrolling interest in subsidiaries	180,406	238,379
Total equity	581,922	702,747
Total liabilities, redeemable partnership interest, and equity	$ 2,751,127	$ 2,079,363

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

BGC PARTNERS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31, 2014	2013	2012
Revenues:			
Commissions	$1,307,912	$1,202,244	$1,176,009
Principal transactions	253,951	309,908	336,160
Real estate management services	163,227	163,353	122,704
Fees from related parties	28,379	41,128	53,159
Market data	6,676	10,137	17,302
Software solutions	2,801	6,201	9,962
Interest income	7,312	6,833	6,506
Other revenues	17,232	5,177	4,495
Total revenues	1,787,490	1,744,981	1,726,297
Expenses:			
Compensation and employee benefits	1,121,075	1,255,580	1,032,552
Allocations of net income and grant of exchangeability to limited partnership units and FPUs	136,633	423,589	140,076
Total compensation and employee benefits	1,257,708	1,679,169	1,172,628
Occupancy and equipment	147,435	154,108	155,349
Fees to related parties	12,137	9,443	11,792
Professional and consulting fees	51,823	51,384	72,777
Communications	82,493	92,022	90,807
Selling and promotion	71,737	81,007	86,040
Commissions and floor brokerage	19,349	22,530	22,733
Interest expense	37,945	38,332	34,885
Other expenses	154,199	104,170	64,245
Total expenses	1,834,826	2,232,165	1,711,256
Other Income (losses), net:			
Gain on divestiture and sale of investments	—	723,147	52,471
Losses on equity method investments	(8,621)	(9,508)	(11,775)
Other Income	52,769	39,466	—
Total other income (losses), net	44,148	753,105	40,696
Income (loss) from operations before income taxes	(3,188)	265,921	55,737
Provision for income taxes	651	92,166	20,224
Consolidated net income (loss)	$ (3,839)	$ 173,755	$ 35,513
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	(7,974)	102,831	11,649
Net income available to common stockholders	$ 4,135	$ 70,924	$ 23,864
Per share data:			
Basic earnings per share			
Net income available to common stockholders	$ 4,135	$ 70,924	$ 23,864
Basic earnings per share	$ 0.02	$ 0.37	$ 0.16
Basic weighted-average shares of common stock outstanding	220,697	193,694	144,886
Fully diluted earnings per share			
Net income for fully diluted shares	$ 5,692	$ 96,851	$ 46,242
Fully diluted earnings per share	$ 0.02	$ 0.36	$ 0.16
Fully diluted weighted-average shares of common stock outstanding	328,455	265,348	280,809
Dividends declared per share of common stock	$ 0.48	$ 0.48	$ 0.63
Dividends declared and paid per share of common stock	$ 0.48	$ 0.48	$ 0.63

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

BGC PARTNERS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31,		
	2014	**2013**	**2012**
Consolidated net income (loss)	$ (3,839)	$173,755	$35,513
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(6,958)	(2,193)	(533)
Unrealized gain on securities available for sale	19,259	2	—
Total other comprehensive (loss) income, net of tax	12,301	(2,191)	(533)
Comprehensive income	8,462	171,564	34,980
Less: Comprehensive income (loss) attributable to noncontrolling interest in subsidiaries, net of tax	(6,036)	102,518	11,546
Comprehensive income attributable to common stockholders	$14,498	$ 69,046	$23,434

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

BGC PARTNERS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Consolidated net income (loss)	$ (3,839)	$ 173,755	35,513
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Fixed asset depreciation and intangible asset amortization	44,747	47,152	50,985
Employee loan amortization and reserves on employee loans	25,708	194,996	35,596
Equity-based compensation and allocations of net income to limited partnership units and FPUs	147,673	433,998	144,447
Losses on equity method investments	8,621	9,508	11,775
Accretion of discount on convertible notes	4,852	5,157	4,378
Impairment of fixed assets	4,193	6,101	1,255
Deferred tax (benefit) provision	(26,185)	(81,989)	(11,550)
Sublease provision adjustment	31	318	(2,596)
Gain on divestiture	—	(550,759)	(52,471)
Recognition of earn-out and related hedges	(50,724)	(39,529)	—
Other	—	1,508	226
Consolidated net income, adjusted for non-cash and non-operating items	155,077	200,216	217,558
Decrease (increase) in operating assets:			
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers	(292,065)	(51,710)	(104,241)
Loans, forgivable loans and other receivables from employees and partners, net	(13,616)	(49,478)	(63,315)
Accrued commissions receivable, net	7,265	(49,542)	37,751
Securities borrowed	(62,736)	—	—
Securities owned	611	(1,213)	(16,187)
Receivables from related parties	(1,096)	(5,362)	(14,726)
Cash segregated under regulatory requirements	(3,457)	(5,295)	(424)
Other assets	(25,350)	(73,422)	(2,046)
Increase (decrease) in operating liabilities:			
Payables to broker-dealers, clearing organizations, customers and related broker-dealers	342,998	48,973	109,596
Payables to related parties	8,745	(24,862)	21,000
Securities sold, not yet purchased	(2,031)	2,031	—
Accounts payable, accrued and other liabilities	51,832	145,167	23,371
Accrued compensation	17,366	30,863	(37,137)
Net cash provided by operating activities	$ 183,543	$ 166,366	$ 171,200
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed assets	$ (13,727)	$ (22,988)	(36,759)
Capitalization of software development costs	(12,668)	(15,000)	(14,032)
Purchase of equity method investments	(7,392)	(1,748)	(17,501)
Proceeds from sale of marketable securities	42,999	—	53,377
Payments for acquisitions, net of cash acquired	(129,979)	(746)	(31,413)
Proceeds from divestiture, net	—	575,287	—
Distribution from equity method investments	—	—	928
Purchase of notes receivable	—	—	(22,000)
Purchase of marketable securities	(72,911)	(5,361)	—
Purchase of exchange membership	—	(1,696)	—
Capitalization of trademarks, patent defense and registration costs	(578)	(995)	(583)
Net cash provided by (used in) investing activities	$(194,256)	$ 526,753	$ (67,983)

BGC PARTNERS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(in thousands)

	Year Ended December 31, 2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from collateralized borrowings	$ —	$ —	$ 30,983
Repayments of collateral borrowings	(1,599)	(48,246)	(24,778)
Issuance of senior notes, net of deferred issuance costs	295,091	—	108,716
Earnings distributions	(58,789)	(98,345)	(92,330)
Redemption of limited partnership units	(56,261)	(107,191)	(13,491)
Repurchase of limited partnership interests	(25,070)	(6,154)	—
Dividends to stockholders	(105,132)	(91,395)	(90,590)
Repurchase of Class A common stock	(100,268)	(15,528)	(337)
Proceeds from offering of Class A common stock, net	—	—	12,667
Proceeds from short-term borrowings	—	—	90,000
Repayments of short-term borrowings	—	—	(103,600)
Cancellation of restricted stock units in satisfaction of withholding tax requirements	(1,208)	(1,216)	(2,280)
Tax impact on delivery of equity awards	—	4,700	—
Other	—	32	32
Net cash used in financing activities	(53,236)	(363,343)	(85,008)
Effect of exchange rate changes on cash and cash equivalents	(4,693)	(1,266)	487
Net (decrease) increase in cash and cash equivalents	(68,642)	328,510	18,696
Cash and cash equivalents at beginning of period	716,919	388,409	369,713
Cash and cash equivalents at end of period	$ 648,277	$ 716,919	$ 388,409
Supplemental cash information:			
Cash paid during the period for taxes	$ 87,928	$ 152,105	$ 20,292
Cash paid during the period for interest	32,099	33,175	27,187
Supplemental non-cash information:			
Issuance of Class A common stock upon exchange of limited partnership interests	$ 87,212	$ 65,908	$ 90,199
Donations with respect to Charity Day	—	5,720	13,401
Issuance of Class A common stock upon purchase of notes receivable	—	—	3,055
Use of notes receivable in business acquisition	—	—	25,617
Issuance of Class A and contingent Class A common stock for acquisitions	57,907	1,776	9,026

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

BGC PARTNERS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Year Ended December 31, 2012
(in thousands*, except *share amounts)

	BGC Partners, Inc. Stockholders								
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2012	$ 1,152	$ 348	$489,369	$ 20,133	$(109,870)	$ (80,726)	$ (3,752)	$ 98,044	$414,698
Consolidated net income	—	—	—	—	—	23,864	—	11,649	35,513
Other comprehensive loss, net of tax	—	—	—	—	—	—	(430)	(103)	(533)
Equity-based compensation, 1,343,894 shares	13	—	2,798	—	—	—	—	2,595	5,406
Dividends to common stockholders	—	—	—	—	—	(90,590)	—	—	(90,590)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	—	(89,963)	(89,963)
Grant of exchangeability and redemption of limited partnership interests, issuance of 18,024,094 shares	180	—	65,593	—	—	—	—	65,836	131,609
Issuance of Class A common stock (net of costs), 4,797,177 shares	48	—	17,123	—	—	—	—	8,897	26,068
Issuance of Class A common stock upon purchase of notes receivable, 453,172 shares	5	—	1,991	—	—	—	—	1,059	3,055
Redemption of founding/working partner units, 1,928,069 units	—	—	(6,903)	—	—	—	—	(3,705)	(10,608)
Repurchase of Class A common stock, 44,013 shares	—	—	—	—	(220)	—	—	(117)	(337)
Cantor purchase of Cantor units from BGC Holdings upon redemption of founding/working partner units, 920,729 units	—	—	—	—	—	—	—	2,732	2,732
Re-allocation of equity due to additional investment by founding/working partners	—	—	—	—	—	—	—	(1,378)	(1,378)
Issuance of contingent and Class A common stock for acquisitions, 2,119,393 shares	21	—	7,477	(1,651)	—	—	—	3,179	9,026
Purchases of Newmark noncontrolling interest	—	—	(2,112)	386	—	—	—	(5,517)	(7,243)
Other	—	—	45	—	—	—	—	(88)	(43)
Balance, December 31, 2012	$ 1,419	$ 348	$575,381	$ 18,868	$(110,090)	$(147,452)	$ (4,182)	$ 93,120	$427,412

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements

BGC PARTNERS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – (Continued)
For the Year Ended December 31, 2013
(in thousands, except share amounts)

	BGC Partners, Inc. Stockholders								
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2013	$ 1,419	$ 348	$575,381	$ 18,868	$(110,090)	$(147,452)	$ (4,182)	$ 93,120	$427,412
Consolidated net income	—	—	—	—	—	70,924	—	102,831	173,755
Other comprehensive loss, net of tax	—	—	—	—	—		(1,878)	(313)	(2,191)
Equity-based compensation, 909,407 shares	9	—	2,809	—	—		—	1,800	4,618
Dividends to common stockholders	—	—	—	—	—	(91,395)	—	—	(91,395)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	—	(89,482)	(89,482)
Grant of exchangeability and redemption of limited partnership interests, issuance of 55,953,246 shares	560	—	151,551	—	—	—	—	141,821	293,932
Issuance of Class A common stock (net of costs), 1,053,842 shares	11	—	4,133	—	—	—	—	1,865	6,009
Redemption of FPUs, 1,373,065 units	—	—	—	—	—	—	—	(2,050)	(2,050)
Repurchase of Class A common stock, 3,046,857 shares	—	—	—	—	(11,663)	—	—	(3,865)	(15,528)
Re-allocation of equity due to additional investment by founding/working partners	—	—	—	—	—	—	—	(938)	(938)
Issuance of contingent and Class A common stock for acquisitions, 2,799,604 shares	27	—	9,493	(6,817)	—	—	—	(927)	1,776
Purchases of Newmark noncontrolling interest	—	—	(2,540)	—	—	—	—	(6,827)	(9,367)
Other	1	—	4,851	—	—	—	—	1,344	6,196
Balance, December 31, 2013	$ 2,027	$ 348	$745,678	$ 12,051	$(121,753)	$(167,923)	$ (6,060)	$ 238,379	$702,747

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements

BGC PARTNERS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—(Continued)
For the Year Ended December 31, 2014
(in thousands, except share amounts)

	BGC Partners, Inc. Stockholders								
	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Contingent Class A Common Stock	Treasury Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (loss)	Noncontrolling Interest in Subsidiaries	Total
Balance, January 1, 2014	$ 2,027	$ 348	$745,678	$ 12,051	$(121,753)	$(167,923)	$ (6,060)	$ 238,379	$ 702,747
Consolidated net income	—	—	—	—	—	4,135	—	(7,974)	(3,839)
Other comprehensive gain, net of tax	—	—	—	—	—	—	10,363	1,938	12,301
Equity-based compensation, 987,831 shares	10	—	2,275	—	—	—	—	1,047	3,332
Dividends to common stockholders	—	—	—	—	—	(105,132)	—	—	(105,132)
Earnings distributions to limited partnership interests and other noncontrolling interests	—	—	—	—	—	—	—	(55,821)	(55,821)
Grant of exchangeability and redemption of limited partnership interests, issuance of 11,899,558 shares	119	—	59,207	—	—	—	—	30,741	90,067
Issuance of Class A common stock (net of costs), 47,896 shares	—	—	275	—	—	—	—	86	361
Redemption of FPUs, 2,494,896 units	—	—	—	—	—	—	—	(2,359)	(2,359)
Repurchase of Class A common stock, 14,020,586 shares	—	—	1,011	—	(79,205)	—	—	(24,526)	(102,720)
Cantor purchase of Cantor units from BGC Holdings upon redemption of founding/working partner units and subsequent repurchases by BGC Holdings, 3,142,257 units	—	—	—	—	—	—	—	(13,716)	(13,716)
Re-allocation of equity due to additional investment by founding/working partners	—	—	—	—	—	—	—	(110)	(110)
Issuance of Class A common stock for acquisitions, 1,912,630 shares	19	—	8,976	(3,635)	—	—	—	1,640	7,000
Issuance of contingent shares and limited partnership interests in connection with acquisitions	—	—	—	38,967	—	—	—	11,940	50,907
Purchases of Newmark noncontrolling interest	—	—	(234)	—	—	—	—	(169)	(403)
Other	27	—	(30)	—	—	—	—	(690)	(693)
Balance, December 31, 2014	$ 2,202	$ 348	$817,158	$ 47,383	$(200,958)	$(268,920)	$ 4,303	$ 180,406	$ 581,922

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements

BGC PARTNERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Basis of Presentation

Business Overview

BGC Partners, Inc. (together with its subsidiaries, "BGC Partners," "BGC" or the "Company") is a leading global brokerage company servicing the financial and real estate markets through its two segments, Financial Services and Real Estate Services. The Company's Financial Services segment specializes in the brokerage of a broad range of products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures and structured products. It 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. BGC Partners' integrated platform is designed to provide flexibility to customers with regard to price discovery, execution and processing of transactions, and enables them to use voice, hybrid, or in many markets, fully electronic brokerage services in connection with transactions executed either over-the-counter ("OTC") or through an exchange. Through its BGC Trader™ and BGC Market Data brands, BGC Partners offers financial technology solutions, market data, and analytics related to select financial instruments and markets.

Newmark Grubb Knight Frank ("NGKF") is a full-service commercial real estate platform that comprises the Company's Real Estate Services segment, offering commercial real estate tenants, owners, investors and developers a wide range of services, including leasing and corporate advisory, investment sales and financial services, consulting, project and development management, and property and facilities management.

The Company'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. BGC Partners has offices in dozens of major markets, including New York and London, as well as Atlanta, Beijing, Boston, Charlotte, Chicago, Copenhagen, Dallas, Denver, Dubai, Hong Kong, Houston, Istanbul, Johannesburg, Los Angeles, Mexico City, Miami, Moscow, Nyon, Paris, Philadelphia, Rio de Janeiro, San Francisco, Santa Clara, São Paulo, Seoul, Singapore, Sydney, Tokyo, Toronto, Washington, D.C. and Zurich.

Basis of Presentation

The Company's consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") and in conformity with accounting principles generally accepted in the U.S. ("U.S. GAAP"). The Company's consolidated financial statements include the Company's accounts and all subsidiaries in which the Company has a controlling interest. Intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to previously reported amounts to conform to the current presentation.

During the year ended December 31, 2014, the Company changed the presentation of certain line items in the consolidated statements of operations. The Company now presents a new section entitled "Other income (losses), net" which is comprised of Gain on divestiture and sale of investments, Losses on equity method investments and other income. Gain on divestiture and sale of investments and Losses on equity method investments were both previously presented as separate revenue line items. Other income, for the years ended December 31, 2014 and 2013, are comprised of the gain associated with the NASDAQ OMX earn-out shares and the movements related to the mark-to-market and/or hedges on the shares. The NASDAQ OMX earn-out gain, including the impact of the mark to market and related hedges was previously reported as other revenues in the Company's consolidated statements of operations.

The consolidated financial statements contain all normal and recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the consolidated statements of financial condition, the consolidated statements of operations, the consolidated statements of comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity of the Company for the periods presented.

Recent Accounting Pronouncements

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which relates to how an entity recognizes the revenue it expects to be entitled to for the transfer of promised goods and services to customers. The ASU will replace certain existing revenue recognition guidance when it becomes effective on January 1, 2017. Early adoption is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. Management is currently evaluating the impact of the future adoption of the ASU on the Company's consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements – Going Concern, which relates to disclosure of uncertainties about an entity's ability to continue as a going concern. The ASU provides additional guidance on management's responsibility to evaluate the condition of an entity and the required disclosures based on this assessment. The amendments in this update are effective for the annual period ending after December 15, 2016, and early application is permitted. The adoption of this FASB guidance would not impact the Company's consolidated financial statements.

2. Divestiture

On June 28, 2013, the Company sold (the "NASDAQ OMX Transaction") its on-the-run, electronic benchmark U.S. Treasury platform (the "Purchased Assets" or "eSpeed") to The NASDAQ OMX Group, Inc. ("NASDAQ OMX"). Upon the sale of eSpeed, NASDAQ OMX paid the Company $750 million in cash consideration, adjusted for certain pre-paid amounts and accrued costs and expenses. During the year ended December 31, 2013 the Company recognized a gain of $723.1 million which was recorded in "Gain on divestiture and sale of investments" in the Company's consolidated statements of Operations. An earn-out of up to 14,883,705 shares of NASDAQ OMX common stock will be paid ratably in each of the fifteen years following the closing in which the consolidated gross revenue of NASDAQ OMX is equal to or greater than $25 million. The earn-out was excluded from the initial gain on the divestiture and will be recognized in income when it is realized and earned, consistent with the accounting guidance for gain contingencies. During each of the years ended December 31, 2014 and 2013, the Company received 992,247 shares of NASDAQ OMX common stock and recognized revenues of $52.8 million and $39.5 million, respectively, related to the earn-out and related hedging transactions which are included in "Other income" in the Company's consolidated statements of operations. As of December 31, 2014 the Company holds approximately $47.2 million of NASDAQ OMX shares which are included in Marketable securities in the Company's consolidated statements of financial condition. Also in connection with the sale of eSpeed, during the year ended December 31, 2013 the Company paid fees of $7.4 million to CF&Co. these costs are included as a reduction of the "Gain on divestiture and sale of investments" in the Company's consolidated Statement of Operations. The Purchased Assets were included in the Company's Financial Services segment prior to the sale.

The Company has from time-to-time entered into hedging transactions using derivative contracts to minimize the effect of price changes of the NASDAQ OMX shares we own (see Note 12—"Derivatives"). The Company does not designate such derivative contracts as hedges for accounting purposes. The change in fair value of these derivative contracts is included as part of "Other income" in the Company's consolidated statements of operations, with the related fair value of the derivative contracts reflected as part of "Receivables from broker-dealers, clearing organizations, customers and related broker-dealers" or "Payables to broker-dealers, clearing organizations, customers and related broker-dealers" in the Company's consolidated statements of financial condition.

In connection with the transaction, the Company entered into a transition services agreement, under which the Company provided certain services to NASDAQ OMX over a period ranging from 12 to 18 months from the acquisition closing date. The Company attributed approximately $2.9 million of the proceeds from the sale to the transition services agreement, which was recognized as revenue over a period of 12 months. For the year ended December 31, 2014, the Company recognized approximately $1.5 million of revenue with respect to this transition services agreement, which is included in "Other revenues" in the Company's consolidated statements of operations.

3. Limited Partnership Interests in BGC Holdings

BGC Holdings, L.P. ("BGC Holdings") is a consolidated subsidiary of the Company for which the Company is the general partner. The Company and BGC Holdings jointly own BGC Partners, L.P. ("BGC US") and BGC Global Holdings L.P. ("BGC Global"), the two operating partnerships. Listed below are the limited partnership interests in BGC Holdings. The founding/working partner units, limited partnership units and limited partnership interests held by Cantor Fitzgerald, L.P. ("Cantor") ("Cantor units"), each as described below, collectively represent all of the "limited partnership interests" in BGC Holdings.

Founding/Working Partner Units

Founding/working partners have a limited partnership interest in BGC Holdings. The Company accounts for founding/working partner units ("FPUs") outside of permanent capital, as "Redeemable partnership interest," in the Company's consolidated statements of financial condition. This classification is applicable to founding/working partner units because these units are redeemable upon termination of a partner, including a termination of employment, which can be at the option of the partner and not within the control of the issuer.

Founding/working partner units are held by limited partners who are employees and generally receive quarterly allocations of net income. Upon termination of employment or otherwise ceasing to provide substantive services, the founding/working partner units are generally redeemed, and the unit holders are no longer entitled to participate in the quarterly allocations of net income. Since these allocations of net income are cash distributed on a quarterly basis and are contingent upon services being provided by the unit holder, they are reflected as a component of compensation expense under "Allocations of net income and grant of exchangeability to limited partnership units and FPUs" in the Company's consolidated statements of operations.

Limited Partnership Units

Certain employees hold limited partnership interests in BGC Holdings (e.g., REUs, RPUs, PSUs, PSIs and LPUs, collectively the "limited partnership units"). Generally, such units receive quarterly allocations of net income, which are cash distributed and generally are contingent upon services being provided by the unit holders. As prescribed in FASB guidance, the quarterly allocations of net income on such limited partnership units are reflected as a component of compensation expense under "Allocations of net income and grant of exchangeability to limited partnership units and FPUs" in the Company's consolidated statements of operations. From time to time the Company issues limited partnership units as part of the consideration for acquisitions. These units are not entitled to a distribution of earnings.

Certain of these limited partnership units entitle the holders to receive post-termination payments equal to the notional amount of the units in four equal yearly installments after the holder's termination. These limited partnership units are accounted for as post-termination liability awards, and in accordance with FASB guidance, the Company records compensation expense for the awards based on the change in value at each reporting date in the Company's consolidated statements of operations as part of "Compensation and employee benefits."

The Company has also awarded certain preferred partnership units ("Preferred Units"). Each quarter, the net profits of BGC Holdings are allocated to such units at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation (the "Preferred Distribution"). These allocations are deducted before the calculation and distribution of the quarterly partnership distribution for the remaining partnership units and are generally contingent upon services being provided by the unit holder. The Preferred Units are not entitled to participate in partnership distributions other than with respect to the Preferred Distribution. Preferred Units may not be made exchangeable into the Company's Class A common stock and are only entitled to the Preferred Distribution, and accordingly they are not included in the Company's fully diluted share count. The quarterly allocations of net income on Preferred Units are reflected in compensation expense under "Allocations of net income and grant of exchangeability to limited partnership units and FPUs" in the Company's consolidated statements of operations. After deduction of the Preferred Distribution, the remaining partnership units generally receive quarterly allocations of net income based on their weighted-average pro rata share of economic ownership of the operating subsidiaries.

Cantor Units

Cantor units are reflected as a component of "Noncontrolling interest in subsidiaries" in the Company's consolidated statements of financial condition. Cantor receives allocations of net income, which are cash distributed on a quarterly basis and are reflected as a component of "Net income attributable to noncontrolling interest in subsidiaries" in the Company's consolidated statements of operations.

General

Certain of the limited partnership interests, described above, have been granted exchangeability into Class A common stock on a one-for-one basis (subject to adjustment); additional limited partnership interests may become exchangeable for Class A common stock on a one-for-one basis (subject to adjustment). Any exchange of limited partnership interests into Class A common shares would not impact the fully diluted number of shares and units outstanding. Because these limited partnership interests generally receive quarterly allocations of net income, such exchange would have no significant impact on the cash flows or equity of the Company. Each quarter, net income is allocated between the limited partnership interests and the common stockholders. In quarterly periods in which the Company has a net loss, the loss allocation for FPUs, limited partnership units and Cantor units is allocated to Cantor and reflected as a component of "Net income attributable to noncontrolling interest in subsidiaries" in the Company's consolidated statements of operations. In subsequent quarters in which the Company has net income, the initial allocation of income to the limited partnership interests is to "Net income attributable to noncontrolling interests in subsidiaries," to recover any losses taken in earlier quarters, with the remaining income allocated to the limited partnership interests. This income (loss) allocation process has no impact on the net income allocated to common stockholders.

4. Summary of Significant Accounting Policies

Use of Estimates:

The preparation of the Company’s consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in these consolidated financial statements. Management believes that the estimates utilized in preparing these consolidated financial statements are reasonable. Estimates, by their nature, are based on judgment and available information. Actual results could differ materially from the estimates included in the Company’s consolidated financial statements. Certain reclassifications have been made to previously reported amounts to conform to the current presentation.

Revenue Recognition:

BGC Partners derives its revenues primarily through commissions from brokerage services, the spread between the buy and sell prices on matched principal transactions, revenues from real estate management services, fees from related parties, fees from certain information products, fees for the provision of certain software solutions and other revenues.

Commissions:

BGC Partners derives its commission revenue from securities, commodities and real estate brokerage transactions. Commission revenues from securities and commodities agency brokerage transactions, whereby the Company connects buyers and sellers in the OTC and exchange markets and assists in the negotiation of the price and other material terms of transactions, are recognized on a trade-date basis along with related expenses. Commissions are recognized when earned. With respect to real estate commissions, the existence of future contingencies, if any, results in the postponement of revenue recognition until the contingencies are satisfied.

Principal Transactions:

Principal transaction revenues are primarily derived from matched principal transactions, whereby the Company simultaneously agrees to buy securities from one customer and sell them to another customer. A very limited number of trading businesses are allowed to enter into unmatched principal transactions to facilitate a customer’s execution needs for transactions initiated by such customers. Revenues earned from principal transactions represent the spread between the buy and sell price of the brokered security, commodity or derivative. Principal transaction revenues and related expenses are recognized on a trade-date basis. Positions held as part of a principal transaction are marked to market on a daily basis.

Real Estate Management Services:

Real estate management services revenues include property management, facilities management and project management. Management fees are recognized at the time the related services have been performed, unless future contingencies exist. In addition, in regard to management and facility service contracts, the owner of the property will typically reimburse the Company for certain expenses that are incurred on behalf of the owner, which are comprised primarily of on-site employee salaries and related benefit costs. The amounts which are to be reimbursed per the terms of the services contract are recognized as revenue in the same period as the related expenses are incurred. In certain instances, the Company subcontracts property management services to independent property managers, in which case the Company passes a portion of their property management fee on to the subcontractor, and the Company retains the balance. Accordingly, the Company records these fees net of the amounts paid to subcontractors.

Fees from Related Parties:

Fees from related parties consist of charges for back-office services provided to Cantor and its affiliates, including occupancy of office space, utilization of fixed assets, accounting, operations, human resources and legal services and information technology. Revenues are recognized as earned on an accrual basis.

Market Data:

Market data revenues primarily consist of subscription fees and fees from customized one-time sales provided to customers either directly or through third-party vendors. Market data revenues are recognized ratably over the contract term, except for revenues derived from customized one-time sales, which are recognized as services are rendered.

Software Solutions and Licensing Fees:

Through the Company's software solutions business, the Company receives fees for providing customized software to broaden distribution capabilities and provide electronic solutions to financial market participants. Such fees are recognized as income ratably over the license period.

Other Revenues:

Other revenues are earned from various sources including underwriting fees and litigation settlements.

Other Income (Losses), Net

Gain on Divestiture and Sale of Investments:

Gain on Divestiture and Sale of Investments is comprised of gains recorded in connection with the divestiture of certain businesses or sale of investments. During the year ended December 31, 2013 the Company recorded a gain of $723.1 million related to the sale of its on-the-run, electronic benchmark U.S. Treasury platform to NASDAQ OMX (see Note 2—Divestiture). During the year ended December 31, 2012 the Company recorded a $52.5 million one-time gain from the sale of its investment in the London Metals Exchange ("LME") in December 2012.

Losses on Equity Method Investments

Losses on Equity Method Investments represent our pro rata share of the net losses on investments over which we have significant influence but do not control.

Other Income

Other income is comprised of the gain associated with the NASDAQ OMX earn-out shares and the movements related to the to the mark-to-market and/or hedges on the shares. The earn-out is related to the sale of eSpeed on June 28, 2013. (See Note 2—"Divestiture").

Segments:

The Company divides its business into segments in accordance with the accounting guidance for segment reporting. The Company's operations consist of two reportable segments, Financial Services and Real Estate Services.

Cash and Cash Equivalents:

The Company considers all highly liquid investments with original maturities of 90 days or less at the date of acquisition that are not segregated under regulatory requirements, other than those used for trading purposes, to be cash equivalents. Cash and cash equivalents include money market funds, deposits with banks, certificates of deposit, commercial paper, and treasury securities.

Cash Segregated Under Regulatory Requirements:

Cash segregated under regulatory requirements represents funds received in connection with customer activities that the Company is obligated to segregate or set aside to comply with regulations mandated by authorities such as the SEC and the Financial Industry Regulatory Authority in the U.S. ("FINRA") and the Financial Conduct Authority ("FCA") in the United Kingdom ("U.K.") that have been promulgated to protect customer assets.

Securities Owned and Securities Sold, Not Yet Purchased:

Securities owned primarily consist of unencumbered U.S. Treasury bills held for liquidity purposes. Securities owned and securities sold, not yet purchased are classified as trading and marked to market daily based on current listed market prices (or, when applicable, broker quotes), with the resulting gains and losses included in operating income in the current period. Unrealized and realized gains and losses from securities owned and securities sold, not yet purchased are included as part of "Principal transactions" in the Company's consolidated statements of operations.

Fair Value:

The FASB issued guidance that defines fair value as the price received to transfer an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and further expands disclosures about such fair value measurements.

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

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

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

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

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

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

Cash Instruments – Cash instruments are generally classified within Level 1 or Level 2. The types of instruments generally classified within Level 1 include most U.S. government securities, certain sovereign government obligations, and active listed equities. The Company does not adjust the quoted price for such instruments. The types of instruments generally classified within Level 2 include agency securities, most investment-grade and high-yield corporate bonds, certain sovereign government obligations, money market securities, and less liquid listed equities, state, municipal and provincial obligations.

Derivative Contracts – Derivative contracts can be exchange-traded or OTC. Exchange-traded derivatives typically fall within Level 1 or Level 2 of the fair value hierarchy depending on whether they are deemed to be actively traded or not. The Company generally values exchange-traded derivatives using the closing price of the exchange-traded derivatives. OTC derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. For OTC derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgment. Such instruments are typically classified within Level 2 of the fair value hierarchy.

See Note 13—"Fair Value of Financial Assets and Liabilities," for more information on the fair value of financial assets and liabilities.

Marketable Securities:

Marketable securities are comprised of securities held for investment purposes and are accounted for in accordance with FASB guidance, Accounting for Certain Investments in Debt and Equity Securities. Certain of the Company's investment securities are classified as available-for-sale and accordingly reported at fair value. Unrealized gains and losses on marketable securities classified as available-for-sale are included as part of "Accumulated other comprehensive income (loss)" in the Company's consolidated statements of financial condition. When the fair value of an available-for-sale security is lower than its cost, the Company evaluates the security to determine whether the impairment is considered "other-than-temporary." If the impairment is considered other-than-temporary, the Company records an impairment charge in the Company's consolidated statements of operations. Certain Marketable securities are classified as trading securities and accordingly are measured at fair value with any changes in fair value recognized currently in earnings and included in Other Income in the Company's consolidated statements of operations.

Receivables from and Payables to Broker-Dealers, Clearing Organizations, Customers and Related Broker-Dealers:

Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers primarily represent principal transactions for which the stated settlement dates have not yet been reached and principal transactions which have not settled as of their stated settlement dates, cash held at clearing organizations and exchanges to facilitate settlement and clearance of matched principal transactions, and spreads on matched principal transactions that have not yet been remitted from/to clearing organizations and exchanges. Also included are amounts related to open derivative contracts, which are generally executed on behalf of the Company's customers. A portion of the unsettled principal transactions and open derivative contracts that constitute receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers are with related parties (see Note 14— "Related Party Transactions," for more information regarding these receivables and payables).

Accrued Commissions Receivable, Net:

The Company has accrued commissions receivable from securities, commodities and real estate brokerage transactions. Accrued commissions receivable are presented net of allowance for doubtful accounts of approximately $26.3 million and $15.4 million as of December 31, 2014 and 2013, respectively. The allowance is based on management's estimate and is reviewed periodically based on the facts and circumstances of each outstanding receivable.

Loans, Forgivable Loans, and Other Receivables from Employees and Partners, Net:

The Company has entered into various agreements with certain of its employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distribution earnings that the individual receives on some or all of their limited partnership interests or may be forgiven over a period of time. The forgivable portion of these loans is recognized as compensation expense over the life of the loan. From time to time, the Company may also enter into agreements with employees and partners to grant bonus and salary advances or other types of loans. These advances and loans are repayable in the timeframes outlined in the underlying agreements. The Company reviews the loan balances each reporting period for collectability. If the Company determines that the collectability of a portion of the loan balances is not expected, the Company recognizes a reserve against the loan balances.

Fixed Assets, Net:

Fixed assets are carried at cost net of accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Internal and external direct costs of developing applications and obtaining software for internal use are capitalized and amortized over three years on a straight-line basis. Computer equipment is depreciated over three to five years. Leasehold improvements are depreciated over the shorter of their estimated economic useful lives or the remaining lease term. Routine repairs and maintenance are expensed as incurred. When fixed assets are retired or otherwise disposed of, the related gain or loss is included in operating income. The Company has asset retirement obligations related to certain of its leasehold improvements, which it accounts for using the FASB guidance, Accounting for Asset Retirement Obligations, which requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. The liability is discounted and accretion expense is recognized using the credit-adjusted risk-free interest rate in effect when the liability was initially recognized.

Acquisition Related Limited Partnerships Units

In connection with certain acquisitions the Company issues limited partnership units as part of the purchase consideration. These units are not eligible for a distribution of earnings. These units are accounted for as either equity or liability awards in accordance with FASB guidance.

Awards classified as liability awards are recorded at fair value on the Company’s consolidated statements of financial condition. The awards that meet the criteria for equity classification are recorded at acquisition date fair value in the Company’s consolidated statements of financial condition.

Investments:

The Company’s investments in which it has a significant influence but not a controlling interest and of which it is not the primary beneficiary are accounted for under the equity method. The Company’s consolidated financial statements include the accounts of the Company and its wholly owned and majority-owned subsidiaries. The Company’s policy is to consolidate all entities of which it owns more than 50% unless it does not have control over the entity. In accordance with FASB guidance, Consolidation of Variable Interest Entities, the Company would also consolidate any variable interest entities (“VIEs”) of which it is the primary beneficiary.

Long-Lived Assets:

The Company periodically evaluates potential impairment of long-lived assets and amortizable intangibles, when a change in circumstances occurs, by applying the concepts of FASB guidance, Accounting for the Impairment or Disposal of Long-Lived Assets, and assessing whether the unamortized carrying amount can be recovered over the remaining life through undiscounted future expected cash flows generated by the underlying assets. If the undiscounted future cash flows were less than the carrying value of the asset, an impairment charge would be recorded. The impairment charge would be measured as the excess of the carrying value of the asset over the present value of estimated expected future cash flows using a discount rate commensurate with the risks involved.

Goodwill and Other Intangible Assets, Net:

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. As prescribed in FASB guidance, Goodwill and Other Intangible Assets, goodwill and other indefinite-lived intangible assets are not amortized, but instead are periodically tested for impairment. The Company reviews goodwill and other indefinite-lived intangible assets for impairment on an annual basis during the fourth quarter of each fiscal year or whenever an event occurs or circumstances change that could reduce the fair value of a reporting unit below its carrying amount. When reviewing goodwill for impairment, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company performed impairment evaluations for the years ended December 31, 2014, 2013 and 2012 and concluded that there was no impairment of its goodwill or indefinite-lived intangible assets.

Intangible assets with definite lives are amortized on a straight-line basis over their estimated useful lives. Definite-lived intangible assets arising from business combinations include customer relationships, internally developed software, covenants not to compete and trademarks. Also included in the definite-lived intangible assets are purchased patents. The costs of acquired patents are amortized over a period not to exceed the legal life or the remaining useful life of the patent, whichever is shorter, using the straight-line method.

Income Taxes:

The Company accounts for income taxes using the asset and liability method as prescribed in FASB guidance on Accounting for Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Certain of the Company's entities are taxed as U.S. partnerships and are subject to the Unincorporated Business Tax ("UBT") in New York City. Therefore, the tax liability or benefit related to the partnership income or loss except for UBT rests with the partners (see Note 3—"Limited Partnership Interests in BGC Holdings" for a discussion of partnership interests), rather than the partnership entity. As such, the partners' tax liability or benefit is not reflected in the Company's consolidated financial statements. The tax-related assets, liabilities, provisions or benefits included in the Company's consolidated financial statements also reflect the results of the entities that are taxed as corporations, either in the U.S. or in foreign jurisdictions. Pursuant to FASB guidance on Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement on Accounting for Income Taxes, the Company provides for uncertain tax positions based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. The Company recognizes interest and penalties related to income tax matters in "Interest expense" and "Other expenses," respectively, in the Company's consolidated statements of operations.

The Company files income tax returns in the United States federal jurisdiction and various states, local and foreign jurisdictions. The Company is no longer subject to United States federal, and non-U.S. income tax examination by tax authorities for the years prior to 2011, and no longer subject to state and local income tax examination by tax authorities for the years prior to 2009.

Equity-Based and Other Compensation:

The Company accounts for equity-based compensation under the fair value recognition provisions of the FASB guidance. Equity-based compensation expense recognized during the period is based on the value of the portion of equity-based payment awards that is ultimately expected to vest. The grant-date fair value of equity-based awards is amortized to expense ratably over the awards' vesting periods. As equity-based compensation expense recognized in the Company's consolidated statements of operations is based on awards ultimately expected to vest, it has been reviewed for estimated forfeitures. Further, FASB guidance requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Restricted Stock Units:

Restricted stock units ("RSUs") provided to certain employees by the Company are accounted for as equity awards, and as per FASB guidance, the Company is required to record an expense for the portion of the RSUs that is ultimately expected to vest. The grant-date fair value of RSUs is amortized to expense ratably over the awards' vesting periods. The amortization is reflected as non-cash equity-based compensation expense in the Company's consolidated statements of operations.

Restricted Stock:

Restricted stock provided to certain employees by the Company is accounted for as an equity award, and as per FASB guidance, the Company is required to record an expense for the portion of the restricted stock that is ultimately expected to vest. The Company has granted restricted stock that is fully vested and not subject to continued employment or service with the Company or any affiliate or subsidiary of the Company; however, transferability is subject to compliance with BGC Partners' and its affiliates' customary noncompete obligations. Such shares of restricted stock are generally saleable by partners in five to ten years. Because the restricted stock is not subject to continued employment or service, the grant-date fair value of the restricted stock is expensed on the date of grant. The expense is reflected as non-cash equity-based compensation expense in the Company's consolidated statements of operations.

Limited Partnership Units:

Limited partnership units in BGC Holdings generally are held by employees and receive quarterly allocations of net income, which are cash distributed on a quarterly basis and generally contingent upon services being provided by the unit holders. As prescribed in FASB guidance, the quarterly allocations of net income on such limited partnership units are reflected as a component of compensation expense under "Allocation of net income and grant of exchangeability to limited partnership units and FPUs" in the Company's consolidated statements of operations.

Certain of these limited partnership units entitle the holders to receive post-termination payments equal to the notional amount in four equal yearly installments after the holder's termination. These limited partnership units are accounted for as post-termination liability awards under FASB guidance, which requires that the Company record an expense for such awards based on the change in value at each reporting period and include the expense in the Company's consolidated statements of operations as part of "Compensation and employee benefits." The liability for limited partnership units with a post-termination payout amount is included in "Accrued compensation" on the Company's consolidated statements of financial condition.

Certain limited partnership units are granted exchangeability into Class A common stock on a one-for-one basis (subject to adjustment). At the time exchangeability is granted, the Company recognizes an expense based on the fair value of the award on that date, which is included in “Allocation of net income and grants of exchangeability to limited partnership units and FPUs” in the Company’s consolidated statements of operations.

The Company has also awarded Preferred Units. Each quarter, the net profits of BGC Holdings are allocated to such units at a rate of either 0.6875% (which is 2.75% per calendar year) or such other amount as set forth in the award documentation (the “Preferred Distribution”), which is deducted before the calculation and distribution of the quarterly partnership distribution for the remaining partnership units. The Preferred Units are not entitled to participate in partnership distributions other than with respect to the Preferred Distribution. Preferred Units may not be made exchangeable into the Company’s Class A common stock and are only entitled to the Preferred Distribution, and accordingly they are not included in the Company’s fully diluted share count. The quarterly allocations of net income on Preferred Units are reflected in compensation expense under “Allocation of net income and grants of exchangeability to limited partnership units and FPUs” in the Company’s consolidated statements of operations.

Redeemable Partnership Interest:

Redeemable partnership interest represents limited partnership interests in BGC Holdings held by founding/working partners. See Note 3—“Limited Partnership Interests in BGC Holdings,” for additional information related to the founding/working partner units.

Contingent Class A Common Stock:

In connection with certain acquisitions, the Company has committed to issue shares of the Company’s Class A common stock upon the achievement of certain performance targets. The contingent shares meet the criteria for equity classification and are recorded at acquisition date fair value in the Company’s consolidated statements of financial condition. The amount attributable to the Company is classified as “Contingent Class A Common Stock.”

Noncontrolling Interest in Subsidiaries:

Noncontrolling interest in subsidiaries represents equity interests in consolidated subsidiaries that are not attributable to the Company, including Cantor’s limited partnership interest in BGC Holdings as well as the noncontrolling interest holders’ proportionate share of the profit or loss associated with joint ownership of the Company’s administrative services company in the U.K. (Tower Bridge), Epsilon Networks, LLC and the Company’s Real Estate affiliate entities.

Foreign Currency Transactions:

Assets and liabilities denominated in non-U.S. currencies are translated at rates of exchange prevailing on the date of the Company’s consolidated statements of financial condition, and revenues and expenses are translated at average rates of exchange for the period. Gains or losses on remeasurement of the financial statements of a non-U.S. operation, when the functional currency is the U.S. dollar, are included in the Company’s consolidated statements of operations as part of “Other expenses.” Gains or losses upon translation of the financial statements of a non-U.S. operation, when the functional currency is other than the U.S. dollar, are included within “Other comprehensive loss, net of tax” in the Company’s consolidated statements of comprehensive income and as part of “Accumulated other comprehensive loss” in the Company’s consolidated statements of financial condition.

Derivative Financial Instruments:

Derivative contracts are instruments, such as futures, forwards, options or swaps contracts that derive their value from underlying assets, indices, reference rates or a combination of these factors. Derivative instruments may be listed and traded on an exchange, or they may be privately negotiated contracts, which are often referred to as OTC derivatives. Derivatives may involve future commitments to purchase or sell financial instruments or commodities, or to exchange currency or interest payment streams. The amounts exchanged are based on the specific terms of the contract with reference to specified rates, securities, commodities, currencies or indices.

FASB guidance requires that an entity recognize all derivative contracts as either assets or liabilities in the consolidated statements of financial condition and measure those instruments at fair value. The fair value of all derivative contracts is recorded on a net-by-counterparty basis where a legal right of offset exists under an enforceable netting agreement. Derivative contracts are recorded as part of receivables from or payables to broker-dealers, clearing organizations, customers and related broker-dealers in the Company’s consolidated statements of financial condition.

5. Acquisitions

Financial Services

On February 14, 2014, the Company acquired select assets and liabilities of Heat Energy Group, LLC ("HEAT"), an independent over-the-counter energy brokerage company focused on the regional term power markets and natural gas swaps. HEAT specializes in electricity and power brokerage and has offices in New York, New Jersey and Florida.

On May 9, 2014, the Company acquired Remate Lince, a leading Mexican inter-dealer broker, which specializes in interest rate derivatives and bond brokerage. Remate Lince is headquartered in Mexico City and has operations in New York.

On December 12, 2014, the Company acquired UK assets and subsidiaries of RP Martin Group, an Europe based brokerage of forward foreign exchange and fixed income products. RP Martin is headquartered in the UK and also has international offices in Amsterdam and Stockholm. BGC has an option to acquire the businesses and assets of RP Martin in Sweden and the Netherlands in 2015, subject to regulatory approvals and certain closing conditions.

The total consideration for acquisitions during the year ended December 31, 2014, within the Financial Services segment was approximately $50.5 million, comprised of cash, shares of BGCP Class A common stock and BGC Holdings limited partnership units. The total consideration included contingent consideration of approximately 0.3 million shares of the Company's Class A common stock (with an acquisition date fair value of approximately $2.7 million), 1.3 million limited partnership units (with an acquisition date fair value of approximately $6.2 million) and $1.7 million in cash that may be issued contingent on certain targets being met through 2017. The excess of total consideration over the fair value of the total net assets acquired has been recorded to goodwill of approximately $45.0 million, excluding any measurement period and cumulative transaction adjustments, and was allocated to the Company's Financial Services segment.

Real Estate Services

On August 13, 2014 the Company completed the acquisition of Cornish & Carey Commercial ("Cornish & Carey"). Cornish & Carey is the leading commercial real estate services company in the Bay Area and Silicon Valley markets in Northern California.

In December 2014 the Company completed the acquisition of certain entities of Apartment Realty Advisors ("ARA") and its members. ARA is the nation's largest privately held, full service investment brokerage network, focusing exclusively on the multi-housing industry.

The total consideration for acquisitions during the year ended December 31, 2014, within the Real Estate Services segment was approximately $201.9 million, comprised of cash, shares of BGCP Class A common stock and BGC Holdings limited partnership units. The total consideration included contingent consideration of approximately 1.7 million restricted shares of the Company's Class A common stock (with an acquisition date fair value of approximately $13.1 million), 3.6 million limited partnership units (with an acquisition date fair value of approximately $28.0 million) and $32.3 million in cash that may be issued contingent on certain targets being met through 2018. The excess of the consideration over the fair value of the net assets acquired has been recorded as goodwill of approximately $180.6 million, excluding any measurement period and cumulative transaction adjustments, and was allocated to the Company's Real Estate Services segment.

The results of operations of the Company's acquisitions have been included in the Company's consolidated financial statements subsequent to their respective dates of acquisition. The Company has made a preliminary allocation of the consideration to the assets acquired and liabilities assumed as of the acquisition date, and expects to finalize its analysis with respect to acquisitions within the first year after the completion of the transaction. Therefore, adjustments to preliminary allocations may occur.

6. Earnings Per Share

FASB guidance on Earnings Per Share ("EPS") establishes standards for computing and presenting EPS. Basic EPS excludes dilution and is computed by dividing net income available to common stockholders by the weighted-average shares of common stock outstanding and contingent shares for which all necessary conditions have been satisfied except for the passage of time. Net income is allocated to the Company's outstanding common stock, FPUs, limited partnership units and Cantor units (see Note 3—"Limited Partnership Interests in BGC Holdings").

The Company's earnings for the years ended December 31, 2014, 2013 and 2012 were allocated as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Net income available to common stockholders	$ 4,135	$ 70,924	$23,864
Allocation of income (loss) to limited partnership interests in BGC Holdings	$(1,371)	$164,221	$21,188

The following is the calculation of the Company's basic EPS (in thousands, except per share data):

	Year Ended December 31,		
	2014	2013	2012
Basic earnings per share:			
Net income available to common stockholders	$ 4,135	70,924	$ 23,864
Basic weighted-average shares of common stock outstanding	220,697	193,694	144,886
Basic earnings per share	$ 0.02	$ 0.37	$ 0.16

Fully diluted EPS is calculated utilizing net income available for common stockholders plus net income allocations to the limited partnership interests in BGC Holdings, as well as adjustments related to the interest expense on the Convertible Notes, if applicable (see Note 18—"Notes Payable, Collateralized and Short-Term Borrowings"), and expense related to dividend equivalents for certain RSUs, if applicable, as the numerator. The denominator is comprised of the Company's weighted-average outstanding shares of common stock and, if dilutive, the weighted-average number of limited partnership interests and other contracts to issue shares of common stock, including Convertible Notes, stock options and RSUs. Except for the Preferred Units, the limited partnership interests generally are potentially exchangeable into shares of Class A common stock and are entitled to remaining earnings after the deduction for the Preferred Distribution; as a result, they are included in the fully diluted EPS computation to the extent that the effect would be dilutive.

The following is the calculation of the Company's fully diluted EPS (in thousands, except per share data):

	Year Ended December 31,		
	2014	2013	2012
Fully diluted earnings per share :			
Net income available to common stockholders	$ 4,135	$ 70,924	$ 23,864
Allocation of net income to limited partnership interests in BGC Holdings, net of tax	1,555	25,912	22,161
Interest expense on convertible notes, net of tax	—	—	—
Dividend equivalent expense on RSUs, net of tax	2	15	217
Net income for fully diluted shares	$ 5,692	$ 96,851	$ 46,242
Weighted-average shares:			
Common stock outstanding	220,697	193,694	144,886
Limited partnership interests in BGC Holdings	106,047	70,432	134,935
RSUs (Treasury stock method)	775	413	581
Other	936	809	407
Fully diluted weighted-average shares of common stock outstanding	328,455	265,348	280,809
Fully diluted earnings per share	$ 0.02	$ 0.36	$ 0.16

For the years ended December 31, 2014, 2013 and 2012, respectively, approximately 44.4 million, 103.3 million and 49.0 million potentially dilutive securities were not included in the computation of fully diluted EPS because their effect would have been anti-dilutive. Anti-dilutive securities for the year ended December 31, 2014 included, on a weighted-average basis, 40.1 million shares underlying Convertible Notes and 4.3 million other securities or other contracts to issue shares of common stock

Additionally, as of December 31, 2014, 2013 and 2012, respectively, approximately 10.9 million, 4.7 million and 5.1 million shares of contingent Class A common stock and limited partnership units were excluded from the fully diluted EPS computations because the conditions for issuance had not been met by the end of the respective periods.

7. Stock Transactions and Unit Redemptions

Class A Common Stock

Changes in shares of the Company's Class A common stock outstanding for the years ended December 31, 2014 and 2013 were as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Shares outstanding at beginning of period	181,583,001	123,913,759
Share issuances:		
Exchanges of limited partnership interests [1]	14,597,544	55,953,246
Vesting of restricted stock units (RSUs)	987,831	909,407
Acquisitions [2]	1,912,630	2,799,604
Other issuances of Class A common stock [3]	47,896	1,053,842
Treasury stock repurchases	(14,020,586)	(3,046,857)
Shares outstanding at end of period	185,108,316	181,583,001

1 The issuance related to redemptions and exchanges of limited partnership interests did not impact the fully diluted number of shares and units outstanding.

2 During the year ended December 31, 2013, an aggregate of 123,374 of these shares were issued pursuant to the exemption from registration provided by Regulation S under the Securities Act.

3 During the year ended December 31, 2013, the Company issued and donated an aggregate of 1,000,000 shares of Class A common stock to the Relief Fund in connection with the Company's annual Charity Day.

Class B Common Stock

The Company did not issue any shares of Class B common stock during the years ended December 31, 2014 and 2013. As of December 31, 2014 and 2013 the Company's Class B common stock outstanding was 34,848,107.

Controlled Equity Offering

The Company has entered into a controlled equity offering sales agreement with Cantor Fitzgerald & Co. ("CF&Co"), pursuant to which the Company may offer and sell up to an aggregate of 20 million shares of Class A common stock. Shares of the Company's Class A common stock sold under its controlled equity offering sales agreements are used primarily for redemptions and exchanges of limited partnership interests in BGC Holdings. CF&Co is a wholly owned subsidiary of Cantor and an affiliate of the Company. Under this Agreement, the Company has agreed to pay CF&Co 2% of the gross proceeds from the sale of shares. As of December 31, 2014, the Company has sold 19,581,385 shares of Class A common stock under this Agreement.

Unit Redemptions and Share Repurchase Program

The Company's Board of Directors and Audit Committee have authorized repurchases of the Company's Class A common stock and redemptions of BGC Holdings limited partnership interests or other equity interests in the Company's subsidiaries. In February 2014, our Audit Committee authorized such repurchases of stock or units from Cantor employees and partners. On July 30, 2014, the Company's Board of Directors and Audit Committee increased the BGC Partners share repurchase and unit redemption authorization to $250 million. As of December 31, 2014, the Company had approximately $145.8 million remaining from its share repurchase and unit redemption authorization. From time to time, the Company may actively continue to repurchase shares and/or redeem units.

The table below represents unit redemption and share repurchase activity for the year ended December 31, 2014:

Period	Total Number of Units Redeemed or Shares Repurchased	Average Price Paid per Unit or Share	Approximate Dollar Value of Units and Shares That May Yet Be Redeemed/Purchased Under the Plan
Redemptions [1]			
January 1, 2014 – March 31, 2014	2,369,681	$ 6.35	
April 1, 2014 – June 30, 2014	2,055,942	6.89	
July 1, 2014 – September 30, 2014	7,024,702	7.58	
October 1, 2014 – December 31, 2014	2,795,523	8.09	
Total Redemptions	14,245,848	7.38	
Repurchases [2]			

January 1, 2014 – March 31, 2014	2,883,418	$ 6.64	
April 1, 2014 – June 30, 2014	3,982,825	7.17	
July 1, 2014 – September 30, 2014	3,675,696	7.71	
October 1, 2014 – December 31, 2014	3,088,786	7.85	
Total Repurchases	13,630,725	$ 7.36	
Total Redemptions and Repurchases	27,876,573	$ 7.37	$ 145,835,541

Table of Contents

[1] During the year ended December 31, 2014, the Company redeemed approximately 10.4 million limited partnership units at an average price of $7.28 per unit and approximately 3.8 million FPUs at an average price of $7.66 per unit. During the year ended December 31, 2013, the Company redeemed approximately 10.4 million limited partnership units at an average price of $5.03 per unit an approximately 1.4 million FPUs at an average price of $4.48 per unit.

[2] During the year ended December 31, 2014, the Company repurchased approximately 13.6 million shares of its Class A common stock at an aggregate purchase price of approximately $100.3 million for an average price of $7.36 per share. During the year ended December 31, 2013, the Company repurchased approximately 3.0 million shares of its Class A common stock at an aggregate purchase price of approximately $15.5 million for an average price of $5.09 per share.

Redeemable Partnership Interest

The changes in the carrying amount of redeemable partnership interest for the years ended December 31, 2014 and 2013 were as follows (in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013
Balance at beginning of period	$ 66,918	$ 78,839
Consolidated net income allocated to FPUs	2,847	7,839
Earnings distributions	(2,968)	(8,863)
Re-allocation of equity due to additional investment by founding/working partners	110	938
FPUs exchanged	(917)	(6,496)
FPUs redeemed	(8,995)	(4,104)
Other	2,506	(1,235)
Balance at end of period	$ 59,501	$ 66,918

8. Securities Owned and Securities Sold, Not Yet Purchased

Securities owned primarily consist of unencumbered U.S. Treasury bills held for liquidity purposes. Total securities owned were $32.5 million and $33.1 million as of December 31, 2014 and December 31, 2013, respectively. There were no securities sold, not yet purchased as of December 31, 2014. Total securities sold, not yet purchased was $2.0 million as of December 31, 2013. (For additional information, see Note 13—"Fair Value of Financial Assets and Financial Liabilities").

9. Securities Borrowed

Securities borrowed transactions are recorded at the contractual amount for which the securities will be returned plus accrued interest. As of December 31, 2014, the Company entered into securities borrowed transactions of $62.7 million to cover failed trades. All securities borrowed transactions as of December 31, 2014 have subsequently settled at the contracted amounts. As of December 31, 2013, the Company had not entered into any securities borrowed transactions.

10. Marketable Securities

Marketable securities consist of the Company's ownership of various investments. The investments had a fair value of $144.7 million and $45.0 million as of December 31, 2014 and December 31, 2013, respectively.

As of December 31, 2014 and December 31, 2013, $97.5 million and $5.5 million, respectively, related to securities classified as available-for-sale and accordingly are recorded at fair value. Unrealized gains or losses on marketable securities classified as available-for-sale are included as part of "Accumulated other comprehensive loss" in the Company's consolidated statements of financial condition. The remaining balance is comprised of trading securities which are measured at fair value, with any changes in fair value recognized currently in "Other income" in the Company's consolidated statements of operations.

As of December 31, 2014 Marketable Securities included $93.1 million in fair value of GFI Group Inc. ("GFI") common stock (initial cost of $75.1 million). On February 26, 2015 the Company completed a Tender Offer to acquire GFI (see Note 25—"Subsequent Events"). These GFI securities are classified as available-for-sale and accounted for as described above.

Marketable securities also include $47.2 million of NASDAQ OMX common stock received in connection with the earn-out from the sale of eSpeed (see Note 2—"Divestiture"). These shares of NASDAQ OMX common stock are classified as trading securities and accordingly measured at fair value, with any changes in fair value recognized currently in earnings and included in "Other income" in the Company's consolidated statements of operations. From time to time the company has entered into hedging transactions using derivative contracts to minimize the effect of price changes of the Company's NASDAQ OMX shares (see Note 12—"Derivatives").

Table of Contents

11. Receivables from and Payables to Broker-Dealers, Clearing Organizations, Customers and Related Broker-Dealers

Receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers primarily represent amounts due for undelivered securities, cash held at clearing organizations and exchanges to facilitate settlement and clearance of matched principal transactions, spreads on matched principal transactions that have not yet been remitted from/to clearing organizations and exchanges and amounts related to open derivative contracts, including derivative contracts into which the Company may enter into to minimize the effect of price changes of the Company's NASDAQ OMX shares (see Note 12—"Derivatives"). As of December 31, 2014 and 2013, receivables from and payables to broker-dealers, clearing organizations, customers and related broker-dealers consisted of the following (in thousands):

	December 31, 2014	December 31, 2013
Receivables from broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to deliver	$ 559,142	$ 287,429
Cash and cash equivalents held at clearing organizations	60,300	46,684
Other receivables from broker-dealers and customers	16,927	12,204
Net pending trades	884	1,964
Open derivative contracts	3,508	1,634
Total	$ 640,761	$ 349,915
Payables to broker-dealers, clearing organizations, customers and related broker-dealers:		
Contract values of fails to receive	$ 552,790	$ 226,095
Payables to clearing organizations	79,848	62,976
Other payables to broker-dealers and customers	13,378	12,627
Open derivative contracts	153	1,851
Total	$ 646,169	$ 303,549

A portion of these receivables and payables are with Cantor. See Note 14—"Related Party Transactions," for additional information related to these receivables and payables.

Substantially all open fails to deliver, open fails to receive and pending trade transactions as of December 31, 2014 have subsequently settled at the contracted amounts.

12. Derivatives

In the normal course of operations, the Company enters into derivative contracts. These derivative contracts primarily consist of interest rate swaps, foreign exchange swaps and equity options. The Company enters into derivative contracts to facilitate client transactions, hedge principal positions and facilitate hedging activities of affiliated companies.

Derivative contracts can be exchange-traded or OTC. Exchange-traded derivatives typically fall within Level 1 or Level 2 of the fair value hierarchy depending on whether they are deemed to be actively traded or not. The Company generally values exchange-traded derivatives using their closing prices. OTC derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. For OTC derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be verified and model selection does not involve significant management judgment. Such instruments are typically classified within Level 2 of the fair value hierarchy.

The Company does not designate any derivative contracts as hedges for accounting purposes. FASB guidance requires that an entity recognize all derivative contracts as either assets or liabilities in the consolidated statements of financial condition and measure those instruments at fair value. The fair value of all derivative contracts is recorded on a net-by-counterparty basis where a legal right to offset exists under an enforceable netting agreement. Derivative contracts are recorded as part of "Receivables from broker-dealers, clearing organizations, customers and related broker-dealers" and "Payables to broker-dealers, clearing organizations, customers and related broker-dealers" in the Company's consolidated statements of financial condition.

The fair value of derivative contracts, computed in accordance with the Company's netting policy, is set forth below (in thousands):

	December 31, 2014		December 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	$ 410	$ —	$ 445	$ —
Foreign exchange swaps	3,098	153	501	926
Equity options	—	—	688	925
Total	$3,508	$ 153	$1,634	$ 1,851

The notional amounts of these derivative contracts at December 31, 2014 and December 31, 2013 were $252.8 million and $344.9 million, respectively. The interest rate swaps represent matched customer transactions settled through and guaranteed by a central clearing organization. All of the Company's foreign exchange swaps are with Cantor. See Note 14—Related Party Transactions," for additional information related to these transactions.

The replacement cost of contracts in a gain position at December 31, 2014 was $3.5 million.

The change in fair value of interest rate swaps and foreign exchange swaps is reported as part of "Principal transactions" in the Company's consolidated statements of operations, and the change in fair value of equity options related to the NASDAQ OMX hedges is included as part of "Other income" in the Company's consolidated statements of operations. The table below summarizes gains and losses on derivative contracts for the years ended December 31, 2014, 2013 and 2012 (in thousands):

Derivative contract	Year Ended December 31, 2014	2013	2012
Interest rate swaps	$ 105	$ 22	$126
Equity options	2,045	(25)	—
Foreign exchange swaps	(264)	(126)	114
Gain (loss)	$1,886	$(129)	$240

As described in Note 18—"Notes Payable, Collateralized and Short-Term Borrowings," on July 29, 2011, the Company issued an aggregate of $160.0 million principal amount of 4.50% Convertible Senior Notes due 2016 (the "4.50% Convertible Notes") containing an embedded conversion feature. The conversion feature meets the requirements to be accounted for as an equity instrument, and the Company classifies the conversion feature within "Additional paid-in capital" in the Company's consolidated statements of financial condition. At the issuance of the 4.50% Convertible Notes, the embedded conversion feature was measured at approximately $19.0 million on a pre-tax basis ($16.1 million net of taxes and issuance costs) as the difference between the proceeds received and the fair value of a similar liability without the conversion feature and is not subsequently remeasured.

Also in connection with the issuance of the 4.50% Convertible Notes, the Company entered into capped call transactions. The capped call transactions meet the requirements to be accounted for as equity instruments, and the Company classifies the capped call transactions within "Additional paid-in capital" in the Company's consolidated statements of financial condition. The purchase price of the capped call transactions resulted in a decrease to "Additional paid-in capital" of $11.4 million on a pre-tax basis ($9.9 million on an after-tax basis) at the issuance of the 4.50% Convertible Notes, and such capped call transactions are not subsequently remeasured.

13. Fair Value of Financial Assets and Liabilities

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

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

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

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

As required by FASB guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables set forth by level within the fair value hierarchy financial assets and liabilities accounted for at fair value under FASB guidance at December 31, 2014 and December 31, 2013 (in thousands):

	Assets at Fair Value at December 31, 2014				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Government debt	$ 32,508	$ —	$ —	$ —	$ 32,508
Marketable securities	144,719	—	—	—	144,719
Interest rate swaps	—	410	—	—	410
Foreign exchange swaps	—	3,098	—	—	3,098
Total	$ 177,227	$ 3,508	$ —	$ —	$ 180,735

	Liabilities at Fair Value at December 31, 2014				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Foreign exchange swaps	$ —	$ 153	$ —	$ —	153
Total	$ —	$ 153	$ —	$ —	$ 153

	Assets at Fair Value at December 31, 2013				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Government debt	$ 32,027	$ —	$ —	$ —	$ 32,027
Marketable securities	45,002	—	—	—	45,002
Interest rate swaps	—	445	—	—	445
Foreign exchange swaps	—	501	—	—	501
Equity options	688	—	—	—	688
Securities owned – Equities	1,092	—	—	—	1,092
Total	$ 78,809	$ 946	$ —	$ —	$ 79,755

	Liabilities at Fair Value at December 31, 2013				
	Level 1	Level 2	Level 3	Netting and Collateral	Total
Foreign exchange swaps	$ —	$ 926	$ —	$ —	$ 926
Equity options	925	—	—	—	925
Securities sold, not yet purchased – Equities	2,031	—	—	—	2,031
Total	$ 2,956	$ 926	$ —	$ —	$ 3,882

The following tables present information about the offsetting of derivative instruments and collateralized transactions as of December 31, 2014 and December 31, 2013 (in thousands):

	December 31, 2014					
				Gross Amounts Not Offset		
	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition	Financial Instruments	Cash Collateral Received	Net Amount
Assets						
Interest rate swaps	$ 547	$ 137	$ 410	$ —	$ —	$ 410
Foreign exchange swaps	3,144	46	3,098	—	—	3,098
Total	$ 3,691	183	$ 3,508	$ —	$ —	$ 3,508
Liabilities						
Interest rate swaps	$ 137	$ 137	$ —	$ —	$ —	$ —
Foreign exchange swaps	199	46	153	—	—	153
Total	$ 336	$ 183	$ 153	$ —	$ —	$ 153

	December 31, 2013					
				Gross Amounts Not Offset		
	Gross Amounts	Gross Amounts Offset	Net Amounts Presented in the Statements of Financial Condition	Financial Instruments	Cash Collateral Received	Net Amount
Assets						
Interest rate swaps	$ 639	$ 194	$ 445	$ —	$ —	$ 445
Foreign exchange swaps	568	67	501	—	—	501
Equity options	688	—	688	—	—	688
Total	$ 1,895	261	$ 1,634	$ —	$ —	$ 1,634
Liabilities						
Interest rate swaps	$ 194	$ 194	$ —	$ —	$ —	$ —
Foreign exchange swaps	993	67	926	—	—	926
Equity options	925	—	925	—	—	925

Total	$ 2,112	$ 261	$ 1,851	$ —	$ —	$ 1,851

All of the Company's foreign exchange swaps are with Cantor. See Note 14—"Related Party Transactions," for additional information related to these transactions.

14. Related Party Transactions

Service Agreements

Throughout Europe and Asia, the Company provides Cantor with administrative services, technology services and other support for which it charges Cantor based on the cost of providing such services plus a mark-up, generally 7.5%. In the U.K., the Company provides these services to Cantor through Tower Bridge. The Company owns 52% of Tower Bridge and consolidates it, and Cantor owns 48%. Cantor's interest in Tower Bridge is reflected as a component of "Noncontrolling interest in subsidiaries" in the Company's consolidated statements of financial condition, and the portion of Tower Bridge's income attributable to Cantor is included as part of "Net income attributable to noncontrolling interest in subsidiaries" in the Company's consolidated statements of operations. In the U.S., the Company provides Cantor with technology services for which it charges Cantor based on the cost of providing such services.

The administrative services agreement provides that direct costs incurred are charged back to the service recipient. Additionally, the service recipient generally indemnifies the service provider for liabilities that it incurs arising from the provision of services other than liabilities arising from fraud or willful misconduct of the service provider. In accordance with the administrative service agreement, the Company has not recognized any liabilities related to services provided to affiliates.

The Company, together with other leading financial institutions, formed ELX Futures L.P. ("ELX"), a limited partnership that has established a fully electronic futures exchange. Prior to consolidating ELX, the Company accounted for ELX under the equity method of accounting (see Note 15—"Investments" for more details). Effective December 23, 2014, the Company consolidated ELX in its consolidated financial statements. The Company has entered into a technology services agreement with ELX pursuant to which the Company provided software technology licenses, monthly maintenance support and other technology services as requested by ELX. As part of the sale of eSpeed, the Company sold the technology services agreement with ELX to NASDAQ OMX. In addition, in connection with the sale of eSpeed (see Note 2—"Divestiture"), the Company has guaranteed all payment obligations of ELX through December 31, 2014 under the Amended and Restated Technology Services Agreement, dated as of March 28, 2012, by and between eSpeed Technology Services L.P. and ELX.

For the years ended December 31, 2014, 2013, and 2012, the Company recognized related party revenues of $28.4 million, $41.1 million, and $53.2 million, respectively, for the services provided to Cantor and ELX. These revenues are included as part of "Fees from related parties" in the Company's consolidated statements of operations.

In the U.S., Cantor and its affiliates provide the Company with administrative services and other support for which Cantor charges the Company based on the cost of providing such services. In connection with the services Cantor provides, the Company and Cantor entered into an employee lease agreement whereby certain employees of Cantor are deemed leased employees of the Company. For the years ended December 31, 2014, 2013 and 2012, the Company was charged $34.3 million, $32.7 million and $35.3 million, respectively, for the services provided by Cantor and its affiliates, of which $22.2 million, $23.3 million and $23.5 million, respectively, were to cover compensation to leased employees for the years ended December 31, 2014, 2013 and 2012. The fees paid to Cantor for administrative and support services, other than those to cover the compensation costs of leased employees, are included as part of "Fees to related parties" in the Company's consolidated statements of operations. The fees paid to Cantor to cover the compensation costs of leased employees are included as part of "Compensation and employee benefits" in the Company's consolidated statements of operations.

For the years ended December 31, 2014, 2013 and 2012, Cantor's share of the net profit in Tower Bridge was $2.5 million, $0.1 million and $2.1 million, respectively. Cantor's noncontrolling interest is included as part of "Noncontrolling interest in subsidiaries" in the Company's consolidated statements of financial condition.

Equity Method Investment

On June 3, 2014, the Company's Board of Directors and Audit Committee authorized the purchase of 1,000 Class B Units of LFI Holdings, LLC ("LFI",) a wholly owned subsidiary of Cantor, representing 10% of the issued and outstanding Class B Units of LFI after giving effect to the transaction. On the same day, the Company completed the acquisition for $6,500,000 and was granted an option to purchase an additional 1,000 Class B Units of LFI for an additional $6,500,000. LFI is a limited liability corporation headquartered in New York which is a technology infrastructure provider tailored to the financial sector. The Company accounts for the acquisition using the equity method.

Clearing Agreement with Cantor

The Company receives certain clearing services ("Clearing Services") from Cantor pursuant to its clearing agreement. These Clearing Services are provided in exchange for payment by the Company of third-party clearing costs and allocated costs. The costs associated with these payments are included as part of "Fees to related parties" in the Company's consolidated statements of operations.

Other Agreements with Cantor

The Company is authorized to enter into short-term arrangements with Cantor to cover any failed U.S. Treasury securities transactions and to share equally any net income resulting from such transactions, as well as any similar clearing and settlement issues. As of December 31, 2014 and 2013, the Company had not entered into any arrangements to cover any failed U.S. Treasury transactions.

To more effectively manage the Company's exposure to changes in foreign exchange rates, the Company and Cantor agreed to jointly manage the exposure. As a result, the Company is authorized to divide the quarterly allocation of any profit or loss relating to foreign exchange currency hedging between Cantor and the Company. The amount allocated to each party is based on the total net exposure for the Company and Cantor. The ratio of gross exposures of Cantor and the Company is utilized to determine the shares of profit or loss allocated to each for the period. During the years ended December 31, 2014, 2013 and 2012, the Company recognized its share of foreign exchange gains of $934 thousand, losses of $346 thousand and gains of $47 thousand, respectively. These gains and losses are included as part of "Other expenses" in the Company's consolidated statements of operations.

In March 2009, the Company and Cantor were authorized to utilize each other's brokers to provide brokerage services for securities not brokered by such entity, so long as, unless otherwise agreed, such brokerage services were provided in the ordinary course and on terms no less favorable to the receiving party than such services are provided to typical third-party customers.

In August 2013, the Audit Committee authorized the Company to invest up to $350 million in an asset-backed commercial paper program for which certain Cantor entities serve as placement agent and referral agent. The program issues short-term notes to money market investors and is expected to be used by the Company from time to time as a liquidity management vehicle. The notes are backed by assets of highly rated banks. The Company is entitled to invest in the program so long as the program meets investment policy guidelines, including related to ratings. Cantor will earn a spread between the rate it receives from the short-term note issuer and the rate it pays to the Company on any investments in this program. This spread will be no greater than the spread earned by Cantor for placement of any other commercial paper note in the program. As of December 31, 2014 and 2013, respectively, the Company had $125 million and $250 million invested in the program, which is recorded in "Cash and cash equivalents" in the Company's consolidated statements of financial condition.

Receivables from and Payables to Related Broker-Dealers

Amounts due to or from Cantor and Freedom International Brokerage, one of our equity method investments, are for transactional revenues under a technology and services agreement with Freedom International Brokerage as well as for open derivative contracts. These are included as part of "Receivables from broker-dealers, clearing organizations, customers and related broker-dealers" or "Payables to broker-dealers, clearing organizations, customers and related broker-dealers" in the Company's consolidated statements of financial condition. As of December 31, 2014 and 2013, the Company had receivables from Freedom International Brokerage of $3.4 million and $2.6 million, respectively. As of December 31, 2014 and 2013, the Company had $3.1 million and $0.5 million, respectively, in receivables from Cantor related to open derivative contracts. As of December 31, 2014 and 2013, the Company had $0.2 million and $0.9 million, respectively, in payables to Cantor related to open derivative contracts.

Loans, Forgivable Loans and Other Receivables from Employees and Partners, Net

The Company has entered into various agreements with certain of its employees and partners whereby these individuals receive loans which may be either wholly or in part repaid from the distribution earnings that the individuals receive on some or all of their limited partnership interests or may be forgiven over a period of time. The forgivable portion of these loans is recognized as compensation expense over the life of the loan. From time to time, the Company may also enter into agreements with employees and partners to grant bonus and salary advances or other types of loans. These advances and loans are repayable in the timeframes outlined in the underlying agreements.

At the end of the second quarter of 2013, the Company commenced a Global Partnership Restructuring Program to provide retention incentives and to allow the Company to take advantage of certain tax efficiencies (“Global Partnership Restructuring Program”). Under the program, certain BGC Holdings limited partnership units were redeemed or exchanged for restricted stock. Due to the net redemption/exchange of the limited partnership units described above, the Company determined that the collectability of a portion of the employee loan balances were not expected and, therefore, the Company recognized a reserve in the amount of approximately $160.5 million. As of December 31, 2014 and 2013, the aggregate reserve recorded related to employee loans, including a gross up for taxes, was $179.1 million and $179.5 million, respectively. The compensation expense related to this reserve is included as part of “Compensation and employee benefits” in the Company’s consolidated statements of operations for the year ended December 31, 2013.

As of December 31, 2014 and 2013, the aggregate balance of employee loans, net of reserve, was $130.8 million and $142.8 million, respectively, and is included as “Loans, forgivable loans and other receivables from employees and partners, net” in the Company’s consolidated statements of financial condition. Compensation expense for the above mentioned employee loans for the years ended December 31, 2014, 2013 and 2012 was $25.7 million, $195.0 million and $35.6 million, respectively. The compensation expense related to these employee loans is included as part of “Compensation and employee benefits” in the Company’s consolidated statements of operations.

8.75% Convertible Notes

On April 1, 2010, BGC Holdings issued an aggregate of $150.0 million principal amount of 8.75% Convertible Senior Notes due 2015 (the “8.75% Convertible Notes”) to Cantor in a private placement transaction. The Company used the proceeds of the 8.75% Convertible Notes to repay at maturity $150.0 million aggregate principal amount of Senior Notes due April 1, 2010. The Company recorded interest expense related to the 8.75% Convertible Notes in the amount of $13.1 million for each year ended December 31, 2014, 2013 and 2012 respectively. See Note 18—“Notes Payable, Collateralized and Short-Term Borrowings,” for more information.

Controlled Equity Offerings and Other Transactions with CF&Co

As discussed in Note 7—“Stock Transactions and Unit Redemptions,” the Company has entered into controlled equity offering sales agreements with CF&Co, as the Company’s sales agent. For the years ended December 31, 2014, 2013 and 2012, the Company was charged approximately $1.3 million, $0.9 million and $1.7 million, respectively, for services provided by CF&Co related to the Company’s controlled equity offering sales agreements. These expenses are included as part of “Professional and consulting fees” in the Company’s consolidated statements of operations.

The Company has engaged CF&Co and its affiliates to act as financial advisor in connection with one or more third-party business combination transactions as requested by the Company on behalf of its affiliates from time to time on specified terms, conditions and fees. The Company may pay finders’, investment banking or financial advisory fees to broker-dealers, including, but not limited to, CF&Co and its affiliates, from time to time in connection with certain business combination transactions, and, in some cases, the Company may issue shares of the Company’s Class A common stock in full or partial payment of such fees.

On June 28, 2013, the Company completed the NASDAQ OMX Transaction pursuant to the Purchase Agreement, dated as of April 1, 2013 (the “Purchase Agreement”). In the Purchase Agreement, the Company and Cantor agreed, subject to certain exceptions, not to engage in the business of fully electronic brokerage of benchmark on-the-run U.S. Treasuries and certain transactions in first off-the-run U.S. Treasuries for three years after the closing. The Company and Cantor received from NASDAQ OMX a perpetual and royalty-free market data license and granted to NASDAQ OMX a non-exclusive, irrevocable, royalty-free right and license to use any patents owned in the businesses covered by the Purchased Assets for U.S. Treasury securities transactions. CF&Co also agreed to provide NASDAQ OMX with certain clearing and broker-dealer services for up to nine months following the closing.

On December 9, 2014 the Company issued an aggregate of $300 million principal amount of 5.375% Senior Notes due in 2019 (“the 5.375% Senior Notes”). During the year ended December 31, 2014, the Company recorded $252 thousand in underwriting or advisory fees payable to CF&Co and $18 thousand to Castle Oak related to these Senior Notes. These fees were recorded as debt issuance costs and are amortized over the term of the notes. During the year ended December 31, 2013, the Company paid underwriting or advisory fees of $7.4 million to CF&Co, which were included as a reduction of “Gain on divestiture and sale of investments” in the Company’s statements of operations. During the year ended December 31, 2012 the Company paid underwriting fees of approximately $0.2 million to CF&Co. This fee was recorded as interest expense over the term of the notes. In addition, during the year ended December 31, 2012, the Company paid advisory fees to CF&Co. of $1.0 million. These fees were recorded as part of “Professional and consulting fees” in the Company’s consolidated statements of operations.

Under rules adopted by the Commodity Futures Trading Commission (“CFTC”), all foreign introducing brokers engaging in transactions with U.S. persons are required to register with the National Futures Association and either meet financial reporting and net capital requirements on an individual basis or obtain a guarantee agreement from a registered Futures Commission Merchant. From time to time, the Company’s European-based brokers engage in interest rate swap transactions with U.S.-based counterparties, and therefore the Company is subject to the CFTC requirements. CF&Co has entered into guarantees on behalf of the Company, and the Company is required to indemnify CF&Co for the amounts, if any, paid by CF&Co on behalf of the Company pursuant to this arrangement. There have been no payments made pursuant to this arrangement.

Transactions with Cantor Commercial Real Estate Company, L.P.

On October 29, 2013, the Audit Committee of the Board of Directors authorized the Company to enter into agreements from time to time with Cantor and/or its affiliates, including Cantor Commercial Real Estate Company, L.P. (“CCRE”), to provide services, including finding and reviewing suitable acquisition or partner candidates, structuring transactions, negotiating and due diligence services, in connection with the Company’s acquisition and other business strategies in commercial real estate and other businesses. Such services are provided at fees not to exceed the fully-allocated cost of such services plus 10%. In connection with this agreement, the Company did not recognize any expense for the year ended December 31, 2014 and recognized $0.3 million of expense for the year ended December 31, 2013. This expense was recorded as part of “Professional and consulting fees” in the Company’s consolidated statements of operations. The Company did not have any fees in connection with this agreement for the year ended December 31, 2012.

The Company also has a referral agreement in place with CCRE, in which brokers are incentivized to refer business to CCRE through a revenue-share arrangement. In connection with this revenue-share agreement, the Company recognized revenues of $1.2 million, $1.5 million and $1.1 million for the years ended December 31, 2014, 2013 and 2012, respectively. This revenue was recorded as part of “Commissions” in the Company’s consolidated statements of operations.

Cantor Rights to Purchase Limited Partnership Interests from BGC Holdings

Cantor has the right to purchase limited partnership interests (Cantor units) from BGC Holdings upon redemption of non-exchangeable FPUs redeemed by BGC Holdings upon termination or bankruptcy of the founding/working partner. Any such Cantor units purchased by Cantor are exchangeable for shares of Class B common stock or, at Cantor’s election or if there are no additional authorized but unissued shares of Class B common stock, shares of Class A common stock, in each case on a one-for-one basis (subject to customary anti-dilution adjustments).

On July 21, 2014, the Company issued exchange rights with respect to, and Cantor purchased, an aggregate of 3,142,257 exchangeable limited partnership units in BGC Holdings consisting of (i) 1,371,058 such units in connection with the redemption by BGC Holdings of an aggregate of 1,371,058 non-exchangeable founding partner units from former Cantor partners who were former founding partners of BGC Holdings, and (ii) 1,771,199 such units in connection with the grant of exchangeability to 1,771,199 units held by former Cantor partners who were former founding partners of BGC Holdings. Such exchangeable limited partnership units were exchangeable by Cantor at any time on a one-for-one basis for shares of common stock of the Company. The aggregate net purchase price paid by Cantor for such units was $10.6 million. Immediately after Cantor’s purchases of such exchangeable limited partnership units, also on July 21, 2014, the Company purchased from Cantor an aggregate of 5 million units and shares, consisting of (i) all of such 3,142,257 units and (ii) 1,857,743 previously owned shares of the Company’s Class A common stock, for $38.7 million based on the closing price per share of the Class A common stock on the date of such purchases.

During the year ended December 31, 2013, Cantor did not purchase any exchangeable limited partnership interests from BGC Holdings.

As of December 31, 2014, there were 732,226 non-exchangeable FPUs remaining in which BGC Holdings had the right to redeem and Cantor had the right to purchase an equivalent number of Cantor units.

Transactions with Executive Officers and Directors

On May 4, 2012, the Company restructured the partnership and compensation arrangement of Mr. Lutnick by (i) the issuance to Mr. Lutnick of 2,449,312 PSUs and the cancelation of the equivalent number of outstanding REUs that had been previously issued to Mr. Lutnick and (ii) the grant of a right of exchange with respect to such 2,449,312 PSUs. The restructuring was approved by the Compensation Committee.

During the year ended December 31, 2012, the Company repurchased 41,523 shared of Class A common stock, at an average price of $7.66 per share, from Mr. Merkel and certain family trusts.

During the year ended December 31, 2013, the Company repurchased 33,478 shares of Class A common stock, at an average price of $5.61 per share, from Stephen M. Merkel, the Company’s Executive Vice President, General Counsel and Secretary, and 533,406 shares of Class A common stock, at an average price of $5.82 per share, from Shaun D. Lynn, the Company’s President.

In connection with the Global Partnership Restructuring Program during the second quarter of 2013, the Company redeemed/exchanged a total of 9,930,675 previously issued limited partnership units for 3,553,345 shares of Class A common stock and 3,561,392 shares of restricted stock from the Company’s executive officers. The number of shares delivered to the executive officers was net of 1,028,128 shares withheld to pay withholding taxes. These shares were awarded to the executive officers on July 30, 2013. In connection with the Global Partnership Restructuring Program, Mr. Lutnick elected to exercise certain cumulative rights previously granted to him with respect to an aggregate of 1,802,608 of his non-exchangeable partnership units, which resulted in the receipt of shares of Class A common stock for such units.

In addition, in connection with the foregoing, Messrs. Lynn, Windeatt and Sadler received an aggregate of 283,206 newly-issued BGC Holdings limited partnership units (equivalent to 9.75% of their non-exchangeable units that were redeemed in the above transactions). Upon any sale or other transfer by such executive officers of shares of restricted stock, a proportional number of these limited partnership units will be redeemed for zero by BGC Holdings. These units are not exchangeable into shares of Class A common stock.

On January 21, 2014, the Compensation Committee authorized the acceleration of restrictions with respect to an aggregate of

1,254,723 shares of restricted Class A common stock held by the Company’s executive officers as follows: Mr. Lutnick, 628,872 shares (Mr. Lutnick does not currently intend to sell any of these shares); Mr. Lynn, 424,347 shares; Mr. Merkel, 14,689 shares; Mr.

Windeatt, 146,843 shares; and Mr. Sadler, 39,972 shares. The Compensation Committee authorized the Company to repurchase any or all of such shares from the executive officers at a price of $6.51 per share, which was the closing price of our Class A common stock on January 21, 2014.

On February 5, 2014, certain executive officers elected to sell, and we agreed to purchase, an aggregate of 636,841 shares of Class A common stock from such executive officers at a price of $6.51 per share as follows: Mr. Lynn, 424,347 shares; Mr. Merkel, 14,689 shares; Mr. Windeatt, 157,833 shares (of which 146,843 shares were previously restricted and an additional 10,990 freely tradable shares); and Mr. Sadler, 39,972 shares.

On May 9, 2014, partners of BGC Holdings approved the Tenth Amendment to the Agreement of Limited Partnership of BGC Holdings (the “Tenth Amendment”) effective as of May 9, 2014. In order to facilitate partner compensation and for other corporate purposes the Tenth Amendment creates a new class of partnership units (“NPSUs”), which are working partner units.

NPSUs are not entitled to participate in Partnership distributions, will not be allocated any items of profit or loss and may not be made exchangeable into shares of the Company’s Class A common stock. Upon grant, NPSUs may be assigned a written vesting schedule pursuant to which a certain number of NPSUs would be converted for limited partnership units on each vesting date, subject to terms and conditions determined by the General Partner of the Partnership in its sole discretion, including that the recipient continue to provide substantial services to the Company and comply with his or her partnership obligations. The Tenth Amendment was approved by the Audit Committee of the Board of Directors and by the full Board of Directors.

On May 9, 2014, the Compensation Committee authorized the grant of 4 million NPSUs to Mr. Lutnick and 1 million NPSUs to Mr. Merkel. The NPSUs granted to Mr. Lutnick will vest ratably on January 1 of each year beginning January 1, 2015 and ending January 1, 2018, such that an equal number of NPSUs will vest and automatically be converted into an equivalent number of limited partnership units on each vesting date. The NPSUs granted to Mr. Merkel will vest ratably on January 1 of each year beginning January 1, 2015 and ending January 1, 2021, such that an equal number of NPSUs will vest and automatically be converted into an equivalent number of limited partnership units on each vesting date. Exchange rights with respect to any non-exchangeable limited partnership units will be determined in accordance with the Company’s practices when determining discretionary bonuses or awards, which may include the Compensation Committee’s exercise of discretion to reduce or withhold any such awards.

Transactions with Relief Fund

During the year ended December 31, 2013, the Company issued and donated an aggregate of 1,000,000 shares of Class A common stock to The Cantor Fitzgerald Relief Fund (the “Relief Fund”) in connection with the Company’s annual Charity Day.

During the year ended December 31, 2013, the Company also committed to make charitable contributions to the Relief Fund in the amount of $25.0 million, which the Company recorded in “Other expenses” in the Company’s consolidated statements of operations for the year ended December 31, 2013. As of December 31, 2014 the remaining liability associated with this commitment was $16.6 million which is included in “Accounts payable, accrued and other liabilities” in the Company’s consolidated statements of financial condition.

Other Transactions

The Company is authorized to enter into loans, investments or other credit support arrangements for Aqua Securities L.P. (“Aqua”), an alternative electronic trading platform that offers new pools of block liquidity to the global equities markets, of up to $11.6 million in the aggregate; such arrangements are proportionally and on the same terms as similar arrangements between Aqua and Cantor. The Company has been further authorized to provide counterparty or similar guarantees on behalf of Aqua from time to time, provided that liability for any such guarantees, as well as similar guarantees provided by Cantor, would be shared proportionally with Cantor. Aqua is 51% owned by Cantor and 49% owned by the Company. Aqua is accounted for under the equity method of accounting. During the years ended December 31, 2014, and 2013, the Company made $0.9 million and $1.7 million, respectively, in cash contributions to Aqua. These contributions are recorded as part of “Investments” in the Company’s consolidated statements of financial condition.

The Company has also entered into a Subordinated Loan Agreement with Aqua, whereby the Company agreed to lend Aqua the principal sum of $980 thousand. The scheduled maturity date on the subordinated loan is September 1, 2017, and the current rate of interest on the loan is three month LIBOR plus 600 basis points. The loan to Aqua is recorded as part of “Receivables from related parties” in the Company’s consolidated statements of financial condition.

Table of Contents

15. Investments

Equity Method Investments

(in thousands)	Percent Ownership [1]	December 31, 2014	December 31, 2013
ELX	—	—	$ 6,469
Freedom International Brokerage	45%	7,833	8,370
China Credit BGC Money Broking Company Limited	33%	3,002	2,004
LFI	10%	5,847	—
Aqua	49%	710	860
Equity method investments		$ 17,392	$ 17,703

[1] Represents the Company's voting interest in the equity method investment as of December 31, 2014.

The Company's share of losses related to its equity method investments was $8.6 million, $9.5 million and $11.8 million for the years ended December 31, 2014, 2013 and 2012, respectively. The Company's share of the losses is reflected in "Losses on equity method investments" in the Company's consolidated statements of operations.

In June 2013, the Company acquired a controlling interest in an entity that had previously been accounted for using the equity method. This transaction resulted in the consolidation of the entity in the Company's consolidated financial statements. In June 2014, the Company acquired a 10% interest in a limited liability corporation (see Note 14—"Related Party Transactions") for more information.

On December 23, 2014, ELX, which had previously been accounted for using the equity method, was consolidated into the Company's financial statements.

Summarized condensed financial information for the Company's equity method investments is as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Statements of operations:			
Total revenues	$ 49,460	$ 49,033	$ 41,104
Total expenses	68,973	64,987	63,826
Net loss	$(19,513)	$(15,954)	$(22,722)

	December 31,	
	2014	2013
Statements of financial condition:		
Cash and cash equivalents	$15,187	$18,568
Fixed assets, net	3,927	2,440
Other assets	9,712	6,350
Total assets	$28,826	$27,358
Payables to related parties	3,747	6,454
Other liabilities	8,137	9,134
Total equity and partners' capital	16,942	11,770
Total liabilities, equity and partners' capital	$28,826	$27,358

See Note 14—"Related Party Transactions," for information regarding related party transactions with unconsolidated entities included in the Company's consolidated financial statements.

Investments in Variable Interest Entities

Certain of the Company's equity method investments included in the tables above are considered Variable Interest Entities ("VIEs"), as defined under the accounting guidance for consolidation. The Company is not considered the primary beneficiary of, and therefore does not consolidate, any of the VIEs in which it holds a variable interest. The Company's involvement with such entities is in the form of direct equity interests and related agreements. The Company's maximum exposure to loss with respect to the VIEs is its investment in such entities as well as a credit facility and a subordinated loan.

The following table sets forth the Company's investment in its unconsolidated VIEs and the maximum exposure to loss with respect to such entities as of December 31, 2014 and 2013. The amounts presented in the "Investment" column below are included in, and not in addition to, the equity method investment table above (in thousands):

	December 31, 2014		December 31, 2013	
	Investment	Maximum Exposure to Loss	Investment	Maximum Exposure to Loss
Variable interest entities [1]	$ 710	$ 1,690	$ 7,329	$ 24,309

[1] The Company has entered into a subordinated loan agreement with a VIE (Aqua), whereby the Company agreed to lend the principal sum of $980 thousand. As of December 31, 2014, the Company's maximum exposure to loss with respect to its VIEs is the sum of its equity investment in Aqua and the $980 thousand subordinated loan.

16. Fixed Assets, Net

Fixed assets, net consisted of the following (in thousands):

	December 31, 2014	December 31, 2013
Computer and communications equipment	$ 151,808	$ 156,835
Software, including software development costs	103,872	109,453
Leasehold improvements and other fixed assets	105,389	113,012
	361,069	379,300
Less: accumulated depreciation and amortization	249,049	251,685
Fixed assets, net	$ 112,020	$ 127,615

Depreciation expense was $29.1 million, $32.7 million and $36.0 million for the years ended December 31, 2014, 2013 and 2012, respectively. Depreciation is included as part of "Occupancy and equipment" in the Company's consolidated statements of operations.

The Company has approximately $4.1 million of asset retirement obligations related to certain of its leasehold improvements. The associated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset. The liability is discounted and accretion expense is recognized using the credit adjusted risk-free interest rate in effect when the liability was initially recognized.

For the years ended December 31, 2014, 2013 and 2012, software development costs totaling $12.7 million, $15.0 million and $14.0 million, respectively, were capitalized. Amortization of software development costs totaled $11.4 million, $9.0 million and $11.4 million for the years ended December 31, 2014, 2013 and 2012, respectively. Amortization of software development costs is included as part of "Occupancy and equipment" in the Company's consolidated statements of operations.

Impairment charges of $4.2 million, $6.1 million and $1.3 million were recorded for the years ended December 31, 2014, 2013 and 2012, respectively, related to the evaluation of capitalized software projects for future benefit and for fixed assets no longer in service. Impairment charges related to capitalized software and fixed assets are reflected in "Occupancy and equipment" in the Company's consolidated statements of operations.

As a result of the sale of eSpeed, the Company sold fixed assets with a carrying value of approximately $13.5 million (see Note 2—"Divestiture").

17. Goodwill and Other Intangible Assets, Net

The changes in the carrying amount of goodwill by reportable segment for the years ended December 31, 2014, 2013 and 2012 were as follows (in thousands):

	Financial Services	Real Estate Services	Total
Balance at December 31, 2012	$ 85,005	$ 79,869	$164,874
Acquisitions	1,296	—	1,296
Other	(83)	(1,693)	(1,776)
Cumulative translation adjustment	(1,055)	—	(1,055)
Balance at December 31, 2013	$ 85,163	$ 78,176	$163,339
Acquisitions	51,952	180,588	232,540
Other	223	(1,092)	(869)
Cumulative translation adjustment	(2,440)	—	(2,440)
Balance at December 31, 2014	$ 134,898	$ 257,672	$392,570

During the year ended December 31, 2014, the Company recognized additional goodwill of approximately $52 million and $180.6 million, which was allocated to the Company's Financial Services segment and the Company's Real Estate Services segment, respectively.

During the year ended December 31, 2014, the Company recognized measurement period adjustments of approximately $0.2 million relating to Financial Services, and $(1.1) million for Real Estate Services. During the year ended December 31, 2013, the Company recognized measurement period adjustments of approximately $1.7 million and $0.1 million relating to Real Estate Services and Financial Services, respectively. The Company considers the adjustments insignificant to its consolidated financial statements and accordingly the Company's consolidated statements of financial position at December 31, 2012 were not retrospectively adjusted.

Goodwill is not amortized and is reviewed annually for impairment or more frequently if impairment indicators arise, in accordance with FASB guidance on Goodwill and Other Intangible Assets. The Company completed its annual goodwill impairment testing during the fourth quarter of 2014, which did not result in any goodwill impairment.

Other intangible assets consisted of the following (in thousands):

	December 31, 2014			
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Life (Years)
Definite life intangible assets:				
Patents	$ 7,554	$ 6,336	$ 1,218	2.3
Acquired intangibles	28,004	14,815	13,189	2.1
Noncompete agreements	1,790	1,436	354	0.8
All other	2,182	1,148	1,034	4.2
Total definite life intangible assets	39,530	23,735	15,795	2.2
Indefinite life intangible assets:				
Trade names	10,685	—	10,685	N/A
Horizon license	1,500	—	1,500	N/A
Total indefinite life intangible assets	12,185	—	12,185	N/A
Total	$ 51,715	$ 23,735	$ 27,980	2.2

	December 31, 2013			
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Life (Years)
Definite life intangible assets:				
Patents	$ 7,006	$ 5,594	$ 1,412	2.4
Acquired intangibles	14,474	12,081	2,393	3.1
Noncompete agreements	1,790	988	802	1.8
All other	2,443	1,055	1,388	5.2
Total definite life intangible assets	25,713	19,718	5,995	3.2
Indefinite life intangible assets:				
Trade names	10,685	—	10,685	N/A
Horizon license	1,500	—	1,500	N/A
Total indefinite life intangible assets	12,185	—	12,185	N/A
Total	$ 37,898	$ 19,718	$ 18,180	3.2

Intangible amortization expense was $4.2 million, $5.5 million and $3.6 million for the years ended December 31, 2014, 2013 and 2012, respectively. Intangible amortization is included as part of "Other expenses" in the Company's consolidated statements of operations.

The estimated future amortization expense of definite life intangible assets as of December 31, 2014 is as follows (in millions):

2015	$ 9.1
2016	3.8
2017	2.4
2018	0.4
2019	0.1
2020 and thereafter	—
Total	$15.8

18. Notes Payable, Collateralized and Short-Term Borrowings

Notes payable, collateralized and short-term borrowings consisted of the following (in thousands):

	December 31, 2014	December 31, 2013
8.75% Convertible Notes	$ 150,000	$ 150,000
4.50% Convertible Notes	152,527	147,870
8.125% Senior Notes	109,022	108,904
5.375% Senior Notes	295,151	—
Collateralized borrowings	—	1,582
Total	$ 706,700	$ 408,356

The Company's Convertible Notes and Senior Notes are recorded at amortized cost. As of December 31, 2014 and 2013 the carrying amounts and estimated fair values of the Company's Convertible Notes and Senior Notes were as follows (in thousands):

	December 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
8.75% Convertible Notes	$ 150,000	$220,213	$ 150,000	$177,101
4.50% Convertible Notes	152,527	170,800	147,870	167,600
8.125% Senior Notes	109,022	123,075	108,904	116,460
5.375% Senior Notes	295,151	295,500	—	—
Total	$ 706,700	$809,588	$ 406,774	$461,161

The fair value of the 8.75% Convertible Notes was estimated based on a jump-diffusion convertible pricing model, which among other inputs incorporates the scheduled coupon and principal payments, the conversion feature inherent in the 8.75% Convertible Notes, the Company's Class A common stock price and a stock price volatility assumption. The stock price volatility assumptions are based on the historic volatility of the Company's Class A common stock. The fair value measurements of the 8.75% Convertible Notes are based on significant inputs observable in the market and are considered Level 2 within the fair value hierarchy. The fair values of the Senior Notes and 4.50% Convertible Notes were determined using observable market prices as these securities are traded and are considered Level 1 and Level 2, respectively, within the fair value hierarchy, based on whether they are deemed to be actively traded.

Convertible Notes

On April 1, 2010, BGC Holdings issued an aggregate of $150.0 million principal amount of the 8.75% Convertible Notes to Cantor in a private placement transaction. The Company used the proceeds of the 8.75% Convertible Notes to repay $150.0 million principal amount of Senior Notes that matured on April 1, 2010. The 8.75% Convertible Notes are senior unsecured obligations and rank equally and ratably with all existing and future senior unsecured obligations of the Company. The 8.75% Convertible Notes bear an annual interest rate of 8.75%, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2010, and were convertible into 24.0 million shares of Class A common stock as of December 31, 2014. The 8.75% Convertible Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted. The Company recorded interest expense related to the 8.75% Convertible Notes of $13.1 million for each year ended December 31, 2014, 2013 and 2012 respectively.

As of December 31, 2014, the 8.75% Convertible Notes were convertible, at the holder's option, at a conversion rate of 159.9374 shares of Class A common stock per $1,000 principal amount of notes, subject to customary adjustments upon certain corporate events, including stock dividends and stock splits on the Class A common stock and the Company's payment of a quarterly cash dividend in excess of $0.10 per share of Class A common stock. The conversion rate will not be adjusted for accrued and unpaid interest to the conversion date.

On July 29, 2011, the Company issued an aggregate of $160.0 million principal amount of 4.50% Convertible Senior Notes due 2016. The 4.50% Convertible Notes are general senior unsecured obligations of the Company. The 4.50% Convertible Notes pay interest semiannually at a rate of 4.50% per annum and were priced at par. The 4.50% Convertible Notes will mature on July 15, 2016, unless earlier repurchased, exchanged or converted. The Company recorded interest expense related to the 4.50% Convertible Notes of $11.9 million, $11.7 million and $11.6 million for the years ended December 31, 2014, 2013 and 2012, respectively.

As of December 31, 2014, the 4.50% Convertible Notes were convertible, at the holder's option, at a conversion rate of 101.6260 shares of Class A common stock per $1,000 principal amount of notes, subject to adjustment in certain circumstances, including stock dividends and stock splits on the Class A common stock and the Company's payment of a quarterly cash dividend in excess of $0.17 per share of Class A common stock. Upon conversion, the Company will pay or deliver cash, shares of the Company's Class A common stock, or a combination thereof at the Company's election. As of December 31, 2014, the 4.50% Convertible Notes were convertible into approximately 16.3 million shares of Class A common stock.

As prescribed by FASB guidance, Debt, the Company recognized the value of the embedded conversion feature of the 4.50% Convertible Notes as an increase to "Additional paid-in capital" of approximately $19.0 million on a pre-tax basis ($16.1 million net of taxes and issuance costs). The embedded conversion feature was measured as the difference between the proceeds received and the fair value of a similar liability without the conversion feature. The value of the conversion feature is treated as a debt discount and reduced the initial carrying value of the 4.50% Convertible Notes to $137.2 million, net of debt issuance costs of $3.8 million allocated to the debt component of the instrument. The discount is amortized as interest cost and the carrying value of the 4.50% Convertible Notes will accrete up to the face amount over the term of the 4.50% Convertible Notes.

In connection with the offering of the 4.50% Convertible Notes, the Company entered into capped call transactions, which are expected to reduce the potential dilution of the Company's Class A common stock upon any conversion of the 4.50% Convertible Notes in the event that the market value per share of the Company's Class A common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions ($10.62 as of December 31, 2014, subject to adjustment in certain circumstances). The capped call transactions had an initial cap price equal to $12.30 per share (50% above the last reported sale price of the Company's Class A common stock on the NASDAQ on July 25, 2011), and had a cap price equal to approximately $13.27 per share as of December 31, 2014. The purchase price of the capped call transactions resulted in a decrease to "Additional paid-in capital" of $11.4 million on a pre-tax basis ($9.9 million on an after-tax basis). The capped call transactions cover approximately 15.1 million shares of BGC's Class A common stock as of December 31, 2014, subject to adjustment in certain circumstances.

Below is a summary of the Company's Convertible Notes (in thousands, except share and per share amounts):

	4.50% Convertible Notes		8.75% Convertible Notes	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Principal amount of debt component	$ 160,000	$ 160,000	$ 150,000	$ 150,000
Unamortized discount	(7,473)	(12,130)	—	—
Carrying amount of debt component	152,527	147,870	150,000	150,000
Equity component	18,972	18,972	—	—
Effective interest rate	7.61%	7.61%	8.75%	8.75%
Maturity date (period through which discount is being amortized)	7/15/2016	7/15/2016	4/15/2015	4/15/2015
Conversion price	$ 9.84	$ 9.84	$ 6.25	$ 6.32
Number of shares to be delivered upon conversion	16,260,160	16,260,160	23,990,604	23,738,219
Amount by which the notes' if-converted value exceeds their principal amount	$ —	$ —	$ 69,514	$ —

Below is a summary of the interest expense related to the Company's Convertible Notes (in thousands):

	4.50% Convertible Notes For the year ended		8.75% Convertible Notes For the year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Coupon interest	$ 7,200	$ 7,200	$ 13,125	$ 13,125
Amortization of discount	4,659	4,516	—	—
Total interest expense	$ 11,859	$ 11,716	$ 13,125	$ 13,125

8.125% Senior Notes

On June 26, 2012, the Company issued an aggregate of $112.5 million principal amount of 8.125% Senior Notes due 2042. The 8.125% Senior Notes are senior unsecured obligations of the Company. The 8.125% Senior Notes may be redeemed for cash, in whole or in part, on or after June 26, 2017, at the Company's option, at any time and from time to time, until maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest on the principal amount being redeemed to, but not including, the redemption date. The 8.125% Senior Notes are listed on the New York Stock Exchange under the symbol "BGCA." The Company used the proceeds to repay short-term borrowings under its unsecured revolving credit facility and for general corporate purposes, including acquisitions.

The initial carrying value of the 8.125% Senior Notes was $108.7 million, net of debt issuance costs of $3.8 million. The issuance costs are amortized as interest cost, and the carrying value of the 8.125% Senior Notes will accrete up to the face amount over the term of the 8.125% Senior Notes. The Company recorded interest expense related to the 8.125% Senior Notes of $9.3 million, $9.3 million and $4.8 million the years ended December 31, 2014, 2013 and 2012, respectively.

5.375% Senior Notes

On December 9, 2014, the Company issued an aggregate of $300.0 million principal amount of 5.375% Senior Notes due 2019 ("the 5.375% Senior Notes"). The 5.375% Senior Notes are general senior unsecured obligations of the Company. These Senior Notes bear interest at a rate of 5.375% per year, payable in cash on June 9 and December 9 of each year, commencing June 9, 2015. The interest rate payable on the notes will be subject to adjustments from time to time based on the debt rating assigned by specified rating agencies to the notes, as set forth in the Indenture. The 5.375% Senior Notes will mature on December 9, 2019. The Company may redeem some or all of the notes at any time or from time to time for cash at certain "make-whole" redemption prices (as set forth in the Indenture). If a "Change of Control Triggering Event" (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date.

The initial carrying value of the 5.375% Senior Notes was $295.1 million, net of the discount and debt issuance costs of $4.9 million. The issuance costs are amortized as interest cost, and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The Company recorded interest expense related to the 5.375% Senior Notes of $1.0 million for the year ended December 31, 2014. There was no interest expense related to the 5.375% Senior Notes for the years ended December 31, 2013 and 2012.

Collateralized Borrowings

Secured loan arrangements

On various dates beginning in 2009 and most recently in December 2012, the Company entered into secured loan arrangements under which it pledged certain fixed assets as security for loans. The secured loan arrangements had fixed rates between 2.62% and 8.09% per annum and were repayable in consecutive monthly installments with the final payments due in December 2016. During the year ended December 31, 2014, the Company prepaid $1.5 million related to the secured loan arrangements; therefore, the Company did not have any secured loan arrangements outstanding as of December 31, 2014. The outstanding balance of the secured loan arrangements was $1.6 million as of December 31, 2013. The value of the fixed assets pledged was $1.5 million as of December 31, 2013. The Company recorded interest expense related to the secured loan arrangements of $4 thousand, $1.6 million and $1.5 million for the years ended December 31, 2014, 2013 and 2012, respectively.

During the year ended December 31, 2013, the Company prepaid $26.7 million related to the secured loan arrangements. As a result of the prepayment, the Company incurred $0.3 million of early termination fees and recognized an additional $0.2 million related to the acceleration of deferred financing costs, which are recorded in "Interest expense" in the Company's consolidated statements of operations.

Sale/leaseback transactions

On various dates during the years ended December 31, 2010 and 2011, the Company sold certain furniture, equipment and software for $34.2 million, net of costs and concurrently entered into agreements to lease the property back. The principal and interest on the leases were repayable in equal monthly installments for terms of 36 months (software) and 48 months (furniture and equipment) with maturities through September 2014.

During the year ended December 31, 2013, the Company terminated the leases and prepaid the outstanding balance of $7.2 million. Because the leases were terminated during the year ended December 31, 2013, the Company had no outstanding balance or fixed assets related to the leases as of December 31, 2013 nor December 31, 2014. The Company recorded interest expense of $0.7 million and $1.1 million for the years ended December 31, 2013 and 2012, respectively.

Credit Agreement

On June 23, 2011, the Company entered into a credit agreement with a bank syndicate (the "Credit Agreement") which provided for up to $130.0 million of unsecured revolving credit through October 23, 2013. The Credit Agreement matured on October 23, 2013, with no borrowings outstanding.

The Company did not record any interest expense related to the Credit Agreement for the year ended December 31, 2014. The Company recorded interest expense related to the Credit Agreement of $0.4 million and $0.8 million for the years ended December 31, 2013 and 2012, respectively.

19. Compensation

The Company's Compensation Committee may grant various equity-based awards, including restricted stock units, restricted stock, stock options, limited partnership units and exchange rights for shares of the Company's Class A common stock upon exchange of limited partnership units and FPUs. A maximum of 300 million shares of the Company's Class A common stock are authorized to be delivered or cash settled pursuant to awards granted. As of December 31, 2014, the limit on the aggregate number of shares authorized to be delivered allows for the grant of future awards relating to 145.4 million shares. Upon vesting of RSUs, issuance of restricted stock or exercise of employee stock options, the Company generally issues new shares of the Company's Class A common stock.

Limited Partnership Units

A summary of the activity associated with limited partnership units is as follows:

	Number of Units
Balance at December 31, 2011	45,814,354
Granted	41,691,703
Redeemed/exchanged units	(17,478,541)
Forfeited units	(1,547,419)
Balance at December 31, 2012	68,480,097
Granted	50,908,986
Redeemed/exchanged units	(88,181,354)
Forfeited units	—
Balance at December 31, 2013	31,207,729
Granted	42,416,871
Redeemed/exchanged units	(19,193,901)
Forfeited units	(868,709)
Balance at December 31, 2014	53,561,990

During the years ended December 31, 2014, 2013 and 2012, the Company granted exchangeability on 18.0 million, 9.8 million and 24.3 million limited partnership units for which the Company incurred compensation expense, before associated income taxes, of $126.5 million, $57.0 million and $127.1 million, respectively.

As of December 31, 2014, 2013 and 2012, the number of limited partnership units exchangeable into shares of Class A common stock at the discretion of the unit holder was 2.0 million, 1.9 million, and 6.4 million, respectively.

As of December 31, 2014 and 2013, the notional value of the limited partnership units with a post-termination pay-out amount held by executives and non-executive employees, awarded in lieu of cash compensation for salaries, commissions and/or discretionary or guaranteed bonuses was $68.8 million and $31.7 million, respectively. As of December 31, 2014 and December 31, 2013, the aggregate estimated fair value of these limited partnership units was $11.8 million and $5.5 million. The number of outstanding limited partnership units with a post-termination pay-out as of December 31, 2014 and 2013 was 9.8 million and 5.9 million, respectively, of which 6.9 million and 4.1 million were unvested.

Certain of the limited partnership units with a post-termination pay-out have been granted in connection with the Company's acquisitions. As of December 31, 2014 and 2013 the aggregate estimated fair value of these acquisitions related to limited partnership units was $24.2 million and $11.0 million respectively.

Compensation expense related to limited partnership units with a post-termination pay-out amount is recognized over the stated service period. These units generally vest between three and five years from the date of grant. The Company recognized compensation expense, before associated income taxes, related to these limited partnership units that were not redeemed of $6.5 million, $4.6 million and $6.3 million for the years ended December 31, 2014, 2013 and 2012, respectively, which are included in Compensation and employee benefits in the Company's consolidated statements of operations.

The limited partnership units generally receive quarterly allocations of net income, which are cash distributed on a quarterly basis and generally contingent upon services being provided by the unit holders. The allocation of income to limited partnership units and FPUs was $10.1 million, $62.6 million and $13.0 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Restricted Stock Units

A summary of the activity associated with RSUs is as follows:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (Years)
Balance at December 31, 2011	2,721,820	$ 5.96	1.76
Granted	1,729,894	5.24	
Delivered units	(1,625,014)	5.24	
Forfeited units	(217,969)	5.74	
Balance at December 31, 2012	2,608,731	$ 5.94	1.83
Granted	1,543,183	3.18	
Delivered units	(1,038,937)	6.09	
Forfeited units	(288,375)	4.56	
Balance at December 31, 2013	2,824,602	$ 4.51	1.79
Granted	995,771	5.86	
Delivered units	(1,288,758)	5.11	
Forfeited units	(390,683)	4.94	
Balance at December 31, 2014	2,140,932	$ 4.70	1.74

The fair value of RSUs awarded to employees and directors is determined on the date of grant based on the market value of Class A common stock (adjusted if appropriate based upon the award's eligibility to receive dividends), and is recognized, net of the effect of estimated forfeitures, ratably over the vesting period. The Company uses historical data, including historical forfeitures and turnover rates, to estimate expected forfeiture rates for both employee and director RSUs. Each RSU is settled in one share of Class A common stock upon completion of the vesting period.

During the years ended December 31, 2014, 2013 and 2012, the Company granted 1.0 million, 1.5 million and 1.7 million, respectively, of RSUs with aggregate estimated grant date fair values of approximately $5.8 million, $4.9 million and $9.1 million, respectively, to employees and directors. These RSUs were awarded in lieu of cash compensation for salaries, commissions and/or discretionary or guaranteed bonuses. RSUs granted to these individuals generally vest over a two- to four-year period.

For RSUs that vested during the years ended December 31, 2014, 2013 and 2012, the Company withheld shares valued at $1.2 million, $1.2 million and $2.3 million, respectively, to pay taxes due at the time of vesting.

As of December 31, 2014 and 2013, the aggregate estimated grant date fair value of outstanding RSUs was approximately $10.1 million and $12.7 million, respectively.

Compensation expense related to RSUs, before associated income taxes, was approximately $4.6 million, $5.8 million and $7.8 million for the years ended December 31, 2014, 2013 and 2012, respectively. As of December 31, 2014, there was approximately $9.7 million of total unrecognized compensation expense related to unvested RSUs.

Restricted Stock

At the end of the second quarter of 2013, pursuant to the Global Partnership Restructuring Program the Company granted approximately 44 million shares of the Company's Class A common stock, of which approximately 41 million were restricted shares. Transferability of the shares of restricted stock is not subject to continued employment or service with the Company or any affiliate or subsidiary of the Company; however, transferability is subject to compliance with BGC Partners' and its affiliates' customary noncompete obligations. Because the restricted stock was not subject to continued employment or service, the grant-date fair value of the restricted stock was expensed on the date of grant. During the year ended December 31, 2013, the Company incurred non-cash, non-dilutive compensation charges of $304.1 million related to the redemption/exchange of partnership units and issuance of restricted shares, which was included in "Allocation of net income and grants of exchangeability to limited partnership units and FPUs" in the Company's consolidated statements of operations.

The restricted shares are generally saleable by partners in five to ten years. Partners who agree to extend the lengths of their employment agreements and/or other contractual modifications sought by the Company are expected to be able to sell their restricted shares over a shorter time period. During the years ended December 31, 2014 and 2013, the Company released the restrictions with respect to approximately 11.8 million and 5.9 million of such shares, respectively.

Stock Options

A summary of the activity associated with stock options is as follows:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance at December 31, 2011	8,256,066	$ 14.07	2.9	$ —
Granted	—	—		
Exercised options	—			
Forfeited options	(1,805,135)	13.92		
Balance at December 31, 2012	6,450,931	$ 14.11	2.4	$ —
Granted	—	—		
Exercised options	—			
Forfeited options	(1,959,693)	20.23		
Balance at December 31, 2013	4,491,238	$ 11.60	2.0	$ —
Granted	—	—		
Exercised options	—	—		
Forfeited options	(2,307,000)	13.50		
Balance at December 31, 2014	2,184,238	$ 9.66	2.3	$ —
Options exercisable at December 31, 2014	2,184,238	$ 9.66	2.3	$ —

The Company did not grant any stock options during the years ended December 31, 2014, 2013 and 2012. There were no stock options exercised during the years ended December 31, 2014, 2013 and 2012.

The Company did not record any compensation expense related to stock options for the years ended December 31, 2014, 2013 or 2012, as all of these options had vested in prior years. As of December 31, 2014, all of the outstanding options are exercisable and the compensation expense related to stock options was fully recognized.

The following table provides further details relating to the Company’s stock options outstanding at December 31, 2014:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Number Exercisable	Weighted-Average Exercise Price
$6.91—$ 8.73	296,000	$ 8.23	1.5	296,000	$ 8.23
$8.74—$15.40	1,888,238	9.89	2.5	1,888,238	9.89
Total	2,184,238	$ 9.66	2.3	2,184,238	$ 9.66

20. Commitments, Contingencies and Guarantees

Contractual Obligations and Commitments

The following table summarizes certain of the Company’s contractual obligations at December 31, 2014 (in thousands):

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating leases [1]	$ 260,028	$ 49,542	$ 73,887	$ 48,620	$ 87,979
Notes payable and collateralized borrowings [2]	722,500	150,000	160,000	300,000	112,500
Interest on notes payable [3]	345,574	36,294	54,431	49,591	205,258
Other contractual obligations [4]	16,557	16,557	—	—	—
Total contractual obligations	$1,344,659	$252,393	$288,318	$398,211	$405,737

1 Operating leases are related to rental payments under various non-cancelable leases, principally for office space, net of sublease payments to be received. The total amount of sublease payments to be received is approximately $9.0 million over the life of the agreement.

2 Notes payable and collateralized borrowings reflects the issuance of $150.0 million of the 8.75% Convertible Notes, $160.0 million of the 4.50% Convertible Notes (the $160.0 million represents the principal amount of the debt; the carrying value of the 4.50% Convertible Notes as of December 31, 2014 was approximately $152.5 million), $112.5 million of the 8.125% Senior Notes (the $112.5 million represents the principal amount of the debt; the carrying value of the 8.125% Senior Notes as of December 31, 2014 was approximately $109.0 million) and $300.0 million of the 5.375% Senior Notes (the $300.0 million represents the principal amount of the debt; the carrying value of the

5.375% Senior Notes as of December 31, 2014 was approximately $295.2 million). See Note 18— “Notes Payable, Collateralized and Short-Term Borrowings,” for more information regarding these obligations, including timing of payments and compliance with debt covenants.

[3] The $205.3 million of interest on notes payable that are due in more than five years represents interest on the 8.125% Senior Notes. The 8.125% Senior Notes may be redeemed for cash, in whole or in part, on or after June 26, 2017, at the Company’s option, which may impact the actual interest paid.

[4] Other contractual obligations reflect commitments to make charitable contributions, which are recorded as part of “Accounts payable, accrued and other liabilities” in the Company’s consolidated statements of financial condition.

The Company is obligated for minimum rental payments under various non-cancelable operating leases, principally for office space, expiring at various dates through 2027. Certain of the leases contain escalation clauses that require payment of additional rent to the extent of increases in certain operating or other costs.

As of December 31, 2014, minimum lease payments under these arrangements are as follows (in thousands):

	Net Lease Commitment
2015	$ 49,542
2016	41,870
2017	32,017
2018	27,535
2019	21,085
2020 and thereafter	87,979
Total	$ 260,028

The lease obligations shown above are presented net of payments to be received under a non-cancelable sublease. The total amount of sublease payments to be received is approximately $9.0 million over the life of the agreement.

In addition to the above obligations under non-cancelable operating leases, the Company is also obligated to Cantor for rental payments under Cantor's various non-cancelable leases with third parties, principally for office space and computer equipment, expiring at various dates through 2027. Certain of these leases have renewal terms at the Company's option and/or escalation clauses (primarily based on the Consumer Price Index). Cantor allocates a portion of the rental payments to the Company based on square footage used.

The Company also allocates a portion of the rental payments for which it is obligated under non-cancelable operating leases to Cantor and its affiliates. These allocations are based on square footage used (see Note 14—"Related Party Transactions," for more information).

Rent expense for the years ended December 31, 2014, 2013 and 2012 was $53.2 million, $51.0 million and $50.8 million, respectively. Rent expense is included as part of "Occupancy and equipment" in the Company's consolidated statements of operations.

In the event the Company anticipates incurring costs under any of its leases that exceed anticipated sublease revenues, it recognizes a loss and records a liability for the present value of the excess lease obligations over the estimated sublease rental income. The liability for future lease payments associated with vacant space, net of anticipated sublease rental income, was approximately $1.9 million and $2.9 million, as of December 31, 2014 and 2013, respectively, and is included as part of "Accounts payable, accrued and other liabilities" in the Company's consolidated statements of financial condition. The lease liability takes into consideration various assumptions, including prevailing rental rates.

Contingent Payments Related to Acquisitions

During the year ended December 31, 2014, the Company completed acquisitions, whose purchase price included approximately 2.0 million shares of the Company's Class A common stock (with an acquisition date fair value of approximately $15.8 million), 4.9 million limited partnership units (with an acquisition date fair value of approximately $34.2 million) and $34.0 million in cash that may be issued contingent on certain targets being met through 2018.

During the year ended December 31, 2013, the Company completed acquisitions, whose purchase price included approximately 0.7 million shares of the Company's Class A common stock (with an acquisition date fair value of approximately $3.1 million) and 0.3 million limited partnership units (with an acquisition date fair value of approximately $1.6 million) that may be issued contingent on certain targets being met through 2018.

During the year ended December 31, 2012, the Company completed acquisitions, whose purchase price included approximately 1.8 million shares of the Company's Class A common stock (with an acquisition date fair value of approximately $5.0 million) and 1.9 million limited partnership units (with an acquisition date fair value of approximately $5.1 million) that may be issued contingent on certain targets being met through 2016.

As of December 31, 2014, the Company has issued 5.0 million shares of its Class A common stock, 1.2 million of its limited partnership units and $1.2 million in cash related to contingent payments.

Contingencies

In the ordinary course of business, various legal actions are brought and are pending against the Company and its affiliates in the U.S. and internationally. In some of these actions, substantial amounts are claimed. The Company is also involved, from time to time, in reviews, examinations, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Company's business, which may result in judgments, settlements, fines, penalties, injunctions or other relief. The following generally does not include matters that the Company has pending against other parties which, if successful, would result in awards in favor of the Company or its subsidiaries.

Employment, Competitor-Related and Other Litigation

From time to time, the Company and its affiliates are involved in litigation, claims and arbitrations in the U.S. and internationally, relating to various employment matters, including with respect to termination of employment, hiring of employees currently or previously employed by competitors, terms and conditions of employment and other matters. In light of the competitive nature of the brokerage industry, litigation, claims and arbitration between competitors regarding employee hiring are not uncommon.

On August 24, 2009, Tullett Liberty Securities LLC ("Tullett Liberty") filed a claim with FINRA dispute resolution in New York, New York against BGC Financial, L.P. ("BGC Financial"), an affiliate of BGC Partners, one of BGC Financial's officers, and certain persons formerly or currently employed by Tullett Liberty subsidiaries. Tullett Liberty thereafter added Tullett Prebon Americas Corp. ("Tullett Americas," together with Tullett Liberty, the "Tullett Subsidiaries") as a claimant, and added 35 individual employees, who were formerly employed by the Tullett Subsidiaries, as respondents. In the arbitration, the Tullett Subsidiaries alleged, among other things, that BGC Financial harmed their inter-dealer brokerage business by hiring 79 of their employees, and that BGC Financial aided and abetted various alleged wrongs by the employees, engaged in unfair competition, misappropriated trade secrets and confidential information, tortiously interfered with contract and economic relationships, and violated FINRA Rules of Conduct. The parties stipulated to consolidate the arbitration with five other related arbitrations (FINRA Case Nos. 09-04807, 09-04842, 09-06377, 10-00139 and 10-01265), and FINRA consolidated them. In addition, Tullett filed an action in the Supreme Court, New York County against three of BGC's executives involved in the recruitment in the New York metropolitan area, but later agreed to discontinue the action in New York state court and add these claims to the arbitration. Tullett and the Company also agreed to join Tullett's claims against BGC Capital Markets, L.P. ("BGC Capital Markets") to the arbitration. The parties and FINRA also agreed to consolidate an eighth arbitration filed against the Tullett Subsidiaries by certain of its former brokers now employed by BGC Financial (the eight arbitrations are collectively the "FINRA Arbitrations").

On July 9, 2014, the panel issued its award. The Tullett Subsidiaries' claims for punitive damages, as well as their claims against executives of the Company and its subsidiaries, were denied in their entirety. Tullett Subsidiaries were found to have breached their contract with the people who sold them Chapdelaine Corporate Securities & Co. (many of whom now work for BGC) and were ordered to pay those individuals over $6 million in damages. The Tullett Subsidiaries were also found to have wrongly refused to pay compensation and expenses to one of their former employees who now works for BGC, who was awarded over $222,000. BGC Financial and BGC Capital Markets (the "BGC Respondents") were found solely liable for approximately $13 million in damages. Certain desk heads that moved to the BGC Respondents were found liable for a total of approximately $20 million. BGC paid the awards against the BGC Respondents and the desk heads in full.

On October 22, 2009, Tullett Prebon plc ("Tullett") filed a complaint in the U.S. District Court for the District of New Jersey against BGC Partners captioned Tullett Prebon plc vs. BGC Partners, Inc. generally involving the same broker move as the FINRA Arbitrations (the "New Jersey Action"), the details of which were previously disclosed by the Company. After some additional pleading and motion practice, on June 18, 2010, the District Court ordered that the New Jersey Action be dismissed with prejudice, and the U.S. Court of Appeals for the Third Judicial Circuit affirmed. Subsequently, Tullett, joined by two subsidiaries, filed a complaint against BGC Partners in New Jersey state court alleging substantially the same claims as the New Jersey Action (the "New Jersey State Action"). The New Jersey State Action also raised claims related to employees who decided to terminate their employment with Tullett and join a BGC Partners affiliate subsequent to the federal complaint. BGC moved to stay the New Jersey State Action and dismiss certain of the claims asserted therein. On November 9, 2011, the court granted BGC Partners' motion to dismiss Tullett's claim for "raiding," but otherwise denied the motions to dismiss and for a stay. Trial of the New Jersey State Action began in September 2014. While the jury was deliberating, this matter was settled together with the cases described in the next paragraph.

On August 10, 2012, the Tullett Subsidiaries commenced a FINRA arbitration against BGC Financial, BGC USA, L.P. ("BGC USA"), another affiliate of BGC Partners, and two employees of BGC Financial who were formerly employed by the Tullett Subsidiaries. The Tullett Subsidiaries alleged, among other things, that BGC Financial and BGC USA aided and abetted various alleged wrongs by the individual respondents, tortiously interfered with these individuals' employment contracts with Tullett, and violated a FINRA Rule of Conduct. The Tullett Subsidiaries sought compensatory damages of not less than $14 million in salaries, bonuses and other compensation and benefits they paid to the individual respondents, as well as consequential and punitive damages. In November 2012, BGC USA and an employee of BGC Financial were dismissed as respondents, and subsequently, the parties agreed to stay this arbitration pending the resolution of the FINRA Arbitration and the New Jersey State Action.

On January 2, 2015, the judge dismissed Tullett's RICO claim, noting that Tullett had not produced enough evidence to support its claims. On January 13, 2015, the Company entered into a settlement agreement with Tullett Prebon plc that resolves all ten outstanding lawsuits involving the two companies, including those matters described in the preceding paragraphs. In exchange for such agreement, the Company agreed to pay $100 million in the aggregate to Tullett. In addition, for a period of one year, the Company and Tullett agreed not to hire the senior employees, including desk heads, of the other party and its subsidiaries, which includes employees of GFI should the Company close on its acquisition of GFI. As of December 31, 2014, the Company had accrued the settlement amount and all related expenses incurred through such date in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The Company paid one quarter of the settlement on January 20, 2015, and expects to pay the remaining settlement amount from existing cash.

On March 9, 2012, a purported derivative action was filed in the Supreme Court of the State of New York, County of New York captioned International Painters and Allied Trades Industry Pension Fund, etc. v. Cantor Fitzgerald L.P., CF Group Management, Cantor Fitzgerald & Co., the Company and its directors, Index No. 650736-2012. The complaint was dismissed on September 23, 2013. The suit alleged that the terms of the April 1, 2010 8.75% Convertible Notes issued to Cantor were unfair to the Company, the Company's Controlled Equity Offerings unfairly benefited Cantor at the Company's expense and the August 2011 amendment to the change in control agreement of Mr. Lutnick was unfair to the Company. It sought to recover for the Company unquantified damages, disgorgement of payments received by defendants, a declaration that the 8.75% Convertible Notes are void and attorneys' fees (the "New York Complaint"). On April 2, 2012, a purported derivative action was filed in the Court of Chancery of the State of Delaware captioned Samuel Pill v. Cantor Fitzgerald L.P., CF Group Management, Cantor Fitzgerald & Co., the Company and its directors, Civil Action No. 7382-CS, which suit made similar allegations to the New York Complaint, and seeks the same relief (the "Delaware Complaint"). On April 12, 2012, the Delaware Complaint was subsequently amended to delete any claim for relief in connection with the 8.75% Convertible Notes. On June 19, 2012, Plaintiff Samuel Pill voluntarily dismissed the Delaware action, without prejudice. On the same date, Plaintiff Pill refiled his complaint in the Supreme Court of the State of New York, County of New York, captioned Samuel Pill v. Cantor Fitzgerald, L.P., CF Group Management, Cantor Fitzgerald & Co., the Company and its directors, Index No. 652126-2012. The two actions filed in New York were consolidated by Justice Bransten. Defendants filed a motion to dismiss the consolidated action on August 10, 2012, the motion was fully briefed and argued, and the motion to dismiss was granted on September 23, 2013 without prejudice. Thereafter, Plaintiffs filed a motion to reargue on October 15, 2013. The Defendants' motion to reargue was denied on March 12, 2014, and a final judgment dismissing the action with prejudice was entered on April 21, 2014. On April 24, 2014, Plaintiffs filed a notice of appeal and pre-argument statement. On January 23, 2015, the Plaintiffs-Appellants filed their Opening Brief on Appeal. The Defendants' opposition brief is due to be filed on March 25, 2015.

In the ordinary course of business, various legal actions are brought and may be pending against the Company. The Company is also involved, from time to time, in other reviews, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Company's business. Any such actions may result in judgments, settlements, fines, penalties, injunctions or other relief.

Legal reserves are established in accordance with FASB guidance on Accounting for Contingencies, when a material legal liability is both probable and reasonably estimable. Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change. The outcome of such items cannot be determined with certainty. The Company is unable to estimate a possible loss or range of loss in connection with specific matters beyond its current accrual and any other amounts disclosed. Management believes that, based on currently available information, the final outcome of these current pending matters will not have a material adverse effect on the Company's consolidated financial statements and disclosures taken as a whole.

Letter of Credit Agreements

The Company has irrevocable uncollateralized letters of credit with various banks, where the beneficiaries are clearing organizations through which it transacted, that are used in lieu of margin and deposits with those clearing organizations. As of December 31, 2014, the Company was contingently liable for $1.6 million under these letters of credit.

Risk and Uncertainties

The Company generates revenues by providing financial intermediary, securities trading and brokerage activities, and commercial real estate services to institutional customers and by executing and, in some cases, clearing transactions for institutional counterparties. Revenues for these services are transaction-based. As a result, revenues could vary based on the transaction volume of global financial and real estate markets. Additionally, financing is sensitive to interest rate fluctuations, which could have an impact on the Company's overall profitability.

Guarantees

The Company provides guarantees to securities clearinghouses and exchanges which meet the definition of a guarantee under FASB interpretations. Under these standard securities clearinghouse and exchange membership agreements, members are required to guarantee, collectively, the performance of other members and, accordingly, if another member becomes unable to satisfy its obligations to the clearinghouse or exchange, all other members would be required to meet the shortfall. In the opinion of management, the Company's liability under these agreements is not quantifiable and could exceed the cash and securities it has posted as collateral. However, the potential of being required to make payments under these arrangements is remote. Accordingly, no contingent liability has been recorded in the Company's consolidated statements of financial condition for these agreements.

In connection with the sale of eSpeed (see Note 2—"Divestiture"), the Company has guaranteed all payment obligations of ELX through December 31, 2014 under the Amended and Restated Technology Services Agreement, dated as of March 28, 2012, by and between eSpeed Technology Services L.P. and ELX Futures L.P. However, the potential of being required to make payments under this arrangement is remote. Accordingly, no contingent liability has been recorded in the Company's consolidated statements of financial condition for this agreement.

Indemnification

In connection with the sale of eSpeed (see Note 2—"Divestiture"), the Company has indemnified NASDAQ OMX for amounts over a defined threshold against damages arising from breaches of representations, warranties and covenants. As of December 31, 2014, no contingent liability has been recorded in the Company's consolidated statements of financial condition for this indemnification, as the potential for being required to make payments under this indemnification is remote.

21. Income Taxes

The Company's consolidated financial statements include U.S. federal, state and local income taxes on the Company's allocable share of the U.S. results of operations, as well as taxes payable to jurisdictions outside the U.S. In addition, certain of the Company's entities are taxed as U.S. partnerships and are subject to the Unincorporated Business Tax ("UBT") in New York City. Therefore, the tax liability or benefit related to the partnership income or loss except for UBT rests with the partners (see Note 3—"Limited Partnership Interests in BGC Holdings" for discussion of partnership interests) rather than the partnership entity.

The provision for income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Current:			
U.S. federal	$ 18,550	$120,806	$ 11,316
U.S. state and local	6,799	41,635	2,970
Foreign	(457)	1,089	17,849
UBT	1,944	10,625	(361)
	26,836	174,155	31,774
Deferred:			
U.S. federal	(22,670)	(35,248)	(6,741)
U.S. state and local	(8,350)	(17,344)	(1,918)
Foreign	7,360	(29,532)	(2,352)
UBT	(2,525)	135	(539)
	(26,185)	(81,989)	(11,550)
Provision for income taxes	$ 651	$ 92,166	$ 20,224

The Company had pre-tax income from foreign operations of $26.8 million for the year ended December 31, 2014, $199.2 million pre-tax loss for the year ended December 31, 2013, and pre-tax income from foreign operations of $62.6 million for the year ended December 31, 2012. The pre-tax loss for the year ended December 31, 2013 was primarily due to the charges taken related to the Company Global Partnership Restructuring Program. The Company had pre-tax loss from domestic operations of $30 million for the year ended December 31, 2014, pre-tax income for domestic operations of $464.9 million for the year ended December 31, 2013 (primarily related to the sale of eSpeed), and a pre-tax loss from domestic operations of $6.9 million for the year ended December 31, 2012.

Differences between the Company's actual income tax expense and the amount calculated utilizing the U.S. federal statutory rates were as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Federal income tax expense at 35% statutory rate	$(1,116)	$ 92,970	$19,508
Non-controlling interest	7,176	(87,312)	2,258
Incremental impact of foreign taxes compared to federal tax rate	(6,284)	22,093	(7,020)
Permanent differences	7,588	34,802	6,003
State and local taxes	(825)	16,340	684
New York City UBT	(378)	10,386	(752)
Federal/state tax benefit of research and development credit	(500)	(500)	(500)
UK enacted rate change	(1,256)	3,529	—
Release of Uncertain Tax Positions	(3,819)	—	—
Other	65	(142)	43
Provision for income taxes	$ 651	$ 92,166	$20,224

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded against deferred tax assets if it is deemed more likely than not that those assets will not be realized. As of December 31, 2014, the Company did not have any undistributed foreign pre-tax earnings. It is not practical to determine the amount of additional tax that may be payable in the event these earnings are repatriated.

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse.

Significant components of the Company's deferred tax asset and liability consisted of the following (in thousands):

	Year Ended December 31,	
	2014	2013
Deferred tax asset		
Fixed assets	$ 6,138	$ 7,236
Basis difference of investments	17,063	12,266
Deferred compensation	57,555	53,987
Other deferred and accrued expenses	53,647	21,393
Net operating loss and credit carry-forwards	32,953	47,210
Total deferred tax asset [1]	167,356	142,092
Valuation allowance	(19,500)	(20,403)
Deferred tax asset, net of valuation allowance	147,856	121,689
Deferred tax liability		
Software capitalization	8,758	8,374
Depreciation of fixed assets / Gain on replacements of assets	688	732
Other	36	394
Total deferred tax liability (1)	9,482	9,500
Net deferred tax asset	$ 138,374	$ 112,189

[1] Before netting within tax jurisdictions.

The Company has net operating losses in various jurisdictions that will begin to expire in 2017. The Company's deferred tax asset and liability are included in the Company's consolidated statements of financial condition as components of "Other assets" and "Accounts payable, accrued and other liabilities," respectively.

Pursuant to FASB guidance on Accounting for Uncertainty in Income Taxes, the Company provides for uncertain tax positions as a component of income tax expense based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities.

A reconciliation of the beginning to the ending amount of gross unrecognized tax benefits (excluding interest and penalties) for the years ended December 31, 2014 and 2013 is as follows (in thousands):

Balance, December 31, 2012 (excluding interest and penalties of $0.5 million)	$ 3,250
Increases for prior year tax positions	—
Decreases for prior year tax positions	—
Increases for current year tax positions	—
Settlements	—
Lapse of statute of limitations	—
Balance, December 31, 2013 (excluding interest and penalties of $0.6 million)	$ 3,250
Increases for prior year tax positions	—
Decreases for prior year tax positions	—
Increases for current year tax positions	—
Settlements	—
Lapse of statute of limitations	(3,250)
Balance, December 31, 2014	$ —

As of December 31, 2014, the Company did not have any unrecognized tax benefits. The Company recognizes interest and penalties related to recognized tax benefits in "Interest expense" and "Other expenses," respectively, in the Company's consolidated statements of operations. As of December 31, 2014, the Company did not have any accrued interest related to uncertain tax positions.

22. Regulatory Requirements

Many of the Company's businesses are subject to regulatory restrictions and minimum capital requirements. These regulatory restrictions and capital requirements may restrict the Company's ability to withdraw capital from its subsidiaries.

Certain U.S. subsidiaries of the Company are registered as U.S. broker-dealers or Futures Commissions Merchants subject to Rule 15c3-1 of the SEC and Rule 1.17 of the Commodity Futures Trading Commission, which specify uniform minimum net capital requirements, as defined, for their registrants, and also require a significant part of the registrants' assets be kept in relatively liquid form. As of December 31, 2014, the Company's U.S. subsidiaries had net capital in excess of their minimum capital requirements.

Certain European subsidiaries of the Company are regulated by the Financial Conduct Authority (the "FCA") and must maintain financial resources (as defined by the FCA) in excess of the total financial resources requirement of the FCA. As of December 31, 2014, the European subsidiaries had financial resources in excess of their requirements.

Certain other subsidiaries of the Company are subject to regulatory and other requirements of the jurisdictions in which they operate.

The regulatory requirements referred to above may restrict the Company's ability to withdraw capital from its regulated subsidiaries. As of December 31, 2014, $336.8 million of net assets were held by regulated subsidiaries. These subsidiaries had aggregate regulatory net capital, as defined, in excess of the aggregate regulatory requirements, as defined, of $156.4 million.

Table of Contents

23. Segment and Geographic Information

Segment Information

The Company's business segments are determined based on the products and services provided and reflect the manner in which financial information is evaluated by management. The Company's operations consist of two reportable segments, Financial Services and Real Estate Services.

Accordingly, all segment information presented herein reflects the Company's revised segment reporting structure for all periods presented. The Company's Financial Services segment specializes in the brokerage of a broad range of products, including fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures and structured products. It also provides a full 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. The Company's Real Estate Services segment offers commercial real estate tenants, owners, investors and developers a wide range of services, including leasing and corporate advisory, investment sales and financial services, consulting, project and development management, and property and facilities management.

The Company evaluates the performance and reviews the results of the segments based on each segment's "Income (loss) from operations before income taxes."

The amounts shown below for the Financial Services and Real Estate Services segments reflect the amounts that are used by management to allocate resources and assess performance, which is based on each segment's "Income (loss) from operations before income taxes." In addition to the two business segments, the tables below include a "Corporate Items" category. Corporate revenues include fees from related parties and interest income as well as gains that are not considered part of the Company's ordinary, ongoing business such as the gain related to the sale of eSpeed. Corporate expenses include non-cash compensation expenses (such as the grant of exchangeability to limited partnership units; redemption/exchange of partnership units, issuance of restricted shares and a reserve on compensation-related partnership loans; and allocations of net income to limited partnership units and FPUs) as well as unallocated expenses such as certain professional and consulting fees, executive compensation and interest expense, which are managed separately at the corporate level.

Certain financial information for the Company's segments is presented below. See Note 17—"Goodwill and Other Intangible Assets, Net," for goodwill by reportable segment.

Year ended December 31, 2014 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$ 401,602	$ —	$ —	$ 401,602
Credit	225,854	—	—	225,854
Foreign Exchange	215,168	—	—	215,168
Equities and Other Asset Classes	176,292	—	—	176,292
Real Estate	—	543,895	(948)	542,947
Real estate management services	—	163,227	—	163,227
Fees from related parties	121	—	28,258	28,379
Market data	6,676	—	—	6,676
Software solutions	2,801	—	—	2,801
Other revenues	14,142	1,134	1,956	17,232
Total non-interest revenues	1,042,656	708,256	29,266	1,780,178
Interest income	1,687	537	5,088	7,312
Total revenues	1,044,343	708,793	34,354	1,787,490
Interest expense	3,201	32	34,712	37,945
Non-interest expenses	860,633	639,625	296,623	1,796,881
Total expenses	863,834	639,657	331,335	1,834,826
Other income (losses), net:				
Losses on equity method investments	—	—	(8,621)	(8,621)
Other income	52,769	—	—	52,769
Total other income (losses), net	52,769	—	(8,621)	44,148
Income (loss) from operations before income taxes	$ 233,278	$ 69,136	$(305,602)	$ (3,188)

For the year ended December 31, 2014, the Financial Services segment income (loss) from operations before income taxes includes $52.8 million related to the earn-out portion of the NASDAQ OMX Transaction consideration and the associated mark-to-market movements and/or hedging. For the year ended December 31, 2014, the Real Estate Services segment income (loss) from operations before income taxes excludes $9.6 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Year ended December 31, 2013 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$ 491,740	$ —	$ —	$ 491,740
Credit	244,546	—	—	244,546
Foreign Exchange	212,120	—	—	212,120
Equities and Other Asset Classes	150,728	—	—	150,728
Real Estate	—	413,018	—	413,018
Real estate management services	—	163,353	—	163,353
Fees from related parties	5,711	—	35,417	41,128
Market data	10,137	—	—	10,137
Software solutions	6,201	—	—	6,201
Other revenues	2,517	434	2,226	5,177
Total non-interest revenues	1,123,700	576,805	37,643	1,738,148
Interest income	1,052	386	5,395	6,833
Total revenues	1,124,752	577,191	43,038	1,744,981
Interest expense	3,498	4	34,830	38,332
Non-interest expenses	957,138	531,616	705,079	2,193,833
Total expenses	960,636	531,620	739,909	2,232,165
Other income (losses), net:				
Gain on divestiture and sale of investments	—	—	723,147	723,147
Losses on equity method investments	—	—	(9,508)	(9,508)
Other income	39,466	—	—	39,466
Total other income (losses), net	39,466	—	713,639	753,105
Income (loss) from operations before income taxes	$ 203,582	$ 45,571	$ 16,768	$ 265,921

For the year ended December 31, 2013, the Financial Services segment income (loss) from operations before income taxes includes $39.5 million related to the earn-out portion of the NASDAQ OMX Transaction consideration and related hedging transactions. For the year ended December 31, 2013, the Real Estate Services segment income (loss) from operations before income taxes excludes $10.6 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting. For the year ended December 31, 2013, Corporate Items income (loss) from operations before income taxes includes a $723.1 million gain on divestiture related to the sale of eSpeed and approximately $465 million in compensation expense related to the Global Partnership Restructuring Program.

Year ended December 31, 2012 (in thousands):

	Financial Services	Real Estate Services	Corporate Items	Total
Brokerage revenues:				
Rates	$ 532,436	$ —	$ —	$ 532,436
Credit	284,606	—	—	284,606
Foreign Exchange	208,011	—	—	208,011
Equities and Other Asset Classes	156,106	—	—	156,106
Real Estate	—	331,010	—	331,010
Real estate management services	—	122,704	—	122,704
Fees from related parties	11,324	—	41,835	53,159
Market data	17,302	—	—	17,302
Software solutions	9,962	—	—	9,962
Other revenues	367	520	3,608	4,495
Total non-interest revenues	1,220,114	454,234	45,443	1,719,791
Interest income	1,295	382	4,829	6,506
Total revenues	1,221,409	454,616	50,272	1,726,297
Interest expense	6,246	257	28,382	34,885
Non-interest expenses	1,000,865	431,469	244,037	1,676,371
Total expenses	1,007,111	431,726	272,419	1,711,256
Other income (losses), net:				
Losses on equity method investments	—	—	(11,775)	(11,775)
Other income	—	—	52,471	52,471
Total other income (losses), net	—	—	40,696	40,696
Income (loss) from operations before income taxes	$ 214,298	$ 22,890	$(181,451)	$ 55,737

For the year ended December 31, 2012, the Real Estate Services segment income (loss) from operations before income taxes excludes $21.1 million related to the collection of receivables and associated expenses that were recognized at fair value as part of acquisition accounting.

Total assets by reportable segment (in thousands):

Total Assets [1]	Financial Services	Real Estate Services	Total
At December 31, 2014	$2,318,590	$432,537	$2,751,127
At December 31, 2013	$1,802,255	$277,108	$2,079,363

[1] Corporate assets have been fully allocated to the Company's business segments.

Geographic Information

The Company offers products and services in the U.S., U.K., Asia (including Australia), France, Other Americas, Other Europe, and the Middle East and Africa region (defined as the "MEA" region). Information regarding revenues for the years ended December 31, 2014, 2013 and 2012, respectively, is as follows (in thousands):

	Year Ended December 31, 2014	2013	2012
Revenues:			
United States	$1,076,295	$ 986,994	$ 942,044
United Kingdom	393,071	412,227	418,042
Asia	154,480	173,227	196,842
France	81,662	89,223	94,682
Other Americas	39,589	36,770	40,124
Other Europe/MEA	42,393	46,540	34,563
Total revenues	$1,787,490	$1,744,981	$1,726,297

Information regarding long-lived assets (defined as loans, forgivable loans and other receivables from employees and partners, net; fixed assets, net; certain other investments; goodwill; other intangible assets, net of accumulated amortization; and rent and other deposits) in the geographic areas as of December 31, 2014 and 2013, respectively, is as follows (in thousands):

	December 31, 2014	December 31, 2013
Long-lived assets:		
United States	$ 497,749	$ 278,593
United Kingdom	121,735	125,309
Asia	29,459	37,872
France	5,979	9,295
Other Americas	19,188	13,434
Other Europe/MEA	2,549	4,208
Total long-lived assets	$ 676,659	$ 468,711

24. Supplemental Balance Sheet Information

The Components of certain balance sheet accounts are as follows (in thousands):

	December 31,	
	2014	2013
Other assets:		
Prepaid expenses	$ 28,219	$ 21,672
Deferred tax asset	142,873	106,006
Rent and other deposits	15,801	17,461
Other taxes	14,080	5,827
Other	27,358	24,018
Total other assets	$228,331	$174,984

	December 31,	
	2014	2013
Accounts payable, accrued and other liabilities:		
Accrued expenses and other liabilities	$349,291	$218,154
Deferred tax liability	2,135	—
Taxes payable	150,404	174,371
Total accounts payable, accrued and other liabilities	$501,830	$392,525

25. Subsequent Events

Fourth Quarter 2014 Dividend

On February 10, 2015, the Company’s Board of Directors declared a quarterly cash dividend of $0.12 per share for the fourth quarter of 2014, payable on March 16, 2015 to Class A and Class B common stockholders of record as of March 2, 2015.

Controlled Equity Offering

Since December 31, 2014, the Company issued, pursuant to its controlled equity offering, 1.2 million shares of Class A common stock related to redemptions and exchanges of limited partnership interests as well as for general corporate purposes.

Repurchases

Since December 31, 2014, the Company has repurchased an aggregate of approximately 0.7 million shares of its Class A common stock at an aggregate purchase price of approximately $5.8 million for an average price of $7.96 per share.

Acquisition of GFI

On February 26, 2015, we successfully completed our tender offer to acquire shares of common stock, par value $0.01 per share (the “Shares”), of GFI Group Inc. (“GFI”) for $6.10 per share in cash and accepted for purchase approximately 54.6 million shares (the “Tendered Shares”) tendered to us pursuant to our offer (the “Offer”). The Tendered Shares, together with the 17.1 million Shares already owned by us, represent approximately 56.3% of GFI’s outstanding shares. We expect to issue payment for the Tendered Shares on March 3, 2015 in the aggregate amount of $332.8 million. GFI is a leading intermediary and provider of trading technologies and support services to the global OTC and listed markets. GFI serves more than 2,500 institutional clients in operating electronic and hybrid markets for cash and derivative products across multiple asset classes.

Acquisition of ARA

During January and February of 2015 the Company completed the acquisition of an additional 6 entities of ARA and its members. ARA is the nation’s largest privately held, full service investment brokerage network, focusing exclusively on the multi-housing industry.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

BGC Partners maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by BGC Partners is recorded, processed, accumulated, summarized and communicated to its management, including its Chairman and Chief Executive Officer and its Chief Financial Officer, to allow timely decisions regarding required disclosures, and reported within the time periods specified in the SEC's rules and forms. The Chairman and Chief Executive Officer and the Chief Financial Officer have performed an evaluation of the effectiveness of the design and operation of BGC Partners disclosure controls and procedures as of December 31, 2014. Based on that evaluation, the Chairman and Chief Executive Officer and the Chief Financial Officer concluded that BGC Partners' disclosure controls and procedures were effective as of December 31, 2014.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chairman, Chief Executive Officer, and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2014 based upon criteria set forth in the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Based on the results of our 2014 evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2014. We reviewed the results of management's assessment with our Audit Committee.

Management has excluded BGC Partners acquisition of Cornish & Carey Commercial as this acquisition was completed during the course of 2014, and did not have a material effect on our financial condition, results of operations or cash flows in 2014. However, we anticipate that this acquisition will be included in management's assessment of internal control over financial reporting and our audit of internal controls over financial reporting for 2015. The aggregate 2014 GAAP revenues, recognized by Cornish & Carey Commercial since the acquisition, represented approximately 3.5% or $61.9 million of the Company's total GAAP revenues for the year ended December 31, 2014.

The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by Ernst & Young, an independent registered public accounting firm, as stated in their report which is included in this Annual Report on Form 10-K. Such report expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2014, there were no changes in our internal control over financial reporting that materially affect, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not Applicable

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information appearing under “Election of Directors,” “Executive Officers,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Code of Ethics and Whistleblower Procedures” in the definitive Proxy Statement for the Company’s 2015 Annual Meeting of Stockholders (the “2015 Proxy Statement”) is hereby incorporated by reference in response to this Item 10. We anticipate that we will file the 2015 Proxy Statement with the SEC on or before April 30, 2015.

ITEM 11. EXECUTIVE COMPENSATION

The information appearing under “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Executive Compensation” and “Compensation Committee Interlocks and Insider Participation” in the 2015 Proxy Statement is hereby incorporated by reference in response to this Item 11.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information appearing under “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information as of December 31, 2014” in the 2015 Proxy Statement is hereby incorporated by reference in response to this Item 12.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information appearing under “Certain Relationships and Related Transactions and Director Independence” and “Election of Directors—Independence of Directors” in the 2015 Proxy Statement is hereby incorporated by reference in response to this Item 13.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information appearing under “Independent Registered Public Accounting Firm Fees” and “Audit Committee Pre-Approval Policies and Procedures” in the 2015 Proxy Statement is hereby incorporated by reference in response to this Item 14.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements. The consolidated financial statements required to be filed in this Annual Report on Form 10-K are included in Part II, Item 8 hereof.

(a) (2) Schedule I, Parent Company Only Financial Statements. All other schedules are omitted because they are not applicable or not required, or the required information is in the financial statements or the notes thereto.

(a) (3) The following Exhibits are filed as part of this Report as required by Regulation S-K. The Exhibits designated by an asterisk (*) are management contracts and compensation plans and arrangements required to be filed as Exhibits to this Report. Schedules and similar attachments to the exhibits designated by a double asterisk (**) have been omitted pursuant to Item 601(b)(2) of Regulation S-K. BGC Partners, Inc. will supplementally furnish a copy of them to the SEC upon request. We have requested confidential treatment as to certain portions of the Exhibits designated by a cross (+), which portions have been omitted and filed separately with the Securities and Exchange Commission (the "SEC"). Certain exhibits have been previously filed with the SEC pursuant to the Securities Exchange Act of 1934 (Commission File Numbers 0-28191and 1-35591).

Exhibit Number	Exhibit Title
1.1	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated September 9, 2011 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 9, 2011)
1.2	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated February 15, 2012 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 15, 2012)
1.3	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated December 12, 2012 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 12, 2012)
1.4	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated November 20, 2014 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 20, 2014)
2.1	Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)**
2.2	Amendment No. 1, dated as of November 5, 2007, to the Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)**
2.3	Amendment No. 2, dated as of February 1, 2008, to the Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)**
2.4	Separation Agreement, dated as of March 31, 2008, by and among Cantor Fitzgerald, L.P., BGC Partners, LLC, BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to Exhibit 2.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
2.5	Tender Offer Agreement executed by BGC Partners, Inc., BGC Partners, L.P. and GFI Group Inc., dated February 19, 2015 (incorporated by reference as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 25, 2015)**

Exhibit Number	Exhibit Title
3.1	Amended and Restated Certificate of Incorporation of BGC Partners, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
3.2	Amended and Restated Bylaws of BGC Partners, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
4.1	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 filed with the SEC on April 18, 2008)
4.2	Warrant Agreement, dated as of August 21, 2002, between eSpeed, Inc. and UBS USA, Inc. (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
4.3	Warrant Agreement, dated as of September 13, 2001, between eSpeed, Inc. and Exchange Brokerage Systems Corp. (incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
4.4	Amended and Restated Warrant Agreement, dated as of October 23, 2003, between eSpeed, Inc. and UBS USA Inc. (incorporated by reference to Exhibit 10.27 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)
4.5	Warrant Agreement, dated as of February 24, 2006, among eSpeed, Inc. and IDT Horizon GT, Inc. (incorporated by reference to Exhibit 4.10 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005)
4.6	Note Purchase Agreement, dated as of March 31, 2008, by and among BGC Partners, L.P. and the Purchasers whose names appear at the end thereof (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
4.7	Guaranty of BGC Partners, Inc., dated as of March 31, 2008 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
4.8	Letter Agreement, dated as of March 31, 2008, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
4.9	Indenture, dated as of April 1, 2010, between BGC Partners, Inc. and Wells Fargo Bank, National Association, as Trustee, relating to the 8.75% Convertible Senior Notes due 2015 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
4.10	BGC Partners, Inc. 8.75% Convertible Senior Notes due 2015 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
4.11	BGC Holdings, L.P. 8.75% Convertible Senior Notes due 2015 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
4.12	Indenture, dated as of July 29, 2011, between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, relating to the 4.50% Convertible Senior Notes due 2016 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 1, 2011)
4.13	Indenture, dated as of June 26, 2012, between BGC Partners, Inc. and U.S. Bank National Association, as trustee relating to the 8.125% Senior Notes due 2042 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 25, 2012)
4.14	First Supplemental Indenture, dated as of June 26, 2012, between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, relating to 8.125% Senior Notes due 2042 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on 8-K filed with the SEC on June 27, 2012)
4.15	Second Supplemental Indenture, dated December 9, 2014, between BGC Partners, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on December 10, 2014)
4.16	Form of BGC Partners, Inc. 5.375% Senior Notes due 2019 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on December 10, 2014)
10.1	Registration Rights Agreement, dated as of December 9, 1999, by and among eSpeed, Inc. and the Investors named therein (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999)
10.2	Sublease Agreement, dated as of December 15, 1999, between Cantor Fitzgerald Securities and eSpeed, Inc. (incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999)
10.3	Registration Rights Agreement, dated as of June 5, 2000 among eSpeed, Inc., Williams Energy Marketing & Trading Company and Dynegy, Inc. (incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)

10.4 Stock Purchase Agreement, dated April 26, 2000, between eSpeed, Inc. and Cantor Fitzgerald Securities (incorporated by reference to Exhibit 10.10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)

10.5 Amendment to Stock Purchase Agreement, dated June 2, 2000, among eSpeed, Inc., Cantor Fitzgerald Securities and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.11 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)

Exhibit Number	Exhibit Title
10.6	Registration Rights Agreement, dated as of July 30, 2001, among eSpeed, Inc. and the Investors named therein (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001)
10.7	Registration Rights Agreement, dated as of August 21, 2002, by and between eSpeed, Inc. and UBS USA Inc. (incorporated by reference to Exhibit 10.20 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
10.8	Services Agreement, dated as of October 1, 2002, between eSpeed Inc. and CO2e.com, LLC (incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)+
10.9	Intellectual Property Rights Further Assurances Agreement, dated as of October 11, 2002, between eSpeed, Inc. and CO2e.com, LLC (incorporated by reference to Exhibit 10.23 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)+
10.10	Software Agreement, dated as of February 24, 2006, between eSpeed, Inc. and IDT Horizon GT, Inc. (incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005)
10.11	Employment Separation Agreement and Release, dated as of January 23, 2008, by and between eSpeed, Inc. and Paul Saltzman (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007) *
10.12	Amended and Restated Limited Partnership Agreement of BGC Holdings, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
10.13	Amended and Restated Limited Partnership Agreement of BGC Partners, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
10.14	Amended and Restated Limited Partnership Agreement of BGC Global Holdings, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
10.15	Registration Rights Agreement by and between Cantor Fitzgerald, L.P. and BGC Partners, LLC, dated as of March 31, 2008 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)**
10.16	Administrative Services Agreement, dated as of March 6, 2008, by and between Cantor Fitzgerald, L.P. and BGC Partners, Inc. (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.17	Administrative Services Agreement, dated as of August 9, 2007, by and among Tower Bridge International Services L.P. and BGC International (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.18	BGC Holdings, L.P. Participation Plan, effective as of April 1, 2008 (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)*
10.19	BGC Partners, Inc. Amended and Restated Long Term Incentive Plan, effective as of April 1, 2008 (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)*
10.20	Tax Receivable Agreement, dated as of March 31, 2008, by and between BGC Partners, LLC and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)

Exhibit Number	Exhibit Title
10.21	License Agreement, dated as of April 1, 2008, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.10 to the Registrant’s Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.22	Change in Control Agreement, dated as of March 31, 2008, by and between Howard W. Lutnick and BGC Partners, LLC (incorporated by reference to Exhibit 10.12 to the Registrant’s Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.23	Change in Control Agreement, dated as of March 31, 2008, by and between Stephen M. Merkel and BGC Partners, LLC (incorporated by reference to Exhibit 10.13 to the Registrant’s Current Report on Form 8-K filed with the SEC on April 7, 2008)*
10.24	Change in Control Agreement, dated as of March 31, 2008, by and between Lee M. Amaitis and BGC Partners, LLC (incorporated by reference to Exhibit 10.14 to the Registrant’s Current Report on Form 8-K filed with the SEC on April 7, 2008)*
10.25	Amended and Restated Letter Agreement, dated as of November 1, 2008, by and between Lee M. Amaitis and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.15 to the Registrant’s Current Report on Form 8-K filed with the SEC on April 7, 2008)*
10.26	Letter Agreement, dated as of March 31, 2008, by and between Shaun D. Lynn and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.16 to the Registrant’s Current Report on Form 8-K filed with the SEC on April 7, 2008)*
10.27	Stock Purchase Agreement, dated June 2, 2008, by and between BGC Partners, Inc. and Stephen M. Merkel (incorporated by reference to Exhibit 10.31 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 16, 2009)*
10.28	Amended and Restated Letter Agreement, dated as of November 1, 2008, by and between Lee M. Amaitis and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.32 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 16, 2009)*
10.29	Clearing Services Agreement, dated May 6, 2008, Cantor Fitzgerald & Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.30	Amendment to Clearing Services Agreement, dated November 7, 2008, between Cantor Fitzgerald & Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.31	Agreement dated November 5, 2008 between BGC Partners, Inc. and Cantor Fitzgerald, L.P. regarding clearing capital (incorporated by reference to Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.32	Agreement of Limited Partnership of BGC Partners, L.P., Amended and Restated as of September 1, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant’s Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.33	Agreement of Limited Partnership of BGC Global Holdings, L.P., Amended and Restated as of September 1, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant’s Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.34	BGC Partners, Inc. Amended and Restated Incentive Bonus Compensation Plan as of December 8, 2008 (incorporated by reference to Exhibit 10.38 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 16, 2009)*

Table of Contents

Exhibit Number	Exhibit Title
10.35	First Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 1, 2009 (incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.36	Second Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of August 3, 2009 (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)
10.37	Third Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 12, 2010 (incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)
10.38	Employment Agreement, dated as of February 15, 2005, between Sean A. Windeatt and BGC Partners, Inc. (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)*
10.39	Employment Agreement, dated as of November 13, 2008, between Anthony Graham Sadler and Tower Bridge International Services, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 11, 2009)*
10.40	Subscription Agreement, dated March 16, 2010, among BGC Partners, Inc., BGC Holdings, L.P. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.43 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)
10.41	Employment Agreement, dated as of March 31, 2008, between BGC Brokers, L.P. and Shaun D. Lynn (incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)*
10.42	Fourth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of August 6, 2010 (incorporated by reference to Exhibit 10.44 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2010)
10.43	Registration Rights Agreement, dated as of April 1, 2010, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
10.44	Supplemental Indenture dated May 4, 2010 between BGC Partners, Inc. and Wells Fargo Bank National Association (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2010)

Exhibit Number	Exhibit Title
10.45	Fifth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of December 31, 2010 (incorporated by reference to Exhibit 10.48 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2011)
10.46	BGC Partners, Inc. Second Amended and Restated Long Term Incentive Plan dated as of December 14, 2009 (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 16, 2009)*
10.47	Letter Agreement, dated as of March 26, 2010, by and between Shaun D. Lynn and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)*
10.48	Amendment, dated as of March 26, 2010, by and between Shaun D. Lynn and BGC Partners, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)*
10.49	Letter Agreement, dated as of March 29, 2010, by and between Sean A. Windeatt and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)*
10.50	Letter Agreement, dated as of March 29, 2010, by and between A. Graham Sadler and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)*
10.51	Letter Agreement, dated as of December 17, 2010, by and between Stephen M. Merkel and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.54 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2011)*
10.52	Letter Agreement, dated as of December 17, 2010, by and between Shaun Lynn and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.55 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2011)*
10.53	Letter Agreement, dated as of December 17, 2010, by and between A. Graham Sadler and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.56 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2011)*
10.54	Letter Agreement, dated as of December 17, 2010, by and between Sean Windeatt and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.57 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2011)*
10.55	Sixth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 15, 2011 (incorporated by reference to Exhibit 10.58 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2011)
10.56	Seventh Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of September 9, 2011 and effective as of April 1, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 15, 2011)
10.57	Tower Bridge International Services L.P. and BGC Brokers L.P. Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.60 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.58	Tower Bridge International Services L.P. and Cantor Fitzgerald Europe Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.61 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)

Exhibit Number	Exhibit Title
10.59	Tower Bridge International Services L.P. and Cantor Index Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.62 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.60	Tower Bridge International Services L.P. and BGC International Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.63 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.61	Tower Bridge International Services L.P. and eSpeed International Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.64 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.62	Tower Bridge International Services L.P. and eSpeed Support Services Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.65 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.63	Amended and Restated Change in Control Agreement dated August 3, 2011 between Howard W. Lutnick and BGC Partners, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011)*
10.64	Amended and Restated Change in Control Agreement dated August 3, 2011 between Stephen M. Merkel and BGC Partners, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011)*
10.65	Letter Agreement, dated August 3, 2011, between Shaun D. Lynn and BGC Brokers, L.P., amending the Employment Agreement, dated March 31, 2008, as further amended on March 26, 2010, between Shaun D. Lynn and BGC Brokers, L.P. (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011)*
10.66	Credit Agreement dated as of June 23, 2011 by and among BGC Partners, Inc., certain direct and indirect subsidiaries of the Company, as Guarantors, the several financial institutions from time to time party thereto, as Lenders, and Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 28, 2011)
10.67	Capped Call Confirmation dated July 28, 2011 between Bank of America Merrill Lynch and BGC Partners, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 1, 2011)
10.68	Capped Call Confirmation dated July 28, 2011 among Deutsche Bank AG, London Branch, Deutsche Bank Securities Inc., and BGC Partners, Inc (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on August 1, 2011)
10.69	Third Amended and Restated Long Term Incentive Plan dated December 14, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 20, 2011)*
10.70	First Amended and Restated Incentive Bonus Compensation Plan dated December 14, 2011 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on December 20, 2011)*
10.71	Indenture, dated as of July 29, 2011, between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, relating to the 4.50% Convertible Senior Notes due 2016 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 1, 2011)

Exhibit Number	Exhibit Title
10.72	Underwriting Agreement dated as of June 21, 2012, by and among BGC Partners, Inc., Wells Fargo Securities, LLC, and certain other Underwriters (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 27, 2012)
10.73	First Amendment to Credit Agreement, dated October 11, 2012, to that certain Credit Agreement dated as of June 23, 2011 by and among BGC Partners, Inc., certain direct and indirect subsidiaries of the Company, as Guarantors, the several financial institutions from time to time party thereto, as Lenders, and Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent (incorporated by reference as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2012)
10.74	Second Amended and Restated Asset Purchase Agreement, dated April 13, 2012, by and among BGC Partners, Inc., Grubb & Ellis Company, and certain subsidiaries of Grubb & Ellis Company that are signatories thereto (incorporated by reference as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2012)
10.75	Eighth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P., dated as of December 17, 2012 and effective as of December 17, 2012 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 21, 2012)
10.76	Deed of Adherence, dated January 7, 2013, between Shaun D. Lynn and BGC Services (Holdings) LLP (incorporated by reference as Exhibit 10.83 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012)*
10.77	Deed of Adherence, dated January 9, 2013, between Sean Windeatt and BGC Services (Holdings) LLP (incorporated by reference as Exhibit 10.84 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012)*
10.78	Deed of Adherence, dated December 31, 2012, between A. Graham Sadler and BGC Services (Holdings) LLP (incorporated by reference as Exhibit 10.85 to the Registrant's Annual Report on 10-K for the year ended December 31, 2012)*
10.79	Amendment No. 1, dated as of March 28, 2013, to the Deed of Adherence, dated January 7, 2013, between Shaun D. Lynn and BGC Services (Holdings) LLP (incorporated by reference as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2013)*
10.80	Fourth Amended and Restated Long Term Incentive Plan, dated June 4, 2013 (incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 7, 2013)*
10.81	Second Amendment to Credit Agreement and Waiver, dated as of June 20, 2013, by and among BGC Partners, Inc., the several financial institutions from time to time party thereto, as Lenders, and the Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent (incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 26, 2013)

Exhibit Number	Exhibit Title
10.82	Purchase Agreement, dated as of April 1, 2013, by and among BGC Partners, Inc., BGC Partners, L.P., The NASDAQ OMX Group, Inc., and for certain limited purposes, Cantor Fitzgerald, L.P. (incorporated by reference as Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2013)
10.83	Third Amendment, dated as of September 12, 2013, to Credit Agreement, dated as of June 23, 2011, by and among BGC Partners, Inc., certain direct and indirect subsidiaries of the Company, as guarantors, the several financial institutions from time to time party thereto, as Lenders, and Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent (incorporated by reference as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2013)
10.84	Ninth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P., dated as of November 6, 2013 (incorporated by reference as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2013)
10.85	Amended and Restated Deed of Adherence, dated as of January 22, 2014, between Sean Windeatt and BGC Services (Holdings) LLP (incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 28, 2014)
10.86	Tenth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P., dated as of May 9, 2014 (incorporated by reference as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2014)
10.87	Fifth Amended and Restated Long Term Incentive Plan, dated June 3, 20143 (incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 6, 2014)*
21.1	List of subsidiaries of BGC Partners, Inc.
23.1	Consent of Ernst & Young LLP, independent auditors.
23.2	Consent of Ernst & Young LLP, independent auditors.
31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Audited consolidated statements of financial condition of Grubb & Ellis as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareowners' (deficit) equity and cash flows for each of the years ended December 31, 2011, 2010 and 2009, and the Notes to Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm.
99.2	Unaudited interim consolidated statement of net assets in liquidation (liquidation basis) of Grubb & Ellis as of March 31, 2012, unaudited interim consolidated statement of changes in net assets in liquidation (liquidation basis) for the period from March 27, 2012 to March 31, 2012, consolidated balance sheet (going concern basis) as of December 31, 2011, unaudited interim consolidated statements of comprehensive loss (going concern basis) and cash flows (going concern basis) for the period from January 1, 2012 to March 27, 2012 and the three months ended March 31, 2011, and the Notes to the Unaudited Consolidated Financial Statements.
99.3	Unaudited pro forma condensed combined financial information, giving effect to our acquisition of substantially all of the assets of Grubb & Ellis.
101	The following materials from BGC Partners' Annual Report on Form 10-K for the period ended December 31, 2013 are formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Changes in Equity, (vi) Notes to the Consolidated Financial Statements, and (vii) Schedule I, Parent Company Only Financial Statements.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K for the fiscal year ended December 31, 2014 to be signed on its behalf by the undersigned, thereunto duly authorized, on the 2nd day of March, 2015.

BGC Partners, Inc.

By: /S/ HOWARD W. LUTNICK
Name: **Howard W. Lutnick**
Title: **Chairman of the Board and Chief Executive Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant, BGC Partners, Inc., in the capacities and on the date or dates indicated.

Signature	Capacity in Which Signed	Date
/S/ HOWARD W. LUTNICK **Howard W. Lutnick**	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 2, 2015
/S/ A. GRAHAM SADLER **A. Graham Sadler**	Chief Financial Officer (Principal Financial and Accounting Officer)	March 2, 2015
/S/ LINDA A. BELL **Linda A. Bell**	Director	March 2, 2015
/S/ STEPHEN T. CURWOOD **Stephen T. Curwood**	Director	March 2, 2015
/S/ JOHN H. DALTON **John H. Dalton**	Director	March 2, 2015
/S/ WILLIAM J. MORAN **William J. Moran**	Director	March 2, 2015
/S/ ALBERT M. WEIS **Albert M. Weis**	Director	March 2, 2015

Table of Contents

BGC PARTNERS, INC.
(Parent Company Only)

STATEMENTS OF FINANCIAL CONDITION
(in thousands, except share and per share data)

	December 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	$ 12	$ 67
Investments in subsidiaries	584,333	410,778
Receivables from related parties	309,922	229,018
Note receivable from related party	706,700	406,775
Other assets	110,249	70,362
Total assets	$ 1,711,216	$ 1,117,000
Liabilities and Stockholders' Equity		
Payables to related parties	$ 576,961	$ 191,708
Accounts payable, accrued and other liabilities	26,039	54,149
Notes payable and collateralized borrowings	556,700	256,775
Notes payable to related parties	150,000	150,000
Total liabilities	1,309,700	652,632
Commitments and contingencies (Note 2)		
Total stockholders' equity	401,516	464,368
Total liabilities and stockholders' equity	$ 1,711,216	$ 1,117,000

See accompanying Notes to Financial Statements.

BGC PARTNERS, INC.
(Parent Company Only)

STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,		
	2014	2013	2012
Revenues:			
Interest income	$ 44,560	$ 41,419	$ 33,412
Expenses:			
Interest expense	54,220	47,206	35,911
Other expenses	969	725	567
Total expenses	55,189	47,931	36,478
Loss from operations before income taxes	(10,629)	(6,512)	(3,066)
Equity income of subsidiaries	9,636	186,868	32,441
Provision (benefit) for income taxes	(5,128)	109,432	5,511
Net income available to common stockholders	$ 4,135	$ 70,924	$ 23,864
Per share data:			
Basic earnings per share	$ 0.02	$ 0.37	$ 0.16
Basic weighted-average shares of common stock outstanding	220,697	193,694	144,886
Fully diluted earnings per share	$ 0.02	$ 0.36	$ 0.16
Fully diluted weighted-average shares of common stock outstanding	328,455	265,348	280,809

See accompanying Notes to Financial Statements.

BGC PARTNERS, INC.
(Parent Company Only)

STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31, 2014	2013	2012
Net income	$ 4,135	$70,924	$23,864
Other comprehensive loss, net of tax:			
Foreign currency translation adjustments	(5,859)	(1,878)	(430)
Unrealized gain (loss) on securities available for sale	16,222	—	—
Total other comprehensive income (loss), net of tax	10,363	(1,878)	(430)
Comprehensive income attributable to common stockholders	$14,498	$69,046	$23,434

See accompanying Notes to Financial Statements.

Table of Contents

BGC PARTNERS, INC.
(Parent Company Only)

STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income available to common stockholders	$ 4,135	$ 70,924	$ 23,864
Adjustments to reconcile net income to net cash used in operating activities:			
Amortization of deferred financing costs	4,834	4,876	4,580
Equity in net gains of unconsolidated investments	(9,636)	(186,868)	(32,441)
Deferred tax (benefit) expense	(33,675)	(52,549)	(8,839)
Decrease (increase) in operating assets:			
Receivables from related parties	(30,577)	(96,920)	48,248
Note receivable from related party	(299,925)	11,940	(97,851)
Other assets	(118)	(1,425)	(5,782)
(Decrease) increase in operating liabilities:			
Accounts payable, accrued and other liabilities	(34,317)	39,295	16,799
Payables to related parties	127,335	112,207	41,063
Net cash used in operating activities	(271,944)	(98,520)	(10,359)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for acquisitions, net of cash acquired	(306)	(230)	(30,153)
Purchase of notes receivable	—	—	(22,000)
Distribution from equity method investment	—	—	928
Net cash used in investing activities	(306)	(230)	(51,225)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends to stockholders	(105,132)	(91,395)	(90,590)
Repurchase of Class A common stock	(100,268)	(15,528)	(337)
Issuance of senior notes, net of deferred issuance costs	295,091	—	—
Proceeds from long-term borrowings	—	—	108,716
Repayments of collateralized borrowings	—	(11,940)	(10,865)
Proceeds from short-term borrowings	—	—	90,000
Repayments of short-term borrowings	—	—	(103,600)
Distributions from subsidiaries	116,648	171,980	55,537
Proceeds from offering of Class A common stock, net	65,856	45,673	12,667
Other	—	—	83
Net cash provided by financing activities	272,195	98,790	61,611
Net increase (decrease) in cash and cash equivalents	(55)	40	27
Cash and cash equivalents at beginning of period	67	27	—
Cash and cash equivalents at end of period	$ 12	$ 67	$ 27
Supplemental non-cash information:			
Issuance of Class A common stock upon exchange of limited partnership interests	$ 87,212	$ 65,908	$ 90,199
Issuance of Class A and contingent Class A common stock for acquisitions	57,907	1,776	9,026
Donations with respect to Charity Day	—	5,720	13,401
Issuance of Class A common stock upon purchase of notes receivable	—	—	3,055
Use of notes receivable in business acquisition	—	—	25,617

See accompanying Notes to Financial Statements.

BGC PARTNERS, INC.
(Parent Company Only)
NOTES TO FINANCIAL STATEMENTS

1. Organization and Basis of Presentation

The accompanying Parent Company Only Financial Statements of BGC Partners, Inc. ("BGC Partners" or the "Company") should be read in conjunction with the consolidated financial statements of BGC Partners, Inc. and subsidiaries and the notes thereto.

2. Commitments, Contingencies and Guarantees

On various dates beginning in 2009 and most recently in December 2012, subsidiaries of the Company entered into secured loan arrangements, under which they pledged certain fixed assets including furniture, computers and telecommunications equipment in exchange for loans. The principal and interest on this secured loan arrangements are repayable in consecutive monthly installments at a fixed rate of 8.09% per annum with the final payment due in December 2016. During the year ended December 31, 2013, the Company prepaid $26.7 million related to the secured loan arrangements and during the six months ended June 30, 2014, we prepaid the remaining balance. Therefore, there was no secured loan balance as of December 31, 2014. The outstanding balance of the secured loan was $1.6 million as of December 31, 2013.

3. Long Term Debt

On April 1, 2010, the Company issued an aggregate of $150.0 million principal amount of Convertible Notes to BGC Holdings, L.P., which further issued an aggregate of $150.0 million Convertible Notes to Cantor in a private placement transaction. In a back-to-back transaction, the Company loaned the $150.0 million to BGC Partners, L.P., which utilized the proceeds to repay at maturity $150.0 million aggregate principal amount of Senior Notes due April 1, 2010.

The Convertible Notes bear an annual interest rate of 8.75%, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2010, and are currently convertible into approximately 24.0 million shares of Class A common stock. The Convertible Notes will mature on April 15, 2015, unless earlier repurchased, exchanged or converted. The Company recorded interest expense of $13.1 million for each year ended December 31, 2014, 2013 and 2012, respectively.

On various dates during the years ended December 31, 2010 and 2011, the Company (as Co-Lessee with other related entities) sold certain furniture, equipment and software for $34.2 million, net of costs and concurrently entered into agreements to lease the property back. The principal and interest on the leases were repayable in equal monthly installments for terms of 36 months (software) and 48 months (furniture and equipment) with maturities through September 2014.

During the year ended December 31, 2013, the Company terminated the leases and prepaid the outstanding balance of $7.2 million. As a result of the prepayment, the Company incurred $0.1 million of early termination fees and recognized $0.2 million related to of the acceleration of deferred financing costs.

Because the leases were terminated during the year ended December 31, 2013, the Company had no outstanding balance or fixed assets related to the leases as of December 31, 2013 nor December 31, 2014. The Company recorded interest expense of $0.7 million and $1.1 million for the years ended December 31, 2013 and 2012, respectively.

Because assets reverted back to the BGC Partners, Inc. and subsidiaries at the end of the leases, the transactions were capitalized. As a result, consideration received from the purchaser was included in the BGC Partners, Inc. consolidated balance sheet as a financing obligation, and payments made under the lease were recorded as interest expense (at an effective rate of approximately 6%).

On July 29, 2011, the Company issued an aggregate of $160.0 million principal amount 4.50% Convertible Senior Notes due 2016 (the "4.50% Convertible Notes"). The 4.50% Convertible Notes are general senior unsecured obligations of BGC Partners, Inc. The 4.50% Convertible Notes pay interest semiannually at a rate of 4.50% per annum and were priced at par. The 4.50% Convertible Notes will mature on July 15, 2016, unless earlier repurchased, exchanged or converted. The Company recorded interest expense related to the 4.50% Convertible Notes of $11.9 million, $11.7 million and $11.6 million for the years ended December 31, 2014, 2013 and 2012, respectively.

As of December 31, 2014, the 4.50% Convertible Notes were convertible, at the holder's option, at a conversion rate of 101.6260 shares of Class A common stock per $1,000 principal amount of notes, subject to adjustment in certain circumstances, including stock dividends and stock splits on the Class A common stock and the Company's payment of a quarterly cash dividend in excess of $0.17 per share of Class A common stock. Upon conversion, the Company will pay or deliver cash, shares of the Company's Class A common stock, or a combination thereof at the Company's election. As of December 31, 2014, the 4.50% Convertible Notes were convertible into approximately 16.3 million shares of Class A common stock.

As prescribed by FASB guidance, Debt, the Company recognized the value of the embedded conversion feature as an increase to additional paid-in capital of approximately $19.0 million on a pre-tax basis ($16.1 million net of taxes and issuance costs). The embedded conversion feature was measured as the difference between the proceeds received and the fair value of a similar liability without the conversion feature. The value of the conversion feature is treated as a debt discount and reduced the initial carrying value of the 4.50% Convertible Notes to $137.2 million, net of debt issuance costs of $3.8 million allocated to the debt component of the instrument. The discount is amortized as interest cost and the carrying value of the notes will accrete up to the face amount over the term of the notes.

In connection with the offering of the 4.50% Convertible Notes, the Company entered into capped call transactions, which are expected to reduce the potential dilution of the Company's Class A common stock upon any conversion of the 4.50% Convertible Notes in the event that the market value per share of the Company's Class A common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions ($10.62 as of December 31, 2014, subject to adjustments in certain circumstances). The capped call transactions had an initial cap price equal to $12.30 per share (50% above the last reported sale price of the Company's Class A common stock on the NASDAQ on July 25, 2011), and had a cap price equal to approximately $13.27 per share as of December 31, 2014. The purchase price of the capped call resulted in a decrease to additional paid-in capital of $11.4 million on a pre-tax basis ($9.9 million on an after-tax basis). The capped call transactions cover approximately 15.1 million shares of BGC's Class A common stock as of December 31, 2014.

On June 26, 2012, the Company issued an aggregate of $112.5 million principal amount of 8.125% Senior Notes due 2042 pursuant to the Company's effective Shelf Registration Statement on Form S-3, as amended. The 8.125% Senior Notes are senior unsecured obligations of BGC Partners, Inc. The 8.125% Senior Notes may be redeemed for cash, in whole or in part, on or after June 26, 2017, at the Company's option, at any time and from time to time, until maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued but unpaid interest on the principal amount being redeemed to, but not including, the redemption date. The 8.125% Senior Notes are listed on the New York Stock Exchange under the symbol "BGCA." The Company used the proceeds to repay short-term borrowings under its unsecured revolving credit facility and for general corporate purposes, including acquisitions.

The initial carrying value of the 8.125% Senior Notes was $108.7 million, net of debt issuance costs of $3.8 million. The issuance costs are amortized as interest cost and the carrying value of the notes will accrete up to the face amount over the term of the notes. The Company recorded interest expense of $9.3 million, $9.3 million and $4.8 million for the years ended December 31, 2014, 2013 and 2012, respectively.

On December 9, 2014, the Company issued an aggregate of $300.0 million principal amount of 5.375% Senior Notes due 2019 ("the 5.375% Senior Notes"). The 5.375% Senior Notes are general senior unsecured obligations of the Company. These Senior Notes bear interest at a rate of 5.375% per year, payable in cash on June 9 and December 9 of each year, commencing June 9, 2015. The interest rate payable on the notes will be subject to adjustments from time to time based on the debt rating assigned by specified rating agencies to the notes, as set forth in the Indenture. The 5.375% Senior Notes will mature on December 9, 2019. The Company may redeem some or all of the notes at any time or from time to time for cash at certain "make-whole" redemption prices (as set forth in the Indenture). If a "Change of Control Triggering Event" (as defined in the Indenture) occurs, holders may require the Company to purchase all or a portion of their notes for cash at a price equal to 101% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date.

The initial carrying value of the 5.375% Senior Notes was $295.1 million, net of the discount and debt issuance costs of $4.9 million. The issuance costs are amortized as interest cost, and the carrying value of the 5.375% Senior Notes will accrete up to the face amount over the term of the notes. The Company recorded interest expense related to the 5.375% Senior Notes of $1.0 million for the year ended December 31, 2014. There was no interest expense related to the 5.375% Senior Notes for the years ended December 31, 2013 and 2012.

Table of Contents

EXHIBIT INDEX

Exhibit Number	Exhibit Title
1.1	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated September 9, 2011 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 9, 2011)
1.2	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated February 15, 2012 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 15, 2012)
1.3	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated December 12, 2012 (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 12, 2012)
1.4	Controlled Equity Offering SM Sales Agreement between BGC Partners, Inc. and Cantor Fitzgerald & Co., dated November 20, 2014 (incorporated by reference as Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 20, 2014)
2.1	Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)
2.2	Amendment No. 1, dated as of November 5, 2007, to the Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)
2.3	Amendment No. 2, dated as of February 1, 2008, to the Agreement and Plan of Merger, dated as of May 29, 2007, by and among eSpeed, Inc., BGC Partners, Inc., Cantor Fitzgerald, L.P., BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on February 11, 2008)
2.4	Separation Agreement, dated as of March 31, 2008, by and among Cantor Fitzgerald, L.P., BGC Partners, LLC, BGC Partners, L.P., BGC Global Holdings, L.P. and BGC Holdings, L.P. (incorporated by reference to Exhibit 2.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
2.5	Tender Offer Agreement executed by BGC Partners, Inc., BGC Partners, L.P. and GFI Group Inc., dated February 19, 2015 (incorporated by reference as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 25, 2015)**
3.1	Amended and Restated Certificate of Incorporation of BGC Partners, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
3.2	Amended and Restated Bylaws of BGC Partners, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
4.1	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 filed with the SEC on April 18, 2008)
4.2	Warrant Agreement, dated as of August 21, 2002, between eSpeed, Inc. and UBS USA, Inc. (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
4.3	Warrant Agreement, dated as of September 13, 2001, between eSpeed, Inc. and Exchange Brokerage Systems Corp. (incorporated by reference to Exhibit 10.24 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
4.4	Amended and Restated Warrant Agreement, dated as of October 23, 2003, between eSpeed, Inc. and UBS USA Inc. (incorporated by reference to Exhibit 10.27 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)

Table of Contents

Exhibit Number	Exhibit Title
4.5	Warrant Agreement, dated as of February 24, 2006, among eSpeed, Inc. and IDT Horizon GT, Inc. (incorporated by reference to Exhibit 4.10 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005)
4.6	Note Purchase Agreement, dated as of March 31, 2008, by and among BGC Partners, L.P. and the Purchasers whose names appear at the end thereof (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
4.7	Guaranty of BGC Partners, Inc., dated as of March 31, 2008 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
4.8	Letter Agreement, dated as of March 31, 2008, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
4.9	Indenture, dated as of April 1, 2010, between BGC Partners, Inc. and Wells Fargo Bank, National Association, as Trustee, relating to the 8.75% Convertible Senior Notes due 2015 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
4.10	BGC Partners, Inc. 8.75% Convertible Senior Notes due 2015 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
4.11	BGC Holdings, L.P.'s 8.75% Current Senior Notes due 2015 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
4.12	Indenture, dated as of July 29, 2011, between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, relating to the 4.50% Convertible Senior Notes due 2016 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 1, 2011)
4.13	Indenture, dated as of June 26, 2012, between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, relating to 8.125% Senior Notes due 20142 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on June 27, 2012)
4.14	First Supplemental Indenture, dated as of June 26, 2012, between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, relating to 8.125% Senior Notes due 2042 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on June 27, 2012)
4.15	Second Supplemental Indenture, dated December 9, 201, between BGC Partners, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the SEC on December 10, 2014)
4.16	Form of BGC Partners, Inc. 5.375% Senior Notes due 2019 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the SEC on December 10, 2014)
10.1	Registration Rights Agreement, dated as of December 9, 1999, by and among eSpeed, Inc. and the Investors named therein (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999)
10.2	Sublease Agreement, dated as of December 15, 1999, between Cantor Fitzgerald Securities and eSpeed, Inc. (incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999)
10.3	Registration Rights Agreement, dated as of June 5, 2000 among eSpeed, Inc., Williams Energy Marketing & Trading Company and Dynegy, Inc. (incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)
10.4	Stock Purchase Agreement, dated April 26, 2000, between eSpeed, Inc. and Cantor Fitzgerald Securities (incorporated by reference to Exhibit 10.10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)
10.5	Amendment to Stock Purchase Agreement, dated June 2, 2000, among eSpeed, Inc., Cantor Fitzgerald Securities and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.11 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)
10.6	Registration Rights Agreement, dated as of July 30, 2001, among eSpeed, Inc. and the Investors named therein (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001)
10.7	Registration Rights Agreement, dated as of August 21, 2002, by and between eSpeed, Inc. and UBS USA Inc. (incorporated by reference to Exhibit 10.20 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
10.8	Services Agreement, dated as of October 1, 2002, between eSpeed Inc. and CO2e.com, LLC (incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
10.9	Intellectual Property Rights Further Assurances Agreement, dated as of October 11, 2002, between eSpeed, Inc. and CO2e.com,

	LLC (incorporated by reference to Exhibit 10.23 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
10.10	Software Agreement, dated as of February 24, 2006, between eSpeed, Inc. and IDT Horizon GT, Inc. (incorporated by reference to Exhibit 10.19 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2005)
10.11	Employment Separation Agreement and Release, dated as of January 23, 2008, by and between eSpeed, Inc. and Paul Saltzman (incorporated by reference to Exhibit 10.16 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2007)

Exhibit Number	Exhibit Title
10.12	Amended and Restated Limited Partnership Agreement of BGC Holdings, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.13	Amended and Restated Limited Partnership Agreement of BGC Partners, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.14	Amended and Restated Limited Partnership Agreement of BGC Global Holdings, L.P., dated as of March 31, 2008 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.15	Registration Rights Agreement by and between Cantor Fitzgerald, L.P. and BGC Partners, LLC, dated as of March 31, 2008 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.16	Administrative Services Agreement, dated as of March 6, 2008, by and between Cantor Fitzgerald, L.P. and BGC Partners, Inc. (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.17	Administrative Services Agreement, dated as of August 9, 2007, by and among Tower Bridge International Services L.P. and BGC International (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.18	BGC Holdings, L.P. Participation Plan, effective as of April 1, 2008 (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.19	BGC Partners, Inc. Amended and Restated Long Term Incentive Plan, effective as of April 1, 2008 (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.20	Tax Receivable Agreement, dated as of March 31, 2008, by and between BGC Partners, LLC and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.21	License Agreement, dated as of April 1, 2008, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.22	Change in Control Agreement, dated as of March 31, 2008, by and between Howard W. Lutnick and BGC Partners, LLC (incorporated by reference to Exhibit 10.12 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.23	Change in Control Agreement, dated as of March 31, 2008, by and between Stephen M. Merkel and BGC Partners, LLC (incorporated by reference to Exhibit 10.13 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.24	Change in Control Agreement, dated as of March 31, 2008, by and between Lee M. Amaitis and BGC Partners, LLC (incorporated by reference to Exhibit 10.14 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.25	Amended and Restated Letter Agreement, dated as of November 1, 2008, by and between Lee M. Amaitis and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.15 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.26	Letter Agreement, dated as of March 31, 2008, by and between Shaun D. Lynn and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.16 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)

Exhibit Number	Exhibit Title
10.27	Stock Purchase Agreement, dated June 2, 2008, by and between BGC Partners, Inc. and Stephen M. Merkel (incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.28	Amended and Restated Letter Agreement, dated as of November 1, 2008, by and between Lee M. Amaitis and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.29	Clearing Services Agreement, dated May 6, 2008, Cantor Fitzgerald & Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.30	Amendment to Clearing Services Agreement, dated November 7, 2008, between Cantor Fitzgerald & Co. and BGC Financial, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.31	Agreement dated November 5, 2008 between BGC Partners, Inc. and Cantor Fitzgerald, L.P. regarding clearing capital (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.32	Agreement of Limited Partnership of BGC Partners, L.P., Amended and Restated as of September 1, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.33	Agreement of Limited Partnership of BGC Global Holdings, L.P., Amended and Restated as of September 1, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 11, 2008)
10.34	BGC Partners, Inc. Amended and Restated Incentive Bonus Compensation Plan as of December 8, 2008 (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.35	First Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 1, 2009 (incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.36	Second Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of August 3, 2009 (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)
10.37	Third Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 12, 2010 (incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)
10.38	Employment Agreement, dated as of February 15, 2005, between Sean A. Windeatt and BGC Partners, Inc. (incorporated by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2009)
10.39	Employment Agreement, dated as of November 13, 2008, between Anthony Graham Sadler and Tower Bridge International Services, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 11, 2009)
10.40	Subscription Agreement, dated March 16, 2010, among BGC Partners, Inc., BGC Holdings, L.P. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.43 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2010)

Exhibit Number	Exhibit Title
10.41	Employment Agreement, dated as of March 31, 2008, between BGC Brokers, L.P. and Shaun D. Lynn (incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2008)
10.42	Fourth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of August 6, 2010 (incorporated by reference to Exhibit 10.44 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2010)
10.43	Registration Rights Agreement, dated as of April 1, 2010, by and between BGC Partners, Inc. and Cantor Fitzgerald, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 7, 2010)
10.44	Supplemental Indenture dated May 4, 2010 between BGC Partners, Inc. and Wells Fargo Bank National Association (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2010)
10.45	Fifth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of December 31, 2010 (incorporated by reference to Exhibit 10.48 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 16, 2011)
10.46	BGC Partners, Inc. Second Amended and Restated Long Term Incentive Plan dated as of December 14, 2009 (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 16, 2009)
10.47	Letter Agreement, dated as of March 26, 2010, by and between Shaun D. Lynn and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)
10.48	Amendment, dated as of March 26, 2010, by and between Shaun D. Lynn and BGC Partners, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)
10.49	Letter Agreement, dated as of March 29, 2010, by and between Sean A. Windeatt and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)
10.50	Letter Agreement, dated as of March 29, 2010, by and between A. Graham Sadler and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 31, 2010)
10.51	Letter Agreement, dated as of December 17, 2010, by and between Stephen M. Merkel and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.54 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2011)
10.52	Letter Agreement, dated as of December 17, 2010, by and between Shaun Lynn and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.55 to the Registrant's Annual Report on Form 10-K filed with the SEC on March 15, 2011)

Table of Contents

Exhibit Number	Exhibit Title
10.53	Letter Agreement, dated as of December 17, 2010, by and between A. Graham Sadler and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.56 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 15, 2011)
10.54	Letter Agreement, dated as of December 17, 2010, by and between Sean Windeatt and BGC Holdings, L.P. (incorporated by reference to Exhibit 10.57 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 15, 2011)
10.55	Sixth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of March 15, 2011 (incorporated by reference to Exhibit 10.58 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 15, 2011)
10.56	Seventh Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P. dated as of September 9, 2011 and effective as of April 1, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the SEC on September 15, 2011)
10.57	Tower Bridge International Services L.P. and BGC Brokers L.P. Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.60 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.58	Tower Bridge International Services L.P. and Cantor Fitzgerald Europe Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.61 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.59	Tower Bridge International Services L.P. and Cantor Index Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.62 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.60	Tower Bridge International Services L.P. and BGC International Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.63 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.61	Tower Bridge International Services L.P. and eSpeed International Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.64 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.62	Tower Bridge International Services L.P. and eSpeed Support Services Limited Administrative Services Agreement dated January 9, 2012 (incorporated by reference to Exhibit 10.65 to the Registrant’s Annual Report on Form 10-K filed with the SEC on March 15, 2012)
10.63	Amended and Restated Change in Control Agreement dated August 3, 2011 between Howard W. Lutnick and BGC Partners, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011)
10.64	Amended and Restated Change in Control Agreement dated August 3, 2011 between Stephen M. Merkel and BGC Partners, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011)
10.65	Letter Agreement, dated August 3, 2011, between Shaun D. Lynn and BGC Brokers, L.P., amending the Employment Agreement, dated March 31, 2008, as further amended on March 26, 2010, between Shaun D. Lynn and BGC Brokers, L.P. (incorporated by reference to Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q filed with the SEC on August 8, 2011)
10.66	Credit Agreement dated as of June 23, 2011 by and among BGC Partners, Inc., certain direct and indirect subsidiaries of the Company, as Guarantors, the several financial institutions from time to time party thereto, as Lenders, and Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the SEC on June 28, 2011)

Exhibit Number	Exhibit Title
10.67	Capped Call Confirmation dated July 28, 2011 between Bank of America Merrill Lynch and BGC Partners, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 1, 2011)
10.68	Capped Call Confirmation dated July 28, 2011 among Deutsche Bank AG, London Branch, Deutsche Bank Securities Inc., and BGC Partners, Inc (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on August 1, 2011)
10.69	Third Amended and Restated Long Term Incentive Plan dated December 14, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 20, 2011)
10.70	First Amended and Restated Incentive Bonus Compensation Plan dated December 14, 2011 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on December 20, 2011)
10.71	Indenture, dated as of July 29, 2011, between BGC Partners, Inc. and U.S. Bank National Association, as Trustee, relating to the 4.50% Convertible Notes due 2016 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 1, 2011)
10.72	Underwriting Agreement dated as of June 21, 2012, by and among BGC Partners, Inc., Wells Fargo Securities, LLC, and certain other Underwriters (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 27, 2012)
10.73	First Amendment to Credit Agreement, dated October 11, 2012, to that certain Credit Agreement dated as of June 23, 2011 by and among BGC Partners, Inc., certain direct and indirect subsidiaries of the Company, as Guarantors, the several financial institutions from time to time party thereto, as Lenders, and Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent (incorporated by reference as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2012)
10.74	Second Amended and Restated Asset Purchase Agreement, dated April 13, 2012, by and among BGC Partners, Inc., Grubb & Ellis Company, and certain subsidiaries of Grubb & Ellis Company that are signatories thereto (incorporated by reference as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2012)
10.75	Eighth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P., dated as of December 17, 2012 and effective as of December 17, 2012 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 21, 2012)
10.76	Deed of Adherence, dated January 7, 2013, between Shaun D. Lynn and BGC Services (Holdings) LLP (incorporated by reference as Exhibit 10.83 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012)
10.77	Deed of Adherence, dated January 9, 2013, between Sean Windeatt and BGC Services (Holdings) LLP (incorporated by reference as Exhibit 10.84 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012)

Exhibit Number	Exhibit Title
10.78	Deed of Adherence, dated December 31, 2012, between A. Graham Sadler and BGC Services (Holdings) LLP (incorporated by reference as Exhibit 10.85 to the Registrant's Annual Report on 10-K for the year ended December 31, 2012)
10.79	Amendment No. 1, dated as of March 28, 2013, to the Deed of Adherence, dated January 7, 2013, between Shaun D. Lynn and BGC Services (Holdings) LLP (incorporated by reference as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2013)
10.80	Fourth Amended and Restated Long Term Incentive Plan, dated June 4, 2013 (incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 7, 2013)
10.81	Second Amendment to Credit Agreement and Waiver, dated as of June 20, 2013, by and among BGC Partners, Inc., the several financial institutions from time to time party thereto, as Lenders, and the Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent (incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on June 26, 2013)
10.82	Purchase Agreement, dated as of April 1, 2013, by and among BGC Partners, Inc., BGC Partners, L.P., The NASDAQ OMX Group, Inc., and for certain limited purposes, Cantor Fitzgerald, L.P. (incorporated by reference as Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2013)
10.83	Third Amendment, dated as of September 12, 2013, to Credit Agreement, dated as of June 23, 2011, by and among BGC Partners, Inc., certain direct and indirect subsidiaries of the Company, as guarantors, the several financial institutions from time to time party thereto, as Lenders, and Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent (incorporated by reference as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2013)
10.84	Ninth Amendment to Agreement of Limited Partnership, as amended and restated, of BGC Holdings, L.P., dated as of November 6, 2013 (incorporated by reference as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2013)
10.85	Amended and Restated Deed of Adherence, dated as of January 22, 2014, between Sean Windeatt and BGC Services (Holdings) LLP (incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 28, 2014)
10.86	Tenth Amendment to Agreement of Limited Partnership, as Amended and Restated, of BGC Holdings, L.P., dated as of May 9, 2014 (incorporated by reference as Exhibit 10.1 to the Registrant's Quarterly Report on 10-Q filed with the SEC on May 9, 2104)
10.87	Fifth Amended and Restated BGC Partners, Inc. Long Term Incentive Plan, dated June 3, 2014 (incorporated by reference to the Registrant's Current Report on Form 8-K filed with the SEC on June 6, 2014)
21.1	List of subsidiaries of BGC Partners, Inc.
23.1	Consent of Ernst & Young LLP, independent auditors.
23.2	Consent of Ernst & Young LLP, independent auditors.
31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Audited consolidated statements of financial condition of Grubb & Ellis as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareowners' (deficit) equity and cash flows for each of the years ended December 31, 2011, 2010 and 2009, and the Notes to Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm.

Exhibit Number	Exhibit Title
99.2	Unaudited interim consolidated statement of net assets in liquidation (liquidation basis) of Grubb & Ellis as of March 31, 2012, unaudited interim consolidated statement of changes in net assets in liquidation (liquidation basis) for the period from March 27, 2012 to March 31, 2012, consolidated balance sheet (going concern basis) as of December 31, 2011, unaudited interim consolidated statements of comprehensive loss (going concern basis) and cash flows (going concern basis) for the period from January 1, 2012 to March 27, 2012 and the three months ended March 31, 2011, and the Notes to the Unaudited Consolidated Financial Statements.
99.3	Unaudited pro forma condensed combined financial information, giving effect to our acquisition of substantially all of the assets of Grubb & Ellis.
101	The following materials from BGC Partners' Annual Report on Form 10-K for the period ended December 31, 2013 are formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Changes in Equity, (vi) Notes to the Consolidated Financial Statements, and (vii) Schedule I, Parent Company Only Financial Statements.

Exhibit 21.1

LIST OF SUBSIDIARIES OF BGC PARTNERS, INC.

ENTITY NAMES	DOMESTIC JURISDICTION
AMEEFI SERVICES, INC.	DELAWARE
AQUA SECURITIES HOLDINGS, LLC	DELAWARE
AQUA SECURITIES, L.P.	DELAWARE
AQUA SOFTWARE, LLC	DELAWARE
AUREL BGC	FRANCE
BGC (SECURITIES) AUSTRALIA PTY LIMITED	AUSTRALIA
BGC ARGENTINA HOLDINGS I, L.P.	DELAWARE
BGC ARGENTINA HOLDINGS II, L.P.	DELAWARE
BGC ARGENTINA HOLDINGS, LLC	DELAWARE
BGC BRAZIL HOLDINGS LIMITADA	BRAZIL
BGC BRAZIL HOLDINGS, LLC	DELAWARE
BGC BROKERS GP LIMITED	ENGLAND
BGC BROKERS HOLDINGS, L.P.	DELAWARE
BGC BROKERS HOLDINGS, LLC	DELAWARE
BGC BROKERS INVESTMENT, L.P.	DELAWARE
BGC BROKERS L.P.	ENGLAND
BGC BROKERS US HOLDINGS, LLC	DELAWARE
BGC BROKERS US, L.P.	DELAWARE
BGC CANADA SECURITIES COMPANY	CANADA/NOVA SCOTIA
BGC CANADA SECURITIES COMPANY HOLDINGS, L.P.	DELAWARE

BGC CANADA SECURITIES COMPANY HOLDINGS, LLC	DELAWARE
BGC CAPITAL MARKETS (HONG KONG) LIMITED	HONG KONG
BGC CAPITAL MARKETS (JAPAN) LLC	DELAWARE
BGC CAPITAL MARKETS (SWITZERLAND) LLC	DELAWARE
BGC CAPITAL MARKETS AND FOREIGN EXCHANGE BROKER (KOREA) LIMITED	SOUTH KOREA
BGC CAPITAL MARKETS, L.P.	DELAWARE
BGC CAYMAN ISLANDS HOLDINGS I LIMITED	CAYMAN ISLANDS
BGC CHINA HOLDINGS, LLC	DELAWARE
BGC CHINA, L.P.	DELAWARE
BGC COMMERCIAL REAL ESTATE HOLDINGS, LLC	DELAWARE
BGC DERIVATIVE MARKETS HOLDINGS, LLC	DELAWARE
BGC DERIVATIVE MARKETS, L.P.	DELAWARE
BGC ENVIRONMENTAL BROKERAGE SERVICES HOLDINGS, LLC	DELAWARE
BGC ENVIRONMENTAL BROKERAGE SERVICES, L.P.	DELAWARE
BGC EPSILON FINANCING, LLC	DELAWARE
BGC EPSILON HOLDINGS, LLC	DELAWARE
BGC EUROPEAN GP LIMITED	ENGLAND
BGC EUROPEAN HOLDINGS, L.P.	ENGLAND
BGC FINANCIAL GROUP, INC.	DELAWARE
BGC FINANCIAL, L.P.	DELAWARE
BGC FRANCE HOLDINGS	FRANCE
BGC FUNDING SERVICES GP LIMITED	ENGLAND AND WALES
BGC FUNDING SERVICES LP	ENGLAND AND WALES

BGC GLOBAL HOLDINGS GP LIMITED	CAYMAN ISLANDS
BGC GLOBAL HOLDINGS, L.P.	CAYMAN ISLANDS
BGC GLOBAL LIMITED	ENGLAND
BGC GP LIMITED	ENGLAND
BGC GP, LLC	DELAWARE
BGC HOLDINGS (TURKEY), LLC	DELAWARE
BGC HOLDINGS II, LLC	DELAWARE
BGC HOLDINGS U.S., INC.	DELAWARE
BGC HOLDINGS, L.P.	DELAWARE
BGC HOLDINGS, LLC	DELAWARE
BGC INFORMATION HOLDINGS, LLC	DELAWARE
BGC INFORMATION, L.P.	DELAWARE
BGC INTERNATIONAL	ENGLAND
BGC INTERNATIONAL GP LIMITED	ENGLAND
BGC INTERNATIONAL HOLDINGS, L.P.	DELAWARE
BGC INTERNATIONAL, L.P.	ENGLAND
BGC MARKET DATA, L.P.	DELAWARE
BGC MEXICO R.E. HOLDINGS, LLC	DELAWARE
BGC MEXICO R.E. HOLDINGS, S. de R.L. de C.V.	MEXICO
BGC NOTE ACQUISITION CO. HOLDINGS, LLC	DELAWARE
BGC NOTE ACQUISITION CO., L.P.	DELAWARE
BGC NOTES, LLC	NEW YORK
BGC PARTNERS (AUSTRALIA) PTY LIMITED	AUSTRALIA - New South Wales
BGC PARTNERS (SINGAPORE) LIMITED	SINGAPORE

BGC PARTNERS CIS LLC	MOSCOW, RUSSIA
BGC PARTNERS MENKUL DEGERLER A.S.	TURKEY
BGC PARTNERS, INC.	DELAWARE
BGC PARTNERS, L.P.	DELAWARE
BGC RADIX ENERGY L.P.	DELAWARE
BGC REAL ESTATE OF ARIZONA, LLC	DELAWARE
BGC REAL ESTATE OF MICHIGAN, LLC	DELAWARE
BGC REAL ESTATE OF NEVADA, LLC	DELAWARE
BGC REAL ESTATE OF OHIO HOLDINGS, LLC	DELAWARE
BGC REAL ESTATE OF OHIO, L.P.	DELAWARE
BGC REAL ESTATE OF WASHINGTON, LLC	DELAWARE
BGC REAL ESTATE, LLC	DELAWARE
BGC SA FINANCIAL BROKERS (PTY) LIMITED	SOUTH AFRICA
BGC SECURITIES (HONG KONG) LLC	DELAWARE
BGC SECURITIES (SINGAPORE) LIMITED	SINGAPORE
BGC SECURITIES (SOUTH AFRICA) PTY LIMITED	SOUTH AFRICA
BGC SECURITIES SARL	SWITZERLAND (Nyon)
BGC SERVICES (HOLDINGS) LLP	ENGLAND
BGC SHOKEN KAISHA LIMITED	DELAWARE
BGC TECHNOLOGY (HONG KONG) HOLDINGS I, INC.	DELAWARE
BGC TECHNOLOGY (HONG KONG) HOLDINGS II, INC.	DELAWARE
BGC TECHNOLOGY (HONG KONG) LIMITED	HONG KONG
BGC TECHNOLOGY (JAPAN) LIMITED	JAPAN
BGC TECHNOLOGY A LIMITED	ENGLAND AND WALES

BGC TECHNOLOGY B LIMITED	ENGLAND AND WALES
BGC TECHNOLOGY BROKERAGE HOLDINGS, LLC	DELAWARE
BGC TECHNOLOGY BROKERAGE, L.P.	DELAWARE
BGC TECHNOLOGY ELX FUTURES HOLDINGS, L.P.	DELAWARE
BGC TECHNOLOGY ELX FUTURES HOLDINGS, LLC	DELAWARE
BGC TECHNOLOGY ELX HOLDINGS, L.P.	DELAWARE
BGC TECHNOLOGY ELX HOLDINGS, LLC	DELAWARE
BGC TECHNOLOGY INTERNATIONAL LIMITED	ENGLAND
BGC TECHNOLOGY MARKETS HOLDINGS, LLC	DELAWARE
BGC TECHNOLOGY MARKETS, L.P.	DELAWARE
BGC TECHNOLOGY SUPPORT SERVICES LIMITED	ENGLAND AND WALES
BGC TECHNOLOGY, LLC	DELAWARE
BGC TRADING HOLDINGS, LLC	DELAWARE
BGC URUGUAY HOLDINGS, LLC	DELAWARE
BGC USA HOLDINGS, LLC	DELAWARE
BGC USA, L.P.	DELAWARE
BGCANTOR MARKET DATA HOLDINGS, LLC	DELAWARE
BGCBI, LLC	DELAWARE
BGCCMHK HOLDINGS II, LLC	DELAWARE
BGCCMHK HOLDINGS, LLC	DELAWARE
BGCCMLP HOLDINGS, LLC	DELAWARE
BGCF HOLDINGS, LLC	DELAWARE
BGCIHLP, LLC	DELAWARE
BGCSHLLP HOLDINGS LIMITED	ENGLAND

CONVERGE TOWERS, LLC	DELAWARE
CREDITORS COLLECTIONS, LLC	DELAWARE
eAB HOLDINGS, LLC	DELAWARE
ECCO LLC	DELAWARE
ECCOWARE LIMITED	ENGLAND AND WALES
EIP HOLDINGS ACQUISITION, LLC	DELAWARE
EIP HOLDINGS, LLC	DELAWARE
ELX FUTURES HOLDINGS, LLC	DELAWARE
ELX FUTURES, L.P.	DELAWARE
EPSILON NETWORKS, LLC	DELAWARE
ESX CLEARING HOLDINGS, LLC	DELAWARE
ESX CLEARING, L.P.	DELAWARE
EURO BROKERS (SWITZERLAND) S.A.	SWITZERLAND
EURO BROKERS CANADA LIMITED	CANADA
EURO BROKERS HOLDINGS LTD	ENGLAND
EURO BROKERS MEXICO S.A. de C.V.	MEXICO
FHLP, LLC	DELAWARE
FREEDOM INTERNATIONAL BROKERAGE COMPANY	CANADA/NOVA SCOTIA
FREEDOM INTERNATIONAL HOLDING, L.P.	DELAWARE
G&E ACQUISITION COMPANY, LLC	DELAWARE
G&E APPRAISAL SERVICES, LLC	DELAWARE
G&E MANAGEMENT SERVICES, LLC	DELAWARE
G&E REAL ESTATE MANAGEMENT SERVICES, INC.	DELAWARE
G&E REAL ESTATE, INC.	DELAWARE

GINALFI FINANCE	PARIS, FRANCE
HOLDING DI SERVIZI FINANZIARI SRL	ITALY
ITSECCO HOLDINGS LIMITED	ENGLAND AND WALES
JADESTONE CONSULTANTS LIMITED	CYPRUS
LIQUIDEZ DISTRIBUIDORA DE TITULOS E VALORES MOBILIARIOS LTDA.	BRAZIL
MINT BROKERS	NEW YORK
MINT BROKERS HOLDINGS I, LLC	DELAWARE
MINT BROKERS HOLDINGS II, LLC	DELAWARE
MIS BROKERS LIMITED	ENGLAND
MIS HOLDINGS, LLC	DELAWARE
MUNICIPAL PARTNERS LLC	DELAWARE
NEWMARK & COMPANY REAL ESTATE, INC.	NEW YORK
NEWMARK BUILDING SERVICES, LLC	NEW YORK
NEWMARK CONSTRUCTION SERVICES, L.L.C.	NEW YORK
NEWMARK INVESTOR I, LLC	DELAWARE
NEWMARK LI LLC	NEW YORK
NEWMARK MIDWEST REGION, LLC	ILLINOIS
NEWMARK OF CONNECTICUT LLC	CONNECTICUT
NEWMARK OF LONG ISLAND LLC	NEW YORK
NEWMARK OF MASSACHUSETTS LLC	MASSACHUSETTS
NEWMARK OF SOUTHERN CALIFORNIA	CALIFORNIA
NEWMARK OF WASHINGTON D.C. LLC	DISTRICT OF COLUMBIA
NEWMARK REAL ESTATE OF DALLAS, LLC	TEXAS
NEWMARK REAL ESTATE OF HOUSTON, LLC	TEXAS

NEWMARK REAL ESTATE OF MASSACHUSETTS, LLC	MASSACHUSETTS
NEWMARK REAL ESTATE OF NEW JERSEY, L.L.C.	NEW JERSEY
NEWMARK REAL ESTATE OF PRINCETON LLC	NEW JERSEY
NEWMARK RETAIL PARTNERS LLC	NEW YORK
NEWMARK RETAIL, LLC	NEW YORK
NEWMARK SOUTHERN REGION, LLC	GEORGIA
NGA, LLC	GEORGIA
NGKF SECURITIES, LLC	DELAWARE
NNJ, L.L.C.	NEW JERSEY
NOC LLC	ILLINOIS
NOH, LLC	TEXAS
NRB, LLC	MASSACHUSETTS
NRED, LLC	TEXAS
NREP, LLC	NEW JERSEY
NWDC LLC	DISTRICT OF COLUMBIA
REXX INDEX, LLC	CONNECTICUT
ROSS PROPERTY SERVICES, INC.	COLORADO
ROSS REAL ESTATE, LTD.	COLORADO
RRE GENERAL, LLC	COLORADO
SCARP LIMITED	CAYMAN ISLANDS
SEMINOLE CAPITAL MARKETS, L.P.	DELAWARE
SEMINOLE FINANCIAL (EUROPE) LP	ENGLAND
SEMINOLE FINANCIAL LIMITED	ENGLAND
SMITH MACK & CO., INC.	PENNSYLVANIA

SMITH MACK HOLDINGS, INC.	PENNSYLVANIA
SMITH MACK PROPERTY MANAGEMENT CO., INC.	PENNSYLVANIA
STERLING BROKERS LIMITED	ENGLAND
TOWER BRIDGE GP LIMITED	ENGLAND
TOWER BRIDGE INTERNATIONAL SERVICES HOLDINGS, L.P.	DELAWARE
TOWER BRIDGE INTERNATIONAL SERVICES HOLDINGS, LLC	DELAWARE
TOWER BRIDGE INTERNATIONAL SERVICES L.P.	ENGLAND
TP HOLDINGS, LLC	DELAWARE
TRADESOFT TECHNOLOGIES, INC.	DELAWARE
TRADESPARK, L.P.	DELAWARE
TREASURYCONNECT LLC	DELAWARE

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-4 No. 333-169232) of BGC Partners, Inc.,

(2) Registration Statement (Form S-3 No. 333-167953) of BGC Partners, Inc.,

(3) Registration Statement (Form S-3 No. 333-180331) of BGC Partners, Inc.,

(4) Registration Statement (Form S-3 No. 333-52154) of BGC Partners, Inc.,

(5) Registration Statement (Form S-8 No. 333-34324) of BGC Partners, Inc.,

(6) Registration Statement (Form S-8 No. 333-49056) of BGC Partners, Inc.,

(7) Registration Statement (Form S-8 No. 333-109121) of BGC Partners, Inc.,

(8) Registration Statement (Form S-8 No. 333-162362) of BGC Partners, Inc.,

(9) Registration Statement (Form S-8 No. 333-163897) of BGC Partners, Inc.,

(10) Registration Statement (Form S-3 No. 333-173109) of BGC Partners, Inc.,

(11) Registration Statement (Form S-3 No. 333-175034) of BGC Partners, Inc.,

(12) Registration Statement (Form S-8 No. 333-179555) of BGC Partners, Inc.,

(13) Registration Statement (Form S-3 No. 333-180391) of BGC Partners, Inc.,

(14) Registration Statement (Form S-3 No. 333-185110) of BGC Partners, Inc.,

(15) Registration Statement (Form S-3 No. 333-187875) of BGC Partners, Inc.,

(16) Registration Statement (Form S-8 No. 333-189179) of BGC Partners, Inc.,

(17) Registration Statement (Form S-8 No. 333-196708) of BGC Partners, Inc.,

(18) Registration Statement (Form S-3 No. 333-196999) of BGC Partners, Inc.,

(19) Registration Statement (Form S-3 No. 333-200415) of BGC Partners, Inc., and

(20) Registration Statement (Form S-4 No. 333-201325) of BGC Partners, Inc.

of our reports dated March 2, 2015, with respect to the consolidated financial statements and schedule of BGC Partners, Inc. and the effectiveness of internal control over financial reporting of BGC Partners, Inc. included in this Annual Report (Form 10-K) of BGC Partners, Inc. for the year ended December 31, 2014.

/s/ Ernst & Young LLP

New York, New York
March 2, 2015

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-4 No. 333-169232) of BGC Partners, Inc.,

(2) Registration Statement (Form S-3 No. 333-167953) of BGC Partners, Inc.,

(3) Registration Statement (Form S-3 No. 333-180331) of BGC Partners, Inc.,

(4) Registration Statement (Form S-3 No. 333-52154) of BGC Partners, Inc.,

(5) Registration Statement (Form S-8 No. 333-34324) of BGC Partners, Inc.,

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(18) Registration Statement (Form S-3 No. 333-196999) of BGC Partners, Inc.,

(19) Registration Statement (Form S-3 No. 333-200415) of BGC Partners, Inc., and

(20) Registration Statement (Form S-4 No. 333-201325) of BGC Partners, Inc.

of our report dated May 23, 2012, with respect to the consolidated financial statements of Grubb & Ellis Company as of December 31, 2011 and 2010, and for each of the three years in the period ended December 31, 2011, included in the Annual Report (Form 10-K) of BGC Partners, Inc. for the year ended December 31, 2014.

/s/ Ernst & Young LLP

Irvine, California
March 2, 2015

Exhibit 31.1

I, Howard W. Lutnick, certify that:

1. I have reviewed this annual report on Form 10-K of BGC Partners, Inc. for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of this disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and

d. Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ HOWARD W. LUTNICK

Howard W. Lutnick
Chairman of the Board and Chief Executive Officer

Date: March 2, 2015

Exhibit 31.2

I, Anthony Graham Sadler, certify that:

1. I have reviewed this annual report on Form 10-K of BGC Partners, Inc. for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of this disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and

d. Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of registrant's Board of Directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ A. GRAHAM SADLER

Anthony Graham Sadler
Chief Financial Officer

Date: March 2, 2015

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of BGC Partners, Inc., a Delaware corporation (the "Company"), on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof, each of Howard W. Lutnick, Chairman of the Board and Chief Executive Officer of the Company, and Anthony Graham Sadler, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

	/S/ HOWARD W. LUTNICK		/S/ A. GRAHAM SADLER
Name:	**Howard W. Lutnick**	**Name:**	**Anthony Graham Sadler**
Title:	**Chairman of the Board and Chief Executive Officer**	**Title:**	**Chief Financial Officer**

Date: March 2, 2015

Exhibit 99.1

CONSOLIDATED FINANCIAL STATEMENTS

Grubb & Ellis Company
December 31, 2011
With Report of Independent Registered Public Accounting Firm

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareowners of Grubb & Ellis Company

We have audited the accompanying consolidated balance sheets of Grubb & Ellis Company as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareowners' (deficit) equity, and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Grubb & Ellis Company at December 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that Grubb & Ellis Company will continue as a going concern. As more fully described in Notes 1 and 23, subsequent to December 31, 2011, the Company filed for Chapter 11 bankruptcy. In addition, as discussed in Note 23, subsequent to December 31, 2011, substantially all of the assets of the Company have been acquired. As a result of the bankruptcy filing (among other items), the Company is in default with certain covenants of its credit facility and convertible senior notes. As a result, substantially all of the Company's debt is currently due and payable. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters also are described in Notes 1 and 23. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

/s/ Ernst & Young LLP

Irvine, California
May 23, 2012

GRUBB & ELLIS COMPANY
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents (including $481 and $307 from VIEs, respectively)	$ 10,190	$ 30,919
Restricted cash	2,630	3,836
Investment in marketable equity securities	—	1,948
Accounts receivable from related parties — net	813	3,460
Service fees receivable — net (including $2,102 and $915 from VIEs, respectively)	24,792	31,048
Professional service contracts — net	807	3,468
Prepaid expenses and other assets (including $6 from VIEs as of December 31, 2011)	5,674	11,842
Assets held for sale (including $14,943 from VIEs and $24,992 from related parties as of December 31, 2010	—	100,314
Total current assets	44,906	186,835
Professional service contracts — net	1,461	5,750
Property, equipment and leasehold improvements — net	6,808	10,110
Identified intangible assets — net	19,076	80,698
Other assets — net (including $43 and $7 from VIEs, respectively)	1,985	2,030
Goodwill	—	1,521
Total assets	$ 74,236	$ 286,944
LIABILITIES, PREFERRED STOCK AND SHAREOWNERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses (including $2,187 and $916 from VIEs, respectively)	$ 66,925	$ 69,470
Notes payable and capital lease obligations	5,453	1,041
Credit facilities (including accrued interest)	29,489	—
Liabilities held for sale (including $822 from VIEs and $2,178 from related parties, respectively as of December 31, 2010)	—	122,478
Total current liabilities	101,867	192,989
Convertible notes	30,448	30,133
Notes payable and capital lease obligations	137	566
Other long-term liabilities	8,730	7,065
Deferred tax liabilities	2,405	25,070
Total liabilities	143,587	255,823
Commitments and contingencies (Note 16)		
Preferred stock: 12% cumulative participating perpetual convertible; $0.01 par value; 1,000,000 shares authorized as of December 31, 2011 and 2010; 945,488 and 965,700 shares issued and outstanding as of December 31, 2011 and 2010	99,895	90,080
Shareowners' deficit:		
Preferred stock: $0.01 par value; 19,000,000 shares authorized as of December 31, 2011 and 2010; no shares issued and outstanding as of December 31, 2011 and 2010	—	—
Common stock: $0.01 par value; 200,000,000 shares authorized as of December 31, 2011 and 2010; 70,348,408 and 70,076,451 shares issued and outstanding as of December 31, 2011 and 2010, respectively	703	702
Additional paid-in capital	402,961	409,942
Accumulated deficit	(572,910)	(478,881)
Accumulated other comprehensive income	—	148
Total Grubb & Ellis Company shareowners' deficit	(169,246)	(68,089)
Noncontrolling interests held by VIEs	—	9,130
Total deficit	(169,246)	(58,959)
Total liabilities, preferred stock and shareowners' deficit	$ 74,236	$ 286,944

The abbreviation VIEs above means Variable Interest Entities.

See accompanying notes to consolidated financial statements.

GRUBB & ELLIS COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	2011	2010	2009
REVENUE			
Management services	$ 228,578	$274,606	$274,880
Transaction services	269,357	236,238	173,406
Total revenue	497,935	510,844	448,286
OPERATING EXPENSE			
Compensation costs	466,669	482,228	432,693
General and administrative	61,930	59,186	63,945
Provision for doubtful accounts	13,098	3,728	2,069
Depreciation and amortization	7,908	7,247	7,239
Interest	6,599	2,036	5,195
Intangible asset impairment	57,928	—	—
Property, equipment and leasehold improvement impairment	3,460	—	—
Goodwill impairment	1,521	—	—
Total operating expense	619,113	554,425	511,141
OPERATING LOSS	(121,178)	(43,581)	(62,855)
OTHER INCOME			
Interest income (expense)	141	166	(43)
Gain on extinguishment of debt	—	—	21,935
Other	—	454	—
Total other income	141	620	21,892
Loss from continuing operations before income tax (provision) benefit	(121,037)	(42,961)	(40,963)
Income tax benefit (provision)	24,602	(532)	(185)
Loss from continuing operations	(96,435)	(43,493)	(41,148)
DISCONTINUED OPERATIONS			
Loss from discontinued operations — net of taxes	(11,926)	(27,511)	(46,793)
Gain on disposal of discontinued operations — net of taxes	13,355	1,273	7,442
Total income (loss) from discontinued operations	1,429	(26,238)	(39,351)
NET LOSS	(95,006)	(69,731)	(80,499)
Net loss attributable to noncontrolling interests	(977)	(2,951)	(1,661)
NET LOSS ATTRIBUTABLE TO GRUBB & ELLIS COMPANY	(94,029)	(66,780)	(78,838)
Preferred stock dividends	(11,885)	(11,588)	(1,770)
Net loss attributable to Grubb & Ellis Company common shareowners	$(105,914)	$ (78,368)	$ (80,608)
Basic and diluted (loss) earnings per share:			
Loss from continuing operations attributable to Grubb & Ellis Company common shareowners	$ (1.62)	$ (0.80)	$ (0.65)
Income (loss) from discontinued operations attributable to Grubb & Ellis Company common shareowners	0.02	(0.41)	(0.62)
Net loss per share attributable to Grubb & Ellis Company common shareowners	$ (1.60)	$ (1.21)	$ (1.27)
Basic and diluted weighted average shares outstanding	66,104	64,756	63,645

See accompanying notes to consolidated financial statements.

GRUBB & ELLIS COMPANY
CONSOLIDATED STATEMENTS OF SHAREOWNERS' (DEFICIT) EQUITY
(In thousands)

	Common Stock		Additional	Accumulated Other Comprehensive	Accumulated	Total Grubb & Ellis Company Shareowners'	Non-Controlling	Total Equity
	Shares	Amount	Paid-In Capital	Income	Deficit	(Deficit) Equity	Interests	(Deficit)
Balance as of December 31, 2008	65,383	$ 654	$402,780	$ —	$ (333,263)	$ 70,171	$ 3,605	$ 73,776
Vesting of share-based compensation	—	—	10,878	—	—	10,878	—	10,878
Issuance of warrants	—	—	534	—	—	534	—	534
Preferred dividend declared	—	—	(1,770)	—	—	(1,770)	—	(1,770)
Issuance of restricted shares to directors, officers and employees	2,712	27	(27)	—	—	—	—	—
Forfeiture of non-vested restricted shares	(743)	(7)	(191)	—	—	(198)	—	(198)
Contributions from noncontrolling interests	—	—	—	—	—	—	5,559	5,559
Distributions to noncontrolling interests	—	—	—	—	—	—	(1,689)	(1,689)
Deconsolidation of sponsored programs	—	—	—	—	—	—	(5,517)	(5,517)
Compensation expense on profit sharing arrangements	—	—	550	—	—	550	(448)	102
Net loss	—	—	—	—	(78,838)	(78,838)	(1,661)	(80,499)
Comprehensive loss	—	—	—	—	—	(78,838)	(1,661)	(80,499)
Balance as of December 31, 2009	67,352	$ 674	$412,754	$ —	$ (412,101)	$ 1,327	$ (151)	$ 1,176
Vesting of share-based compensation			9,147	—	—	9,147	—	9,147
Preferred dividend declared	—	—	(11,588)	—	—	(11,588)	—	(11,588)
Issuance of restricted shares to directors, officers and employees	3,094	31	(31)	—	—	—	—	—
Forfeiture of non-vested restricted shares	(370)	(3)	(340)	—	—	(343)	—	(343)
Consolidation of VIEs	—	—	—	—	—	—	15,219	15,219
Deconsolidation of VIEs	—	—	—	—	—	—	73	73
Consolidation of sponsored mutual fund	—	—	—	—	—	—	823	823
Contributions from noncontrolling interests	—	—	—	—	—	—	589	589
Distributions to noncontrolling interests	—	—	—	—	—	—	(4,932)	(4,932)
Compensation expense on profit sharing arrangements	—	—	—	—	—	—	460	460
Change in unrealized gain on marketable securities	—	—	—	148	—	148	—	148
Net loss	—	—	—	—	(66,780)	(66,780)	(2,951)	(69,731)
Comprehensive loss	—	—	—	—	—	(66,632)	(2,951)	(69,583)
Balance as of December 31, 2010	70,076	$ 702	$409,942	$ 148	$ (478,881)	$ (68,089)	$ 9,130	$ (58,959)
Vesting of share-based compensation	—	—	3,101	—	—	3,101	—	3,101
Preferred dividend declared	—	—	(11,885)	—	—	(11,885)	—	(11,885)
Issuance of restricted shares to directors, officers and employees	158	—	—	—	—	—	—	—
Forfeiture of non-vested restricted shares	(1,253)	(13)	(253)	—	—	(266)	—	(266)
Conversion of preferred stock into common stock	1,367	14	2,056	—	—	2,070	—	2,070
Contributions from noncontrolling interests	—	—	—	—	—	—	77	77
Distributions to noncontrolling interests	—	—	—	—	—	—	(1,194)	(1,194)
Deconsolidation of subsidiaries and sponsored mutual fund	—	—	—	—	—	—	(7,036)	(7,036)
Change in unrealized gain on marketable securities	—	—	—	(148)	—	(148)	—	(148)
Net loss	—	—	—	—	(94,029)	(94,029)	(977)	(95,006)
Comprehensive loss	—	—	—	—	—	(94,177)	(977)	(95,154)
Balance as of December 31, 2011	70,348	$ 703	$402,961	$ —	$ (572,910)	$ (169,246)	$ —	$(169,246)

The abbreviation VIEs above means Variable Interest Entities.

See accompanying notes to consolidated financial statements.

GRUBB & ELLIS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (95,006)	$(69,731)	$(80,499)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain on sale of subsidiaries	(22,795)	—	—
(Gain) loss on sale of real estate	—	(2,039)	1,073
Equity in (earnings) losses of unconsolidated entities	(380)	1,413	1,148
Depreciation and amortization (including amortization of signing bonuses)	16,863	21,180	17,999
Loss on disposal of property, equipment and leasehold improvements	275	887	80
Property, equipment and leasehold improvement impairment	3,460	—	—
Goodwill impairment	1,521	—	—
Impairment of identified intangible assets	58,408	2,769	738
(Recovery) impairment of real estate	(9,858)	859	23,984
Share-based compensation	3,101	9,147	10,878
Compensation expense on profit sharing arrangements	—	460	102
Amortization/write-off of intangible contractual rights	—	—	251
Amortization of deferred financing costs	2,906	691	2,213
Gain on extinguishment of debt	—	—	(35,253)
Loss (gain) on sale of marketable equity securities	399	(196)	(460)
Deferred income tax (benefit) provision	(22,863)	(208)	1,107
Allowance for uncollectible accounts	18,770	9,363	10,714
Loss on write-off of real estate deposits, pre-acquisition costs and advances to related parties	—	—	446
Accrued interest on credit facility	1,706	—	—
Other operating noncash gains (losses)	976	(488)	—
Changes in operating assets and liabilities:			
Accounts receivable from related parties	(2,434)	2,479	7,596
Prepaid expenses and other assets	(905)	(831)	(1,603)
Accounts payable and accrued expenses	(924)	13,203	(5,479)
Other liabilities	(329)	(10,702)	(6,824)
Restricted cash	660	—	—
Net cash used in operating activities	(46,449)	(21,744)	(51,789)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash effect from deconsolidation of subsidiaries	(1,995)	—	—
Cash effect from deconsolidation of VIE	—	(184)	—
Purchases of property and equipment	(4,627)	(4,416)	(2,881)
Tenant improvements and capital expenditures	(515)	(2,318)	(2,531)
Purchases of marketable equity securities	(73)	(1,608)	(3,860)
Proceeds from sale of marketable equity securities	1,852	616	—
Advances to related parties	(390)	(941)	(4,171)
Proceeds from repayment of advances to related parties	792	5,256	2,323
Proceeds from sale of note receivable	6,126	—	—
Payments to related parties	—	—	(180)
Investments in unconsolidated entities	(547)	(863)	(566)
Sale of tenant-in-common interests in unconsolidated entities	—	391	—
Distributions of capital from unconsolidated entities	275	670	752
Acquisition of businesses — net of cash acquired	(100)	(2,740)	—
Proceeds from sale of properties	—	38,456	93,471
Real estate deposits and pre-acquisition costs	—	(5,593)	(199)
Proceeds from collection of real estate deposits and pre-acquisition costs	—	5,972	4,717
Restricted cash	1,291	5,327	(318)
Net cash provided by investing activities	2,089	38,025	86,557
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances on credit facility	28,000	—	15,206
Repayment of advances on credit facility	—	—	(56,271)
Borrowings on mortgage notes and notes payable	—	—	1,417
Repayments of mortgage notes, notes payable and capital lease obligations	(1,027)	(37,935)	(79,394)
Financing costs	(2,225)	(522)	(1,801)
Proceeds from the issuance of convertible notes	—	29,925	—
Proceeds from issuance of senior notes	—	—	5,000

Net proceeds from issuance of preferred stock	—	—	85,080
Dividends paid to preferred shareowners	—	(11,588)	(1,770)
Contributions from noncontrolling interests	77	589	5,959
Distributions to noncontrolling interests	(1,194)	(4,932)	(2,078)
Net cash provided by (used in) financing activities	23,631	(24,463)	(28,652)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(20,729)	(8,182)	6,116
Cash and cash equivalents — beginning of year	30,919	39,101	32,985
Cash and cash equivalents — end of year	$ 10,190	$ 30,919	$ 39,101
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the period for:			
Interest	$ 6,491	$ 8,797	$ 15,431
Income taxes	$ 452	$ 409	$ 1,298
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Accrued preferred stock dividends	$ 11,885	$ —	$ —
Issuance of warrants	$ 878	$ —	$ 534
Deconsolidation of assets related to Daymark and Alesco sales	$ 91,311	$ —	$ —
Deconsolidation of liabilities related to Daymark and Alesco sales	$102,608	$ —	$ —
Deconsolidation of noncontrolling interests related to Daymark and Alesco sales	$ 7,008	$ —	$ —
Increase in notes payable related to Daymark sale	$ 5,000	$ —	$ —
Conversion of preferred stock and accrued dividends into common stock	$ 2,070	$ —	$ —
Accrual for tenant improvements, lease commissions and capital expenditures	$ —	$ 199	$ 236
Equipment acquired with capital lease obligations	$ —	$ —	$ 2,270
Consolidation of assets held by VIEs	$ —	$ 15,917	$ —
Consolidation of liabilities held by VIEs	$ —	$ 699	$ —
Consolidation of noncontrolling interests held by VIEs	$ —	$ 15,218	$ —
Deconsolidation of assets held by VIEs	$ —	$ 338	$ 20,356
Deconsolidation of liabilities held by VIEs	$ —	$ 411	$ 33,674
Deconsolidation of noncontrolling interests held by VIEs	$ —	$ 73	$ —
Consolidation of sponsored mutual fund	$ —	$ 823	$ —
Consolidation of noncontrolling interests related to sponsored mutual fund	$ —	$ 823	$ —
Deconsolidation of sponsored mutual fund	$ —	$ —	$ 5,141
Acquisition of businesses	$ —	$ 2,543	$ —
Liabilities assumed in acquisition of businesses	$ —	$ 1,629	$ —

The abbreviation VIEs above means Variable Interest Entities.

See accompanying notes to consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

Overview

Grubb & Ellis Company and its consolidated subsidiaries are referred to herein as “the Company,” “Grubb & Ellis,” “we,” “us,” and “our.” Grubb & Ellis, a Delaware corporation founded over 50 years ago, is a commercial real estate services and investment company. With company-owned and affiliate offices throughout the United States (“U.S.”), our professionals draw from a platform of real estate services, practice groups and investment products to deliver comprehensive, integrated solutions to real estate owners, tenants, investors, lenders and corporate occupiers. Our range of services includes tenant representation, property and agency leasing, commercial property and corporate facilities management, property sales, appraisal and valuation and commercial mortgage brokerage. Our transaction, management, consulting and investment services are supported by proprietary market research and extensive local expertise.

Basis of Presentation — Our accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business for the twelve month period following the date of these consolidated financial statements.

As discussed further in Note 23, “Chapter 11 and 363 Asset Sale,” on February 20, 2012 we filed a voluntary petition for relief under the provisions of Chapter 11 of Title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) with the U.S. Bankruptcy Court for the Southern District of New York. On April 13, 2012, BGC Partners, Inc. (“BGC Partners” or “BGC”) completed its acquisition of substantially all of the assets of the Company through a court-approved sale under Section 363 of the Bankruptcy Code. Although the ultimate outcome of the bankruptcy proceedings will determine whether the Company’s preferred and common stock have any value, at this time we believe that any plan of reorganization or liquidation confirmed by the Bankruptcy Court is not likely to provide for any distribution to the Company’s shareholders.

Based on the foregoing, there is substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Recent Transactions and Events

Credit Facility

On March 21, 2011, we announced that we had retained JMP Securities LLC as an advisor to explore strategic alternatives for the Company, including a potential merger or sale transaction. On March 30, 2011, we entered into a commitment letter and exclusivity agreement with Colony Capital Acquisitions, LLC, pursuant to which Colony Capital Acquisitions, LLC and one or more of its affiliates (collectively, “Colony”) agreed to provide an $18.0 million senior secured multiple draw term loan credit facility (“Credit Facility”).

On October 16, 2011, we entered into a second amendment (“Credit Facility Amendment No. 2”) increasing from $18.0 million to $28.0 million the size of our Credit Facility. Pursuant to the Credit Facility Amendment No. 2, C-III Investments LLC (“C-III”) agreed to become a lender under the Credit Facility and to provide an additional $10.0 million term loan (the “Incremental Term Loan”) under the existing terms and conditions of the Credit Facility, as amended by Credit Facility Amendment No. 2. In furtherance of the transactions contemplated by the Credit Facility Amendment No. 2, C-III acquired $4.0 million of Colony’s interest in the Credit Facility, and an agreed upon share of the Existing Warrants. See Note 11 for further information regarding the Credit Facility and Existing Warrants.

In consideration of C-III providing the Incremental Term Loan and Colony consenting to the Credit Facility Amendment No. 2, we entered into an exclusivity agreement (the “Exclusivity Agreement”) with Colony and C-III. See Note 11 for further information regarding the Credit Facility and Exclusivity Agreement.

Sale of Daymark

On February 10, 2011, we announced the creation of Daymark Realty Advisors, Inc. (“Daymark”), a wholly owned and separately managed subsidiary that was responsible for the management of our tenant-in-common (“TIC”) portfolio. Subsequent thereto, we announced that we had retained FBR Capital Markets & Co. to explore strategic alternatives with respect to Daymark and its portfolio, which includes managing over 8,700 multi-family units and approximately 30.0 million square feet of real estate.

On August 10, 2011, we entered into a Stock Purchase Agreement (the “Purchase Agreement”) by and between us and IUC-SOV, LLC (the “Purchaser”), an entity affiliated with Sovereign Capital Management and Infinity Real Estate. Pursuant to the Purchase Agreement, we sold to Purchaser all of the shares of common stock of Daymark. The closing (the “Closing”) of the transactions contemplated by the Purchase Agreement (the “Transactions”) was completed on August 10, 2011.

Pursuant to the Purchase Agreement, we sold to Purchaser all of the outstanding shares of Daymark in exchange for (1) a cash payment of $0.5 million (the “Estimated Closing Cash Payment”) from Purchaser and (2) the assumption by Purchaser of $10.7 million of the net intercompany balance payable from us to NNN Realty Advisors, Inc. (“NNNRA”), a wholly owned subsidiary of Daymark.

Pursuant to the Purchase Agreement, immediately after the completion of the sale of the Daymark shares (and after NNNRA had become a wholly owned subsidiary of the Purchaser), the Company (1) paid NNNRA a $0.5 million cash payment and (2) issued to NNNRA a $5.0 million promissory note (the “Promissory Note”) in full satisfaction of the remaining portion of the Company’s net intercompany balance payable to NNNRA that was not assumed by Purchaser.

Within discontinued operations we recorded a gain on sale, net of taxes of $10.3 million, of approximately $15.0 million related to the disposition of Daymark in the third quarter of 2011, after recording the $5.0 million Promissory Note, writing off all of the assets, liabilities and noncontrolling interests associated with Daymark and recognizing the costs related to such transaction.

Pursuant to the Purchase Agreement, we have agreed to indemnify, subject to various limitations, Purchaser and its affiliates against any losses incurred or suffered by them as a result of (1) the breach of any representation or warranty made by us in the Purchase Agreement (subject to applicable survival limitations); (2) the breach of any covenant or agreement made by us in the Agreement; (3) any claim for brokerage or finder’s fees payable by Daymark or any of its subsidiaries in connection with the Transactions; (4) any liabilities or claims to the extent arising from the actions or omissions of (A) the Seller and its subsidiaries (other than Daymark and its subsidiaries) and (B) Daymark and its subsidiaries prior to the Closing, in each case, related to the office building at 7551 Metro Center Drive in Austin, Texas (“Met Center 10”) (provided that indemnification for Met Center 10 (x) shall not cover any legal fees and expenses that were paid prior to Closing and (y) shall not cover any legal fees and expenses that have not been paid prior to the Closing except to the extent (and only to the extent) that they exceed $0.65 million); (5) certain liabilities under various employment agreements, plans and policies; or (6) fraud by Seller or any of its subsidiaries (other than Daymark or any of its subsidiaries).

Pursuant to the Purchase Agreement, the Purchaser has agreed to indemnify, subject to limitations, us and our affiliates against any losses incurred or suffered by them as a result of (1) the breach of any representation or warranty made by Purchaser in the Purchase Agreement (subject to applicable survival limitations); (2) the breach of any covenant or agreement made by Purchaser in the Purchase Agreement; (3) any liabilities of, obligations of or claims against us or any of our subsidiaries related to or arising from the business or operations of Daymark or any of its subsidiaries (whether relating to matters that occurred, arose or were asserted prior to the Closing or relating to matters that occur, arise or are asserted after the Closing), including existing and future litigation and claims, non-recourse carve-out guarantees and other guaranty obligations of us and our subsidiaries (provided that Purchaser shall not be obligated to indemnify Seller or its affiliates for losses of Seller or its affiliates that are the result of (x) certain litigation matters or (y) fraud by Seller); (4) the first $0.65 million of legal fees and expenses relating to Met Center 10 that have not been paid prior to the Closing; and (5) fraud by Purchaser or any of its subsidiaries. Among other indemnification limitations, the liability of Purchaser for indemnifying us and our affiliates for liabilities, obligations or claims related to or arising from the business or operations of Daymark or its subsidiaries as described in clause (3) above (if related solely to any fact, event or circumstances prior to the Closing) shall not exceed $7.5 million in the aggregate.

The $5.0 million principal amount of the Promissory Note issued by us to NNNRA becomes due and payable on August 10, 2016 (the “Maturity Date”). Interest accrues on the unpaid principal of the Promissory Note at a rate equal to 7.95% per annum. Accrued and unpaid interest on the Promissory Note is payable on the last day of each calendar quarter (commencing on September 30, 2011) and on the Maturity Date. We may prepay all or any portion of the Promissory Note at any time without premium or penalty.

Upon a change of control of the Company or certain Company recapitalization events, the Company is obligated to prepay, within 10 business days following the date of such event, an amount equal to the sum of (A) an amount of principal (the “Mandatory Principal Prepayment Amount”) equal to the lesser of (i) $3.0 million and (ii) the then-outstanding principal amount of the Promissory Note plus (B) all accrued and unpaid interest on the Mandatory Principal Prepayment Amount.

Events of default under the Promissory Note include (i) a default by us in the payment of any interest or principal on the Promissory Note when due and such default continues for a period of 10 days after written notice from the holder and (ii) we become subject to any final and non-appealable writ, judgment, warrant of attachment, execution or similar process that would cause a material adverse effect on the financial condition of us and our subsidiaries, taken as a whole. Upon the occurrence of an event of default, the holder of the Promissory Note may declare and demand the Promissory Note immediately due and payable. As a result of such material adverse change clause, we have classified the entire $5.0 million Promissory Note as a current liability. As a result of the Company’s petition under the bankruptcy, we were not in compliance with the debt covenants subsequent to year-end.

In connection with the closing of the Transactions, we, Daymark and each of Daymark’s subsidiaries entered into an Intercompany Balance Settlement and Release Agreement dated August 10, 2011 (the “IBSRA”). Pursuant to the IBSRA, Daymark and its subsidiaries released us from any and all claims, obligations, contracts, agreements, debts and liabilities that Daymark and its subsidiaries now have, have ever had or may in the future have against us arising at the time of or prior to the Closing or on account of or arising out of any matter, fact or event occurring at the time of or prior to the Closing, including (1) all rights and obligations under that certain Services Agreement dated as of January 1, 2011 by and among us, Daymark and other parties thereto (the "Services Agreement"), (2) all other contracts and arrangements between Daymark or any of its subsidiaries and us, (3) all intercompany payables and any other financial obligations or amounts owed to Daymark or any of its subsidiaries by us and (4) rights to indemnification or reimbursement from us, subject to various exceptions. Daymark and its subsidiaries also waived rights to coverage under D&O insurance policies maintained by us.

Pursuant to the IBSRA, we released Daymark and each of its subsidiaries from any and all claims, obligations, contracts, agreements, debts and liabilities that we now have, have ever had or may in the future have against Daymark or any of its subsidiaries arising at the time of or prior to the Closing or on account of or arising out of any matter, fact or event occurring at the time of or prior to the Closing, including (1) all rights and obligations under the Services Agreement, (2) all other contracts and arrangements between us and Daymark or any of its subsidiaries, (3) all intercompany payables and any other financial obligations or amounts owed to us by Daymark or any of its subsidiaries and (4) rights to indemnification or reimbursement from Daymark or any of its subsidiaries, subject to various exceptions.

Sale of Alesco

On June 1, 2011, we entered into a definitive agreement for the sale of substantially all of the assets of our real estate investment fund business, Alesco Global Advisors ("Alesco"), to Lazard Asset Management LLC. Closing of the transaction occurred on September 23, 2011. Within discontinued operations we recognized a loss on the sale of Alesco, net of taxes, of approximately $1.6 million in the third quarter of 2011 after writing off the assets, liabilities and deficit balance in noncontrolling interests associated with Alesco and recognizing the costs related to such transaction.

Termination of Agreements with Grubb & Ellis Healthcare REIT II

On November 7, 2011, Grubb & Ellis Healthcare REIT II ("Healthcare REIT II"), a separate legal entity with an independent board of directors sponsored by us, terminated its advisory and dealer-manager relationships (collectively the "REIT agreements') with various subsidiaries of Grubb & Ellis Company. The termination was effective immediately subject to a 60-day transition period which concluded on January 6, 2012. In addition, simultaneously with the termination of the REIT agreements, Jeffrey T. Hanson, our Executive Vice President, and the President and Chief Investment Officer of Grubb & Ellis Realty Investors, resigned effective November 7, 2011, from all of his executive positions with us, as well as from all officer and director positions he holds with any of our subsidiaries.

The termination of the REIT agreements had a material adverse effect on our business, future results of operations and financial condition. We received revenues totaling approximately $10.6 million from Healthcare REIT II for the year ended December 31, 2011. As of December 31, 2011 we have incurred organizational and offering expenses of approximately $2.5 million in excess of 1.0% of the gross proceeds of the Healthcare REIT II offering. We are currently seeking recovery of all unpaid reimbursements of expenses from Healthcare REIT II and have made numerous demands for payment. However, to date Healthcare REIT II has been unresponsive to our numerous demands for payment and therefore the timing and ultimate collection of all such amounts are uncertain. As such, within discontinued operations we recorded a provision for uncollectible accounts of $2.5 million in the fourth quarter of 2011 related to this asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation — The consolidated financial statements include our accounts and those of our wholly owned and majority-owned controlled subsidiaries, variable interest entities ("VIEs") in which we are the primary beneficiary, and partnerships/limited liability companies ("LLCs") in which we are the managing member or general partner and the other partners/members lack substantive rights. All significant intercompany accounts and transactions have been eliminated in consolidation.

Pursuant to the requirements of Accounting Standards Codification ("ASC") Topic 810, *Consolidation* , ("Consolidation Topic"), we consolidate entities that are VIEs when we are deemed to be the primary beneficiary of the VIE. We are deemed to be the primary beneficiary of the VIE if we have a significant variable interest in the VIE that provides us with a controlling financial interest in the VIE. Our variable interest provides us with a controlling financial interest if we have both (i) the power to direct the activities of the VIE that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. There is subjectivity around the determination of power and which activities of the VIE most significantly impact the entity's economic performance. For entities in which (i) we are not deemed to be the primary beneficiary, (ii) our ownership is 50.0% or less and (iii) we have the ability to exercise significant influence, we use the equity method of accounting (i.e., at cost, increased or decreased by our share of earnings or losses, plus contributions less distributions). We also use the equity method of accounting for jointly controlled tenant-in-common interests. As reconsideration events occur, we will reconsider our determination of whether an entity is a VIE and who the primary beneficiary is to determine if there is a change in the original determinations and will report such changes on a quarterly basis. In addition, we will continuously evaluate our VIE's primary beneficiary as facts and circumstances change to determine if such changes warrant a change in an enterprise's status as primary beneficiary of the VIEs.

Use of Estimates — The financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP"), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including disclosure of contingent assets and liabilities) as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications — Certain reclassifications relating to our discontinued operations have been made to prior year amounts in order to conform to the current period presentation. These reclassifications have no effect on reported net loss.

Cash and cash equivalents — Cash and cash equivalents consist of all highly liquid investments with a maturity of three months or less when purchased. Short-term investments with remaining maturities of three months or less when acquired are considered cash equivalents.

Restricted Cash — Restricted cash is comprised primarily of cash reserve accounts held for the benefit of various insurance providers, lessors and lenders. As of December 31, 2011 and 2010, the restricted cash balance was $2.6 million and $3.8 million, respectively.

Marketable Securities — We account for investments in marketable debt and equity securities in accordance with the requirements of ASC Topic 320 , *Investments — Debt and Equity Securities* ("Investments Topic"). We determine the appropriate classification of debt and equity securities at the time of purchase and re-evaluate such designation as of each balance sheet date. Marketable securities acquired are classified with the intent to generate a profit from short-term movements in market prices as trading securities. Our marketable equity and debt securities not classified as trading are classified as available-for-sale.

In accordance with the requirements of the Investments Topic, trading securities are carried at their fair value with realized and unrealized gains and losses included in the statement of operations. The available-for-sale securities are carried at their fair market value and any difference between cost and market value is recorded as unrealized gain or loss, net of income taxes, and is reported as accumulated other comprehensive income in the consolidated statement of shareowners' (deficit) equity. Premiums and discounts are recognized in interest income using the effective interest method. Realized gains and losses and declines in value expected to be other-than-temporary on available-for-sale securities are included in other income. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in interest income.

Accounts Receivable from Related Parties — Accounts receivable from related parties consists of organizational, offering and operating costs from our sponsored REIT and properties under management related to our sponsored REIT, including property and asset management fees. Property management fees are collected from the operations of the underlying real estate properties.

Allowance for Uncollectible Receivables — Receivables are carried net of management's estimate of uncollectible receivables. Management's determination of the adequacy of these allowances is based upon evaluations of historical loss experience, current economic conditions and other relevant factors.

Identified Intangible Assets — Our acquisitions require the application of acquisition accounting in accordance with the requirements of ASC Topic 805, *Business Combinations* ("Business Combinations Topic"). Identified intangible assets include a trade name, which is not being amortized and has an indefinite estimated useful life. Other identified intangible assets acquired includes the value of customer relationships, affiliate agreements and internally developed software, which are all being amortized over estimated useful lives ranging from 4 to 20 years.

Property, Equipment and Leasehold Improvements — Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization expense is recorded on a straight-line basis over the estimated useful lives of the related assets, which range from three to seven years. Leasehold improvements are amortized on a straight-line basis over the life of the related lease or the estimated service life of the improvements, whichever is shorter. Maintenance and repairs are expensed as incurred, while betterments are capitalized. Upon the sale or retirement of depreciable assets, the related accounts are relieved, with any resulting gain or loss included in operations.

Impairment of Long-Lived Assets — In accordance with the requirements of the Property, Plant, and Equipment Topic, long-lived assets are periodically evaluated for potential impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. In the event that periodic assessments reflect that the carrying amount of the asset exceeds the sum of the undiscounted cash flows (excluding interest) that are expected to result from the use and eventual disposition of the asset, we would recognize an impairment loss to the extent the carrying amount exceeded the fair value of the property. If an impairment indicator exists, we generally use a discounted cash flow model to estimate the fair value of the property and measure the impairment. We use our best estimate in determining the key assumptions, including the expected holding period, future occupancy levels, capitalization rates, discount rates, rental rates, lease-up periods and capital expenditure requirements. We recorded real estate related impairments related to investments in unconsolidated entities and funding commitments for obligations related to certain of Daymark's sponsored real estate programs of $0, $0.9 million and $10.3 million during the years ended December 31, 2011, 2010 and 2009, respectively, which is included in discontinued operations. We recorded real estate impairments related to properties sold and effectively abandoned under the accounting standards of approximately $0, $0 and $13.7 million during the years ended December 31, 2011, 2010 and 2009, respectively, which is included in discontinued operations.

We recognize goodwill and other non-amortizing intangible assets in accordance with the requirements of ASC Topic 350, *Intangibles — Goodwill and Other* , (“Goodwill and Other Topic”). Under the Goodwill and Other Topic, goodwill is recorded at its carrying value and is tested for impairment at least annually, or more frequently if impairment indicators exist, at a level of reporting referred to as a reporting unit. We recognize goodwill in accordance with the requirements of the Goodwill and Other Topic and test the carrying value for impairment during the fourth quarter of each year. The goodwill impairment analysis is a two-step process. The first step used to identify potential impairment involves comparing each reporting unit’s estimated fair value to its carrying value, including goodwill. To estimate the fair value of the reporting units, we use a discounted cash flow model and market comparable data typically identified as Level 3 valuation techniques as defined under generally accepted accounting principles. Significant judgment is required by us in developing the assumptions for the discounted cash flow model. These assumptions include cash flow projections utilizing revenue growth rates, profit margin percentages, discount rates, market/economic conditions, etc. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is considered to not be impaired. If the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment. The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated a potential impairment may exist. The implied fair value of goodwill is determined by measuring the excess of the estimated fair value of the reporting unit as calculated in step one, over the estimated fair values of the individual assets, liabilities and identified intangibles. During the year ended December 31, 2011, we impaired the entire balance of our goodwill totaling $1.5 million. We also test our trade name for impairment during the fourth quarter of each year. We estimated the fair value of our trade name by using a discounted cash flow model typically identified as Level 3 valuation techniques as defined under generally accepted accounting principles. Assumptions used in the discounted cash flow model include revenue projections, royalty rates and discount rates. If the estimated fair value of the trade name exceeds the carrying value, the trade name is considered to not be impaired. If the carrying value exceeds the estimated fair value, an impairment charge is recorded for the excess of the carrying value over the estimated fair value of the trade name. During the year ended December 31, 2011, we recorded an impairment of our trade name totaling $57.9 million. In addition to testing goodwill and our trade name for impairment, we test the intangible contract rights for impairment during the fourth quarter of each year, or more frequently if events or circumstances indicate the asset might be impaired. We did not record any impairment of our intangible contract rights for the years ended December 31, 2011, 2010 or 2009.

Revenue Recognition

<u>*Management Services*</u>

Management fees are recognized at the time the related services have been performed by us, unless future contingencies exist. In addition, in regard to management and facility service contracts, the owner of the property will typically reimburse us for certain expenses that are incurred on behalf of the owner, which are comprised primarily of on-site employee salaries and related benefit costs. The amounts which are to be reimbursed per the terms of the services contract are recognized as revenue by us in the same period as the related expenses are incurred. In certain instances, we subcontract property management services to independent property managers, in which case we pass a portion of their property management fee on to the subcontractor, and we retain the balance. Accordingly, we record these fees net of the amounts paid to our subcontractors.

<u>*Transaction Services*</u>

Real estate commissions are recognized when earned, which is typically the close of escrow. Receipt of payment occurs at the point at which all of our services have been performed, and title to real property has passed from seller to buyer, if applicable. Real estate leasing commissions are recognized upon execution of appropriate lease and commission agreements and receipt of full or partial payment, and, when payable upon certain events such as tenant occupancy or rent commencement, upon occurrence of such events. All other commissions and fees are recognized at the time the related services have been performed and delivered by us to the client, unless future contingencies exist.

Professional Service Contracts — We hold multi-year service contracts with certain key transaction professionals for which cash payments were made to the professionals upon signing, the costs of which are being amortized over the lives of the respective contracts, which are generally two to five years. Amortization expense relating to these contracts of approximately $5.7 million, $7.2 million and $7.9 million was recorded for the years ended December 31, 2011, 2010 and 2009, respectively, and is included in compensation costs in our consolidated statement of operations.

Fair Value Measurements — ASC Topic 820, *Fair Value Measurements and Disclosures* , (“Fair Value Measurements and Disclosures Topic”) defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Fair Value Measurements and Disclosures Topic applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

The Fair Value Measurements and Disclosures Topic emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the Fair Value Measurements and Disclosures Topic establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs are the highest priority and are quoted prices in active markets for identical assets or liabilities. Level 2 inputs reflect other than quoted prices included in Level 1 that are observable directly or through corroboration with observable market data. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs, due to little or no market activity for the asset or liability, such as internally-developed valuation models. If quoted market prices or inputs are not available, fair value measurements are based upon valuation models that utilize current market or independently sourced market inputs, such as interest rates, option volatilities, credit spreads and market capitalization rates. Items valued using such internally-generated valuation techniques are classified according to the lowest level input that is significant to the fair value measurement. As a result, the asset or liability could be classified in either Level 2 or 3 even though there may be some significant inputs that are readily observable. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

We generally use a discounted cash flow model to estimate the fair value of our consolidated real estate investments, unless better market comparable data is available. Management uses its best estimate in determining the key assumptions, including the expected holding period, future occupancy levels, capitalization rates, discount rates, rental rates, lease-up periods and capital expenditure requirements. The estimated fair value is further adjusted for anticipated selling expenses. Generally, if a property is under contract, the contract price adjusted for selling expenses is used to estimate the fair value of the property.

The following table presents changes in financial and nonfinancial assets and liabilities measured at fair value on either a recurring or nonrecurring basis for the years ended December 31, 2011 and 2010 (including amounts classified in discontinued operations):

(In thousands)	December 31, 2011	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total (Impairment) Recoveries in 2011
Life insurance contracts	$ 320	$ —	$ 320	$ —	$ —
Contingent liability — TIC program exchange	$ —	$ —	$ —	$ —	$ 9,024
Warrant derivative liability	$ (47)	$ —	$ (47)	$ —	$ —
Trade name	$ 6,172	$ —	$ —	$ 6,172	$ —
Goodwill	$ —	$ —	$ —	$ —	$ (1,521)

(In thousands)	December 31, 2010	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Impairment Losses Incurred in 2010
Investments in marketable equity securities	$ 1,948	$ 1,948	$ —	$ —	$ —
Assets under management	$ 901	$ 901	$ —	$ —	$ —
Property held for sale	$ 45,572	$ —	$ —	$ 45,572	$ —
Investments in unconsolidated entities	$ 5,178	$ —	$ —	$ 5,178	$ (646)
Life insurance contracts	$ 1,062	$ —	$ 1,062	$ —	$ —

Fair Value of Financial Instruments — ASC Topic 825, *Financial Instruments* , ("Financial Instruments Topic"), requires disclosure of fair value of financial instruments, whether or not recognized on the face of the balance sheet, for which it is practical to estimate that value. The Financial Instruments Topic defines fair value as the quoted market prices for those instruments that are actively traded in financial markets. In cases where quoted market prices are not available, fair values are estimated using present value or other valuation techniques. The fair value estimates are made at the end of each reporting period based on unobservable assumptions categorized in Level 3 of the hierarchy, including available market information and judgments about the financial instrument, such as estimates of timing and amount of expected future cash flows. Such estimates do not reflect any premium or discount that could result from offering for sale at one time our entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains or losses. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the instrument.

The fair value of our mortgage notes, notes payable, NNN senior notes, credit facility, convertible notes and preferred stock is estimated using borrowing rates available to us for debt instruments with similar terms and maturities. The amounts recorded for accounts receivable, notes receivable, advances, accounts payable and accrued liabilities and capital lease obligations approximate fair value due to their short-term nature.

The following table presents the fair value and carrying value of our mortgage notes, notes payable, NNN senior notes, credit facility, convertible notes and preferred stock as of December 31, 2011 and 2010:

	December 31, 2011		December 31, 2010	
(In thousands)	**Fair Value**	**Carrying Value**	**Fair Value**	**Carrying Value**
Mortgage notes — held for sale	$ —	$ —	$59,624	$ 70,000
Notes payable	3,707	5,555	747	884
NNN senior notes — held for sale	—	—	16,054	16,277
Credit facility(1)	25,000	29,489	—	—
Convertible notes(2)	20,318	30,448	28,832	30,133
Preferred stock(3)	7,091	99,895	91,828	90,080

(1) Carrying value includes an unamortized debt discount of $0.2 million and accrued interest of $1.7 million as of December 31, 2011. There was no unamortized debt discount related to the credit facility as of December 31, 2010.
(2) Carrying value includes an unamortized debt discount of $1.1 million and $1.4 million as of December 31, 2011 and 2010, respectively.
(3) Carrying value includes cumulative unpaid dividends of $11.7 million as of December 31, 2011. There were no cumulative unpaid dividends as of December 31, 2010.

Share-based Compensation — ASC Topic 718, *Compensation — Stock Compensation* ("Stock Compensation Topic") requires the measurement of compensation cost at the grant date, based upon the estimated fair value of the award, and requires amortization of the related expense over the employee's requisite service period. For an award that has a graded vesting schedule, we recognize share-based compensation expense on a straight-line basis over the requisite service period for the entire award.

(Loss) earnings per share — We apply the two-class method when computing our (loss) earnings per share as required by ASC Topic 260, *Earnings Per Share* ("Earnings Per Share Topic"), which requires the net income per share for each class of stock (common stock and convertible preferred stock) to be calculated assuming 100% of our net income is distributed as dividends to each class of stock based on their contractual rights. To the extent we have undistributed earnings in any calendar quarter, we will follow the two-class method of computing earnings per share. Basic (loss) earnings per share is computed by dividing net (loss) income attributable to common shareowners by the weighted average number of common shares outstanding during each period. The computation of diluted (loss) earnings per share further assumes the dilutive effect of stock options, stock warrants and contingently issuable shares. Contingently issuable shares represent non-vested stock awards and unvested stock fund units in the deferred compensation plan. In accordance with the requirements of the Earnings Per Share Topic, these shares are included in the dilutive earnings per share calculation under the treasury stock method, unless the effect of inclusion would be anti-dilutive.

Concentration of Credit Risk — Financial instruments that potentially subject us to a concentration of credit risk are primarily cash investments and accounts receivable. We currently maintain substantially all of our cash with several major financial institutions. We have cash in financial institutions which are insured by the Federal Deposit Insurance Corporation, or FDIC, up to $250,000 per depositor per insured bank. As of December 31, 2011, we had cash accounts in excess of FDIC insured limits. We believe this risk is not significant. Concentration of credit risk with respect to accounts receivable is limited due to the large number of customers and their geographic dispersion.

Accrued Claims and Settlements — We maintain partially self-insured and deductible programs for errors and omissions, general liability, workers' compensation and certain employee health care costs. Reserves for all such programs are included in accrued claims and settlements and compensation and employee benefits payable, as appropriate. Reserves are based on the aggregate of the liability for reported claims and an actuarially-based estimate of incurred but not reported claims.

Guarantees — We account for our guarantees in accordance with the requirements of ASC Topic 460, *Guarantees* ("Guarantees Topic"). The Guarantees Topic elaborates on the disclosures to be made by the guarantor in our interim and annual financial statements about our obligations under certain guarantees that it has issued. It also requires that a guarantor recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. Management evaluates these guarantees to determine if the guarantee meets the criteria required to record a liability.

Income Taxes — Income taxes are accounted for under the asset and liability method in accordance with the requirements of ASC Topic 740, *Income Taxes* ("Income Taxes Topic"). Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and the tax basis of assets and liabilities and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured by applying enacted tax rates and laws and are released in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized. During the years ended December 31, 2011 and 2010, we recorded a valuation allowance of $22.2 million and $20.1 million, respectively. The Income Taxes Topic further requires a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Accounting for tax positions requires judgments, including estimating reserves for potential uncertainties. We also assess our ability to utilize tax attributes, including those in the form of carryforwards, for which the benefits have already been reflected in the consolidated financial statements. We do not record valuation allowances for deferred tax assets that we believe will be realized in future periods. While we believe the resulting tax balances as of December 31, 2011 and 2010 are appropriately accounted for in accordance with the Income Taxes Topic, as applicable, the ultimate outcome of such matters could result in favorable or unfavorable adjustments to our consolidated financial statements and such adjustments could be material. See Note 21, "Income Taxes" for further information regarding income taxes.

Comprehensive (Loss) Income — Pursuant to the requirements of ASC Topic 220, *Comprehensive Income* ("Comprehensive Income Topic"), we have included a calculation of comprehensive (loss) income in our accompanying consolidated statements of shareowners' (deficit) equity for the years ended December 31, 2011, 2010 and 2009. Comprehensive (loss) income includes net (loss) income adjusted for certain revenues, expenses, gains and losses that are excluded from net (loss) income.

Segment Disclosure — We divide our services into segments in accordance with the requirements of ASC Topic 280, *Segment Reporting* ("Segment Reporting Topic"). In the fourth quarter of 2010, we added a fourth reporting segment with the creation of Daymark Realty Advisors, Inc. ("Daymark") to manage our legacy tenant-in-common portfolio. Our four business segments were as follows: (1) Management Services, which includes property management, corporate facilities management, project management, client accounting, business services and engineering services for corporate occupier and real estate investor clients (2) Transaction Services, which comprises our real estate brokerage, valuation and appraisal operations; (3) Investment Management, which encompassed acquisition, financing, disposition and asset management services for our investment programs and dealer-manager services by our securities broker-dealer, which facilitated capital raising transactions for its real estate investment trust ("REIT") and other investment programs; and (4) Daymark, which included our legacy TIC business. As a result of the sale of our Daymark subsidiary on August 10, 2011, our segment disclosure no longer includes a Daymark segment as all of the Daymark segment is included in discontinued operations. In addition, as a result of the termination of agreements with Healthcare REIT II, our segment disclosure no longer includes an Investment Management segment as all of the Investment Management segment is included in discontinued operations.

Litigation — We routinely assess the likelihood of any adverse judgments or outcomes related to legal matters, as well as ranges of probable losses. A determination of the amount of the reserves required, if any, for these contingencies is made after analysis of each known issue and an analysis of historical experience. Therefore, we have recorded reserves related to certain legal matters for which we believe it is probable that a loss will be incurred and the range of such loss can be estimated. With respect to other matters, we have concluded that a loss is only reasonably possible or remote, or is not estimable and, therefore, no liability is recorded. Assessing the likely outcome of pending litigation, including the amount of potential loss, if any, is highly subjective. Our judgments regarding likelihood of loss and our estimates of probable loss amounts may differ from actual results due to difficulties in predicting the outcome of jury trials, arbitration hearings, settlement discussions and related activity, and various other uncertainties. Due to the number of claims which are periodically asserted against us, and the magnitude of damages sought in those claims, actual losses in the future could significantly exceed our current estimates.

Recently Issued Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update, or ASU, 2010-06, *Improving Disclosures about Fair Value Measurements* , or ASU 2010-06. ASU 2010-06 amends the Fair Value Measurements and Disclosures Topic to require additional disclosure and clarify existing disclosure requirements about fair value measurements. ASU 2010-06 requires entities to provide fair value disclosures by each class of assets and liabilities, which may be a subset of assets and liabilities within a line item in the statement of financial position. The additional requirements also include disclosure regarding the amounts and reasons for significant transfers in and out of Level 1 and 2 of the fair value hierarchy and separate presentation of purchases, sales, issuances and settlements of items within Level 3 of the fair value hierarchy. The guidance clarifies existing disclosure requirements regarding the inputs and valuation techniques used to measure fair value for measurements that fall in either Level 2 or Level 3 of the hierarchy. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009 except for the disclosures about purchases, sales, issuances and settlements which is effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. We adopted ASU 2010-06 on January 1, 2010, which only applies to our disclosures on the fair value of financial instruments. The adoption of ASU 2010-06 did not have a material impact on our footnote disclosures.

In December 2010, the FASB issued ASU 2010-29, *Business Combinations (Topic 805)*, or ASU 2010-29. ASU 2010-29 amends the Business Combinations Topic to require the disclosure of pro forma revenue and earnings for all business combinations that occurred during the current year to be presented as of the beginning of the comparable prior annual reporting period. The amendments in ASU 2010-29 also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-29 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. The adoption of ASU 2010-29 did not have a material impact on our footnote disclosures.

In April 2011, the FASB issued ASU 2011-03, *Transfers and Servicing (Topic 860)* , or ASU 2011-03 . ASU 2011-03 specifies when an entity may or may not recognize a sale upon the transfer of financial assets subject to repurchase agreements. That determination is based, in part, on whether the entity has maintained effective control over the transferred financial assets. The requirements of ASU 2011-03 will be effective for the first interim or annual period beginning on or after December 15, 2011. The adoption of ASU 2011-03 is not expected to have a material impact on our footnote disclosures.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820)* or ASU 2011-04. This guidance expands the disclosure requirements around fair value measurements categorized in Level 3 of the fair value hierarchy. It also clarifies and expands upon existing requirements for fair value measurements of financial assets and liabilities as well as instruments classified in stockholders' equity. This FASB guidance is effective for interim and annual periods beginning after December 15, 2011. The adoption of ASU 2011-04 is not expected to have a material impact on our footnote disclosures.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220)*, or ASU 2011-05. ASU 2011-05 amends guidance on *Comprehensive Income — Presentation of Comprehensive Income* . This guidance requires (i) presentation of other comprehensive income either in a continuous statement of comprehensive income or in a separate statement presented consecutively with the statement of operations and (ii) presentation of reclassification adjustments from other comprehensive income to net income on the face of the financial statements. ASU 2011-05 is effective for interim and annual reporting periods beginning after December 15, 2011. Early adoption is permitted. The adoption of ASU 2011-05 is not expected to have a material impact on our footnote disclosures as it requires only a change in presentation.

In September 2011, the FASB issued ASU 2011-08, *Intangibles — Goodwill and Other (Topic 350)*, or ASU 2011-08. ASU 2011-08 simplifies how entities test goodwill for impairment. This guidance allows entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If a more than fifty percent likelihood exists that the fair value is less than the carrying amount, then a two-step goodwill impairment test must be performed. ASU 2011-08 is effective for interim and annual reporting periods beginning after December 15, 2011. The Company early-adopted this standard in 2011. Upon adoption, the Company determined that it was more likely than not that goodwill was impaired as of December 31, 2011. Upon completion of the second step of the goodwill impairment test, the Company recorded an impairment charge of approximately $1.5 million during the fourth quarter of the year ended December 31, 2011.

In December 2011, the FASB issued ASU 2011-10, *Property, Plant, and Equipment (Topic 360)* , or ASU 2011-10 . This ASU requires that a reporting entity that ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary's nonrecourse debt would apply FASB ASC Subtopic 360-20, *Property, Plant, and Equipment — Real Estate Sales* , to determine whether to derecognize assets and liabilities of that subsidiary. ASU 2011-10 is effective prospectively for a deconsolidation event that takes place in fiscal years, and interim periods within those years, beginning on or after June 15, 2012. The adoption of ASU 2011-10 is not expected to have a material impact on our footnote disclosures.

In December 2011, the FASB issued ASU 2011-11, *Balance Sheet (Topic 210)* , or ASU 2011-11. ASU 2011-11 will require entities to disclose information about offsetting and related arrangements to enable users of financial statements to evaluate the potential effect of netting arrangements on an entity's financial position, including the potential effect of rights of set-off. This FASB guidance is effective for interim and annual reporting periods beginning on or after January 1, 2013. The adoption of ASU 2011-11 is not expected to have a material impact on our footnote disclosures.

3. MARKETABLE SECURITIES

We applied the provisions of the Fair Value Measurements and Disclosures Topic to our financial assets recorded at fair value, which consisted of available-for-sale marketable securities. Level 1 inputs, the highest priority, are quoted prices in active markets for identical assets that were used by us to estimate the fair value of our available-for-sale marketable securities.

We held no marketable securities as of December 31, 2011. The historical cost and estimated fair value of the available-for-sale marketable securities held by us as of December 31, 2010 is as follows:

	As of December 31, 2010			
		Gross Unrealized		
(In thousands)	**Historical Cost**	**Gains**	**Losses**	**Fair Market Value**
Equity securities	$ 1,800	$148	$ —	$1,948

During the year ended December 31, 2011, we sold all marketable securities and recognized a loss on sale of $87,241. There were no sales of equity securities, or other-than-temporary impairments recorded, for the years ended December 31, 2010 and 2009.

4. RELATED PARTIES

Accounts Receivable

Accounts receivable from related parties consisted of the following:

	December 31,	
(In thousands)	**2011**	**2010**
Organizational, offering and operating costs from sponsored REIT	$ 2,533	$2,741
Accrued property and asset management fees	366	156
Other accrued fees	447	563
Total accounts receivable from related parties	3,346	3,460
Less: Allowance for uncollectible accounts	(2,533)	—
Total accounts receivable from related parties, net of allowance for uncollectible accounts	$ 813	$3,460

5. SERVICE FEES RECEIVABLE, NET

Service fees receivable consisted of the following:

	December 31,	
(In thousands)	**2011**	**2010**
Management services fees receivable	$ 18,543	$ 21,740
Transaction services fees receivable	10,813	10,451
Investment management fees receivable	—	2,461
Total service fees receivable	29,356	34,652
Less: Allowance for uncollectible accounts	(4,391)	(3,424)
Total	24,965	31,228
Less: portion classified as current	(24,792)	(31,048)
Non-current portion (included in other assets)	$ 173	$ 180

6. PROFESSIONAL SERVICE CONTRACTS

As part of the transaction services business, we have entered into service contracts with various employee real estate brokers. These service contracts generally have terms ranging from 12 to 60 months. We recorded assets, net of amortization, of approximately $2.3 million and $9.2 million related to these contracts as of December 31, 2011 and 2010, respectively. In addition, we have approximately $0.5 million of additional commitments and expect to incur amortization expense of approximately $1.4 million, $0.7 million, $0.5 million, $0.2 million and $0.0 million related to these contracts during the years ended 2012, 2013, 2014, 2015 and 2016, respectively.

7. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property and equipment consisted of the following:

(In thousands)	Useful Life	December 31, 2011	December 31, 2010
Computer equipment	3-5 years	$ 26,996	$ 27,377
Capital leases	1-5 years	3,043	2,252
Furniture and fixtures	7 years	22,565	24,249
Leasehold improvements	1-5 years	2,103	6,738
Total		54,707	60,616
Accumulated depreciation and amortization		(47,899)	(50,506)
Property and equipment — net		$ 6,808	$ 10,110

We recognized $4.6 million, $3.7 million and $4.3 million of depreciation expense for the years ended December 31, 2011, 2010 and 2009, respectively. During the fourth quarter of 2011, in consideration of the continuing deterioration of the financial condition and results of operations of the company including the loss of clients and brokers in certain markets, management reviewed its property, equipment and leasehold improvements for impairment and concluded that certain assets were fully impaired. Accordingly, for the year ended December 31, 2011, the Company recorded an impairment charge of approximately $3.5 million, affecting the Corporate and Transaction Services segments in the amount of $1.4 million and $2.1 million respectively. This impairment charge was recognized as “Property, equipment and leasehold improvement impairment” in the accompanying consolidated statements of operations. No impairment charge was recorded related to property, equipment and leasehold improvements during the years ended December 31, 2010 and 2009.

8. BUSINESS COMBINATIONS AND GOODWILL

Goodwill

The change in the carrying amount of goodwill for the year ended December 31, 2011 was as follows:

(In thousands)	Transaction Services	Management Services	Total
Balance as of December 31, 2010	$ 1,406	$ 115	$ 1,521
Goodwill impairment	(1,406)	(115)	(1,521)
Balance as of December 31, 2011	$ —	$ —	$ —

We analyzed goodwill for impairment pursuant to the requirements of the Intangibles — Goodwill and Other Topic. Although the annual goodwill impairment test date set by management is October 1, management determined that in consideration of the continuing deterioration of the financial condition and results of operations of the company during the fourth quarter of 2011, an impairment testing trigger event occurred subsequent to that test date; consequently, management concluded goodwill was fully impaired. Accordingly, we recognized a goodwill impairment charge of approximately $1.5 million for the year ended December 31, 2011. This impairment charge was recognized as “Goodwill impairment” in the accompanying consolidated statements of operations. No impairment charge was recorded related to goodwill during the years ended December 31, 2010 and 2009.

Business Combinations

In March 2010 and November 2010, we acquired regional commercial real estate services companies for $1.0 million and $1.8 million, respectively. In December 2010, we acquired a regional appraisal and valuation company for $0.7 million. In July 2010, we purchased 60% of the outstanding membership interests in a regional commercial real estate services company for $2.0 million.

We previously owned a 40% interest in such company and following the completion of the transaction, we became the owner of 100% of the membership interests. In accordance with the requirements of the Business Combinations Topic, we remeasured our previously held 40% interest at our acquisition date fair value of $0.7 million and recognized the resulting $0.5 million gain in earnings during the third quarter of 2010, which is included in other income on the statement of operations. In remeasuring the acquisition date fair value of our previously held interest, we measured the fair value of the tangible and identified intangible assets acquired and liabilities assumed. The fair value of the tangible assets acquired and liabilities assumed were generally based on the book value of such assets and liabilities due to their short term-nature. The fair value of the identified intangible assets acquired (customer relationships and customer backlog) was based on the present value of projected future earnings associated with clients transacting business with the office we acquired.

We allocated the purchase price to the assets acquired and liabilities assumed based on the estimated fair value as of the acquisition date as follows (in thousands):

Cash	$ 250
Accounts receivable	1,757
Prepaid expenses and other assets	(247)
Property and equipment	256
Indentified intangible assets	4,070
Goodwill	1,521
Accounts payable and accrued expenses	(1,629)
Gain on remeasurement of previously held interest	(454)
Total purchase price	$ 5,524

Pro forma financial information has not been included as it is immaterial.

9. IDENTIFIED INTANGIBLE ASSETS

Identified intangible assets consisted of the following:

(In thousands)	Useful Life	December 31, 2011	December 31, 2010
Non-amortizing intangible assets:			
Trade name	Indefinite	$ 6,172	$64,100
Amortizing intangible assets:			
Affiliate agreements	20 years	10,600	10,600
Customer relationships	5-7 years	8,725	8,725
Internally developed software	4 years	—	6,200
Customer backlog	1 year	—	746
		19,325	26,271
Accumulated amortization		(6,421)	(9,673)
Amortizing intangible assets, net		12,904	16,598
Total identified intangible assets, net		$19,076	$80,698

Amortization expense recorded for the identified intangible assets was approximately $3.7 million, $3.6 million and $2.9 million for the years ended December 31, 2011, 2010 and 2009, respectively. Amortization expense is included as part of operating expense in the accompanying consolidated statements of operations.

We analyzed our trade name for impairment pursuant to the requirements of the Intangibles — Goodwill and Other Topic and determined that the trade name was impaired as of December 31, 2011. Although the annual goodwill and intangible assets with indefinite lives impairment test date set by management is October 1, management determined that in consideration of the continuing deterioration of the financial condition and results of operations of the company during the fourth quarter of 2011, an impairment testing trigger event occurred subsequent to that test date; consequently, the impairment charges were based on estimated fair values at December 31, 2011. Based on a valuation prepared by an independent third party, the fair value of the trade name was determined to be $6.2 million. The value of the trade name was estimated using the “Relief From Royalty” method, which is based on what a user would be willing to pay as a royalty in order to retain the use of the intangible asset. Three inputs were used in estimating the fair value of the trade name, i.e. projected revenues, royalty rate and a discount rate to bring anticipated future cash flows to present value. Projected revenues incorporate various other assumptions including but not limited to revenue from operations growth, profit margins,

income taxes, depreciation, capital expenditures, working capital levels and discount rates. Accordingly, we recognized an impairment charge of $57.9 million related to our trade name for the year ended December 31, 2011. This impairment charge was recognized in “Intangible asset impairment” in the accompanying consolidated statements of operations. No impairment charge was recorded related to the trade name during the years ended December 31, 2010 and 2009.

Amortization expense for the other identified intangible assets, which excludes the non-amortizing trade name asset, for each of the next five years ended December 31 is as follows:

(In thousands)	
2012	$ 1,989
2013	1,746
2014	1,709
2015	1,017
2016	602
Thereafter	5,841
	$12,904

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

	December 31,	
(In thousands)	2011	2010
Salaries and related costs	$21,375	$23,321
Accounts payable	17,313	15,332
Accrued liabilities	11,745	9,353
Broker commissions	9,143	10,519
Bonuses	6,674	8,701
Property management fees and commissions due to third parties	675	2,244
Total	$66,925	$69,470

11. CREDIT FACILITIES

Deutsche Bank Credit Facility

On December 7, 2007, we entered into a $75.0 million credit agreement by and among us, the guarantors named therein, and the financial institutions defined therein as lender parties, with Deutsche Bank Trust Company Americas, as lender and administrative agent (the "Deutsche Bank Credit Facility").

We amended our Deutsche Bank Credit Facility four times: on August 5, 2008; November 4, 2008; May 20, 2009; and, September 30, 2009. In conjunction with the May 20, 2009 amendment, among other things, we issued warrants to the lenders giving them the right, commencing October 1, 2009, to purchase common stock equal to 15% of our common stock on a fully diluted basis if we did not effect the recapitalization required by the May 20, 2009 amendment. We calculated the fair value of the warrants to be $534,000 and recorded such amount in shareowners' equity with a corresponding debt discount to the line of credit balance. Such debt discount amount was fully amortized into interest expense as of December 31, 2009 as a result of the repayment of the Deutsche Bank Credit Facility as discussed below. The September 30th amendment, among other things, extended the time to effect a recapitalization under our Deutsche Bank Credit Facility from September 30, 2009 to November 30, 2009 and also extended the date on which the warrants could first be executed from October 1, 2009 to December 1, 2009. In addition, pursuant to the September 30th amendment, we also received the right to prepay our Deutsche Bank Credit Facility in full at any time on or prior to November 30, 2009 at a discounted amount equal to 65% of the aggregate principal amount outstanding. On November 6, 2009, concurrently with the closing of the private placement of our 12% cumulative participating perpetual convertible preferred stock, we repaid our Deutsche Bank Credit Facility in full at the discounted amount equal to $43.4 million and the Deutsche Bank Credit Facility was terminated in accordance with its terms (as such, the warrants never became exercisable). As a result of the early repayment of the Deutsche Bank Credit Facility, we recorded a gain on early extinguishment of debt of $21.9 million, or $0.35 per common share, net of expenses, for the year ended December 31, 2009.

Colony Credit Facility

On March 21, 2011, we announced that we had retained JMP Securities LLC as an advisor to explore strategic alternatives for the Company, including a potential merger or sale transaction. On March 30, 2011, we entered into a commitment letter and exclusivity agreement with Colony Capital Acquisitions, LLC, pursuant to which Colony agreed to provide a Credit Facility (see Note 1 for further information regarding the Credit Facility).

On April 15, 2011, we entered into a credit agreement with Colony for an $18.0 million secured credit facility (the "Credit Facility"). The terms of the Credit Facility included a payment to Colony of (i) a closing fee equal to 1.00% of the Credit Facility amount and (ii) warrants (the "Existing Warrants") exercisable to purchase 6,712,000 shares of our common stock, valued at $0.7 million.

On October 16, 2011, we entered into the Credit Facility Amendment No. 2 increasing from $18.0 million to $28.0 million the size of our Credit Facility. Pursuant to the Credit Facility Amendment No. 2, C-III agreed to become a lender under the Credit Facility and to provide an Incremental Term Loan under the existing terms and conditions of the Credit Facility, as amended by Credit Facility Amendment No. 2. In furtherance of the transactions contemplated by the Credit Facility Amendment No. 2, C-III acquired $4.0 million of Colony's interest in the Credit Facility, and an agreed upon share of the Existing Warrants. In connection with increasing the size of the Credit Facility, the Company (i) issued an aggregate of 3,728,888 common stock purchase warrants valued at $0.1 million, each exercisable for one (1) share of the Company's common stock (the "Second Amendment Warrants") to Colony and C-III, and (ii) also amended the outstanding common stock purchase warrants (the "Warrant Agreement Amendments") initially issued to Colony pursuant to the Credit Agreement (the "Existing Warrants").

In consideration of C-III providing the Incremental Term Loan and Colony consenting to the Credit Facility Amendment No. 2, we entered into an Exclusivity Agreement with Colony and C-III pursuant to which Colony and C-III had the exclusive right for a period of thirty days commencing on October 16, 2011, and subject to two consecutive thirty day extensions under certain circumstances, to pursue a strategic transaction with respect to the Company. In the event that Colony and C-III were diligently pursuing a strategic transaction with us at the end of each of the initial thirty day period (November 15, 2011) and the first thirty day extension (December 15, 2011), Colony and C-III had the right to extend the exclusivity period for an additional thirty days. Colony and C-III allowed their Exclusivity Agreement to expire without making an offer to enter into a strategic transaction.

The Credit Facility matures on March 1, 2012 and has an initial interest rate of 11.00% per annum, increasing by an additional 0.50% at the end of each three-month period subsequent to the closing date of the Credit Facility for so long as any loans are outstanding. In lieu of making a cash interest payment, we have the option to accrue any due and payable interest under the Credit Facility and issue additional warrants (the “Additional Warrants”) based on a formula calculation. The loan is not subject to any required principal amortization payments during the term. As of December 31, 2011, we have issued 635,967 Additional Warrants valued at $0.1 million at the time of issuance.

As of December 31, 2011 the Credit Facility had a balance including accrued interest of $29.5 million. Subsequent to December 31, 2011, the Company went into default on this Credit Facility.

12. NOTES PAYABLE AND CAPITAL LEASE OBLIGATIONS

Notes payable and capital lease obligations consisted of the following:

	December 31,	
(In thousands)	**2011**	**2010**
Note payable in connection with the sale of Daymark on August 10, 2011 (1)	$ 5,000	$ —
Note payable in connection with business acquisition in November 2010 (2)	230	459
Note payable in connection with business acquisition in December 2010 (3)	325	425
Capital lease obligations	35	723
Total	5,590	1,607
Less: portion classified as current	(5,453)	(1,041)
Non-current portion	$ 137	$ 566

(1) The note requires quarterly interest payments, has a fixed interest rate of 7.95% and matures on August 10, 2016.
(2) The note requires quarterly principal and interest payments, has a fixed interest rate of 4.0% per annum and matures in November 2012.
(3) The note requires monthly principal and interest payments, has a fixed interest rate of 2.0% per annum and matures in December 2013.

The future minimum payments due related to notes payable and capital lease obligations for each of the next five years ending December 31 and thereafter are summarized as follows:

(In thousands)	
2012	$5,453
2013	137
	$5,590

Subsequent to December 31, 2011, the Company went into default on all of its notes payable and capital lease obligations.

13. CONVERTIBLE NOTES

During the second quarter of 2010, we completed our offering ("Offering") of $31.5 million of unsecured convertible notes ("Convertible Notes") to qualified institutional buyers pursuant to Section 144A of the Securities Act of 1933, as amended. The Convertible Notes pay interest at a rate of 7.95% per year semi-annually in arrears on May 1 and November 1 of each year, beginning November 1, 2010. The Convertible Notes mature on May 1, 2015.

We received net proceeds from the Offering of approximately $29.4 million after deducting offering expenses. We used the net proceeds from the Offering to fund growth initiatives, short-term working capital and for general corporate purposes.

Holders of the Convertible Notes may convert notes into shares of our common stock at the initial conversion rate of 445.583 shares per $1,000 principal amount of the Convertible Notes (equal to a conversion price of approximately $2.24 per share of our common stock), subject to adjustment in certain events (but not for accrued interest) at any time prior to the close of business on the scheduled trading day before the stated maturity date. In addition, following certain corporate transactions, we will increase the conversion rate for a holder who elects to convert in connection with such corporate transaction by a number of additional shares of our common stock as set forth in the indenture. As of December 31, 2011, the maximum number of shares of common stock that could be required to be issued upon conversion of the Convertible Notes was 14,035,865 shares of common stock.

No holder of the Convertible Notes will be entitled to acquire shares of common stock delivered upon conversion to the extent (but only to the extent) such receipt would cause such converting holder to become, directly or indirectly, a "beneficial owner" (within the meaning of Section 13(d) of the Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder) of more than 14.99% of the shares of our common stock outstanding at such time.

We may not redeem the Convertible Notes prior to May 6, 2013. On or after May 6, 2013 and prior to the maturity date, we may redeem for cash all or part of the Convertible Notes at 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest, including any additional interest, up to but excluding the redemption date.

Under certain circumstances following a fundamental change, which is substantially similar to a Fundamental Change with respect to the Preferred Stock, we will be required to make an offer to purchase all of the Convertible Notes at a purchase price of 100% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

The Convertible Notes are our unsecured senior obligations that:

- rank equally with all of our other unsecured senior indebtedness;
- effectively rank junior to any of our existing and future secured indebtedness to the extent of the assets securing such indebtedness; and
- will be structurally subordinated to any indebtedness and other liabilities of our subsidiaries.

The indenture provides for customary events of default, including our failure to pay any indebtedness for borrowed money, other than non-recourse mortgage debt, when due in excess of $1.0 million. Subsequent to December 31, 2011, the Company went into default on the Convertible Notes.

Registration Rights Agreement

In connection with the Offering, we entered into a registration rights agreement pursuant to which we agreed to file with the SEC a shelf registration statement registering the resale of the notes and the shares of common stock issuable upon conversion of the Convertible Notes no later than June 30, 2010, and to use commercially reasonable efforts to cause the shelf registration statement to become effective within 85 days of May 7, 2010, or within 115 days of the closing date of the Offering if the registration statement is reviewed by the SEC. The shelf registration statement was filed on June 25, 2010 and became effective on July 19, 2010.

We have an obligation to continue to keep the shelf registration statement effective for a certain period of time, subject to certain suspension periods under certain circumstances. In the event that we fail to keep the registration statement effective in excess of such permissible suspension periods, we will be obligated to pay additional interest to holders of the Convertible Notes in an amount equal to 0.25% of the principal amount of the outstanding Convertible Notes to and including the 90th day following any such registration default and 0.50% of the principal amount of the outstanding Convertible Notes from and after the 91st day following any such registration default. Such additional interest will accrue until the date prior to the day the default is cured, or until the Convertible Notes are converted. Subsequent to December 31, 2011, the shelf registration statement is no longer effective.

14. SEGMENT DISCLOSURE

Management has determined the reportable segments identified below according to the types of services offered and the manner in which operations and decisions are made. We operate in the following reportable segments:

Management Services — Management Services provides property management and related services for owners of investment properties and facilities management services for corporate owners and occupiers.

Transaction Services — Transaction Services advises buyers, sellers, landlords and tenants on the sale, leasing, financing and valuation of commercial property and includes our national accounts group and national affiliate program operations.

We also have certain corporate-level activities including interest income from notes and advances, property rental related operations, legal administration, accounting, finance, and management information systems which are not considered separate operating segments.

As a result of the sale of our Daymark subsidiary on August 10, 2011, our segment disclosure no longer includes a Daymark segment as all of the Daymark segment is included in discontinued operations. In addition, as a result of the termination of agreements with Healthcare REIT II, our segment disclosure no longer includes an Investment Management segment as all of the Investment Management segment is included in discontinued operations.

We evaluate the performance of our segments based upon operating (loss) income. Operating (loss) income is defined as operating revenue less compensation and general and administrative costs and excludes other rental related, rental expense, interest expense, depreciation and amortization and certain other operating and non-operating expenses. The accounting policies of the reportable segments are the same as those described in our summary of significant accounting policies (See Note 2).

(In thousands)	Year Ended December 31, 2011	2010	2009
Management Services			
Revenue	$ 228,578	$274,606	$274,880
Compensation costs	35,113	37,604	36,701
Transaction commissions and related costs	12,630	16,999	12,623
Reimbursable salaries, wages and benefits	155,575	190,538	193,682
General and administrative	10,650	9,339	9,397
Provision for doubtful accounts	2,210	1,752	1,472
Segment operating income	12,400	18,374	21,005
Transaction Services			
Revenue	269,357	236,238	173,406
Compensation costs	59,116	48,960	44,273
Transaction commissions and related costs	174,864	156,290	112,399
General and administrative	40,110	35,910	33,339
Provision for doubtful accounts	10,366	1,975	598
Segment operating loss	(15,099)	(6,897)	(17,203)
Reconciliation to net loss attributable to Grubb & Ellis Company:			
Total segment operating (loss) income	(2,699)	11,477	3,802
Non-segment:			
Corporate overhead (compensation, general and administrative costs)	(21,963)	(32,496)	(42,796)
Share-based compensation	(3,101)	(9,147)	(11,427)
Severance, retention and related charges	(15,999)	(4,132)	—
Depreciation and amortization	(7,908)	(7,247)	(7,239)
Interest	(6,599)	(2,036)	(5,195)
Property, equipment and leasehold improvement impairment	(3,460)	—	—
Goodwill impairment	(1,521)	—	—
Intangible asset impairment	(57,928)	—	—
Other income	141	620	21,892
Loss from continuing operations before income tax benefit (provision)	(121,037)	(42,961)	(40,963)
Income tax benefit (provision)	24,602	(532)	(185)
Loss from continuing operations	(96,435)	(43,493)	(41,148)
Income (loss) from discontinued operations	1,429	(26,238)	(39,351)
Net loss	(95,006)	(69,731)	(80,499)
Net loss attributable to noncontrolling interests	(977)	(2,951)	(1,661)
Net loss attributable to Grubb & Ellis Company	$ (94,029)	$ (66,780)	$ (78,838)

(In thousands)	December 31, 2011	2010
Segment assets and reconciliation to consolidated balance sheets:		
Management Services	$19,991	$ 50,785
Transaction Services	42,385	99,098
Total segment assets	62,376	149,883
Corporate assets	11,860	137,061
Total assets	$74,236	$286,944

15. DISCONTINUED OPERATIONS

On December 30, 2010, we completed the sale of NNN/SOF Avallon LLC ("Avallon"), a commercial office property located in Austin, Texas, for $37.0 million. We recognized a gain on sale of $1.3 million. On June 3, 2009, we completed the sale of Danbury Corporate Center, a commercial office property located in Danbury, Connecticut, for $72.4 million. We recognized a loss on sale of $1.1 million. On December 29, 2009, GERA Abrams Centre LLC ("Abrams"), a commercial office property located in Dallas, Texas, and GERA 6400 Shafer LLC ("Shafer"), a commercial office property located in Rosemont, Illinois, modified the terms of its $42.5 million loan initially due on July 9, 2009. The amendment to the loan provided, among other things, for an extension of the term of the loan until March 31, 2010. In addition, the principal balance of the loan was reduced from $42.5 million to $11.0 million in connection with the transfer of the Shafer property to an affiliate of the lender for nominal consideration pursuant to a special warranty deed that was recorded on December 29, 2009. On March 31, 2010, the Abrams property was transferred from the borrower to an affiliate of the lender for nominal consideration pursuant to a special warranty deed recorded on March 31, 2010.

In connection with the completion of the deed in lieu of foreclosure on the Shafer property prior to December 31, 2009, we deconsolidated the property and related assets and liabilities. Additionally, the Abrams property and related assets and liabilities were deconsolidated pursuant to the Consolidation Topic due to the loss of control over this property, of which the fair value of the assets and liabilities totaled $6.7 million as of December 31, 2009. We recognized a gain on extinguishment of debt of $13.3 million, or $0.21 per common share, during the year ended December 31, 2009 related to the deconsolidation of the Shafer and Abrams properties. As the Shafer and Abrams properties were abandoned under the accounting standards, the results of operations were reclassified to discontinued operations.

On June 1, 2011, we entered into a definitive agreement for the sale of substantially all of the assets of our real estate investment fund business, Alesco, to Lazard Asset Management LLC. Closing of the transaction occurred on September 23, 2011. We recognized a loss on the sale of Alesco, net of taxes, of approximately $1.8 million in the third quarter of 2011 after writing off the assets, liabilities and deficit balance in noncontrolling interests associated with Alesco and recognizing the costs related to such transaction.

On August 10, 2011, we completed the sale of Daymark for (1) a cash payment of $0.5 million, (2) a $5.0 million promissory note provided to NNNRA, and (3) the assumption by the purchaser of $10.7 million of the net intercompany balance payable from us to NNNRA. Within discontinued operations, we recorded a gain on sale, net of taxes of $10.3 million, of approximately $15.0 million related to the disposition of Daymark in the third quarter of 2011, after recording the $5.0 million Promissory Note, writing off all of the assets, liabilities and noncontrolling interests associated with Daymark and recognizing the transactions costs related to such transaction.

In instances when we expect to have significant ongoing cash flows or significant continuing involvement in the component beyond the date of sale, the income (loss) from certain properties and businesses held for sale continue to be fully recorded within continuing operations through the date of sale.

The net results of discontinued operations of Daymark and Alesco (which includes the net results of the Avallon property sold during the year ended December 31, 2010), in which we have no significant ongoing cash flows or significant continuing involvement, are reflected in the consolidated statements of operations as discontinued operations. We will receive certain fee income from Daymark on an ongoing basis that is not considered significant when compared to the operating results of Daymark.

There were no assets held for sale or liabilities held for sale as of December 31, 2011. The following table summarizes the assets held for sale and liabilities held for sale as of December 31, 2010:

(In thousands)	December 31, 2010
Restricted cash	$ 4,652
Assets under management	901
Accounts receivable from related parties — net	12,718
Notes receivable — net	6,126
Notes and advances to related parties — net	12,275
Prepaid expenses and other assets	682
Investments in unconsolidated entities	5,178
Property held for sale	45,858
Property, equipment and leasehold improvements — net	1,096
Identified intangible assets — net	7,398
Other assets — net	3,430
Total assets	$ 100,314
Accounts payable and accrued expenses	$ 8,098
Due to related parties	2,178
Other liabilities	25,704
NNN senior notes	16,277
Mortgage notes	70,000
Capital lease obligations	22
Deferred tax liabilities	199
Total liabilities	$ 122,478

From August 1, 2006 to January 2007, NNN Collateralized Senior Notes, LLC (the “NNN Senior Notes Program”), a wholly owned subsidiary of Daymark, issued $16.3 million of notes which had an original maturity date of August 29, 2011 and bore interest at a rate of 8.75% per annum. Interest on the notes was payable monthly in arrears on the first day of each month, commencing on the first day of the month occurring after issuance. The notes mature five years from the date of first issuance of any of such notes, with two one-year options to extend the maturity date of the notes at the Senior Notes Program’s option. The interest rate will increase to 9.25% per annum during any extension. The notes are secured by a pledge of the NNN Senior Notes Program’s membership interest in NNN Series A Holdings, LLC, which is the Senior Notes Program’s wholly owned subsidiary for the sole purpose of making the investments.

On May 13, 2011, pursuant to the terms of the indenture underlying the NNN Senior Notes, the NNN Senior Notes Program notified the trustee and holders of the NNN Senior Notes that the maturity date of the NNN Senior Notes was extended by one year, effective as of August 29, 2011 (the “Extension Effective Date”). Accordingly, the maturity date of the NNN Senior Notes is August 29, 2012.

The following table summarizes the income (loss) and (expense) components — net of taxes that comprised discontinued operations for the years ended December 31, 2011, 2010 and 2009:

	Year Ended December 31,		
(In thousands)	2011	2010	2009
Revenue	$ 30,323	$ 43,259	$ 57,089
Rental related revenue	8,916	28,687	40,373
Compensation costs	(27,494)	(37,466)	(42,374)
General and administrative	(22,143)	(15,833)	(9,612)
Provision for doubtful accounts	(5,259)	(5,636)	(22,699)
Depreciation and amortization	(2,651)	(7,465)	(5,085)
Rental related expense	(5,514)	(19,755)	(30,155)
Interest	(3,852)	(8,880)	(13,118)
Merger related costs	—	(640)	(900)
Real estate related recoveries (impairments)	8,858	(859)	(23,983)
Goodwill and intangible asset impairment	(480)	(2,769)	(738)
Equity in earnings (losses) of unconsolidated entities	380	(1,413)	(1,148)
Interest income	106	263	598
Other (expense) income	(194)	203	402
Income tax benefit	7,078	793	4,557
Loss from discontinued operations — net of taxes ($7.1 million, $0.8 million and $4.6 million for the years ended December 31, 2011, 2010 and 2009, respectively)	(11,926)	(27,511)	(46,793)
Gain on disposal of discontinued operations — net of taxes ($9.2 million, $0.8 million and $4.8 million for the years ended December 31, 2011, 2010 and 2009, respectively)	13,355	1,273	7,442
Total gain (loss) from discontinued operations	$ 1,429	$(26,238)	$(39,351)

16. COMMITMENTS AND CONTINGENCIES

Operating Leases — We have non-cancelable operating lease obligations for office space and certain equipment ranging from one to ten years, and sublease agreements under which we act as a sublessor. The office space leases often times provide for annual rent increases, and typically require payment of property taxes, insurance and maintenance costs.

Rent expense under these operating leases was approximately $22.9 million, $23.0 million and $22.2 million for the years ended December 31, 2011, 2010 and 2009, respectively. Rent expense is included in general and administrative expense in the accompanying consolidated statements of operations.

As of December 31, 2011, future minimum amounts payable under non-cancelable operating leases, net of future minimum rental income to be received under non-cancellable subleases, are as follows for the years ending December 31:

(In thousands)	
2012	$19,110
2013	14,327
2014	11,254
2015	8,857
2016	5,245
Thereafter	8,482
	$67,275

Capital Lease Obligations — We lease computers, copiers, and postage equipment that are accounted for as capital leases (See Note 12, "Notes Payable and Capital Lease Obligations" for additional information).

Claims and Lawsuits — We are involved in lawsuits relating to certain of the investment management offerings of our former affiliate, Grubb & Ellis Realty Investors, LLC ("GERI"), in particular, its TIC programs. These lawsuits allege a variety of claims in connection with these offerings, including mismanagement, breach of contract, negligence, fraud and breach of fiduciary duty, among other claims. Plaintiffs in these suits seek a variety of remedies, including rescission, actual and punitive damages, and attorneys' fees and costs. The damages being sought are unspecified and to be determined at trial. It is difficult to predict the ultimate disposition of these lawsuits and our ultimate liability with respect to such claims and lawsuits. It is also difficult to predict the cost of defending these matters and to what extent claims will be covered by our existing insurance policies. In the event of an unfavorable outcome, the amounts we may be required to pay in the discharge of liabilities or settlements could have a material adverse effect on our cash flows, financial position and results of operations.

<u>TIC Program Exchange Litigation</u>

GERI and Grubb & Ellis Company are defendants in an action filed on or about February 14, 2011 in the Superior Court of Orange County, California captioned *S. Sidney Mandel, et al. v. Grubb & Ellis Realty Investors, LLC, et al* . The plaintiffs allege that, in order to induce the plaintiffs to purchase $22.3 million in TIC investments that GERI (formerly known as Triple Net Properties, LLC) was syndicating, GERI offered to subsequently "repurchase" those investments and provide certain "put" rights under certain terms and conditions pursuant to a letter agreement executed between GERI and the plaintiffs. The plaintiffs allege that GERI has failed to honor its purported obligations under the letter agreement and have initiated suit for breach of contract, breach of the implied covenant of good faith and fair dealing and declaratory relief as to the rights and obligations of the parties under the letter agreement. By way of a first amended complaint, the plaintiffs are alleging that GERI is merely an inadequately capitalized instrumentality of Grubb & Ellis Company and that Grubb & Ellis Company should be held liable for acts and omissions of GERI. The plaintiffs are seeking damages totaling $26.5 million, attorneys' fees and costs. We intend to vigorously defend these claims and to assert all applicable defenses. At this time we are unable to predict the likelihood of an unfavorable or adverse award or outcome. At this time it is not possible to estimate a range of possible loss for this matter.

Under the Purchase Agreement, IUC-SOV, LLC agreed to indemnify and hold harmless us and our officers, directors, and affiliates against any liabilities of, obligations of or claims against us related to or arising from the businesses or operations of any "Acquired Company" (including GERI). By letter dated September 26, 2011, the Company made a demand, pursuant to the Purchase Agreement, that IUC-SOV, LLC indemnify and hold harmless us against any and all losses that may be incurred or suffered by us in connection with the Mandel action. IUC-SOV, LLC did not make any objection to that claim for indemnification.

We and GERI filed demurrers to the first amended complaint. The court sustained GERI's demurrer and granted the plaintiffs leave to file an amended pleading. The court denied our demurrer. We intend to vigorously defend the claims asserted by the plaintiffs and to assert all applicable defenses. At this time we are unable to predict the likelihood of an unfavorable or adverse award or outcome. At this time it is not possible to estimate a range of possible loss for this matter.

Plaintiffs have filed a motion for relief from the bankruptcy stay.

<u>Durham Office Park</u>

Grubb & Ellis Company and Grubb & Ellis Securities as well as various Daymark subsidiaries are defendants in an action filed on or about July 21, 2010 in North Carolina Business Court, Durham County Superior Court Division, captioned *NNN Durham Office Portfolio I, LLC, et al. v. Grubb & Ellis Company, et al.* Plaintiffs invested more than $11 million for TIC interests in a commercial real estate project in Durham, North Carolina. Plaintiffs claim, among other things, that information regarding the intentions of the property's anchor tenant to remain in occupancy was withheld and misrepresented. Plaintiffs have asserted claims for breach of contract, negligence, negligent misrepresentation, breach of fiduciary duty, fraud, unfair and deceptive trade practices and conspiracy. We intend to vigorously defend these claims and to assert all applicable defenses. At this time we are unable to predict the likelihood of an unfavorable or adverse award or outcome. At this time it is not possible to estimate a range of possible loss for this matter.

This matter is currently stayed as a result of Grubb & Ellis Company's bankruptcy filing on February 20, 2012.

<u>NNN Oak Park, etc. v. Grubb & Ellis Company</u>

Plaintiffs filed an arbitration proceeding that is currently pending before the American Arbitration Association in Orange County, California captioned *NNN Oak Park Office Center 1, LLC v. Grubb & Ellis Co., et al.*, No. 73 115 Y 00289 11. Plaintiffs allegedly invested more than $10,000,000 in the Oak Park I Office Center at Westchase located at 5850 Rogerdale Road, Houston, TX on or about November, 2004. A major tenant moved out of the location in June, 2006. Plaintiffs allege that Grubb's efforts to market the space were "feeble" and "inept." The property was foreclosed in May, 2011. Plaintiffs are alleging breach of contract, negligence, fraud, misappropriation/conversion, constructive trust, and accounting.

Under the Purchase Agreement, IUC-SOV, LLC agreed to indemnify and hold harmless us and our officers, directors, and affiliates against any liabilities of, obligations of or claims against us related to or arising from the businesses or operations of any "Acquired Company" (including GERI). By letter dated September 26, 2011, the Company made a demand, pursuant to the Purchase Agreement, that IUC-SOV, LLC indemnify and hold harmless us against any and all losses that may be incurred or suffered by us in connection with the Mandel action. IUC-SOV, LLC did not make any objection to that claim for indemnification.

This matter is currently stayed as a result of Grubb & Ellis Company's bankruptcy filing on February 20, 2012

We are involved in various other claims and lawsuits arising out of the ordinary conduct of our business, many of which may not be covered by our insurance policies. In the opinion of management, in the event of an unfavorable outcome, the amounts we may be required to pay in the discharge of liabilities or settlements could have a material adverse effect on our cash flows, financial position and results of operations. At this time it is not possible to estimate a range of possible loss for these matters.

Guarantees — Historically Daymark provided non-recourse carve-out guarantees or indemnities with respect to loans for properties owned or under the management of Daymark. As of December 31, 2011, subsequent to the sale of Daymark, there were four properties under the management of Daymark for which we continue to have non-recourse carve-out loan guarantees or indemnities of approximately $76.5 million in total principal outstanding (of which $5.2 million are recourse loan guarantees) with terms ranging from one to ten years, secured by properties with a total aggregate purchase price of approximately $132.0 million. As of December 31, 2010, there were 133 properties under management with non-recourse carve-out loan guarantees or indemnities of approximately $3.1 billion in total principal outstanding with terms ranging from one to ten years, secured by properties with a total aggregate purchase price of approximately $4.3 billion.

Our guarantees consisted of the following as of December 31, 2011 and 2010:

	December 31,	
(In thousands)	**2011**	**2010**
Daymark non-recourse/carve-out guarantees of debt of properties under management(1)	$ —	$2,975,582
Grubb & Ellis Company non-recourse/carve-out guarantees of properties under Daymark management(1)	40,200	47,092
Daymark and Grubb & Ellis Company non-recourse/carve-out guarantees of properties under Daymark management(2)	31,125	31,271
Daymark non-recourse/carve-out guarantees of Daymark owned property(1)	—	60,000
Daymark recourse guarantees of debt of properties under Daymark management	—	12,900
Grubb & Ellis Company recourse guarantees of debt of properties under Daymark management(3)	5,162	11,998
Daymark recourse guarantees of Daymark owned property(4)	—	10,000
Total	$76,487	$3,148,843

(1) A "non-recourse/carve-out" guarantee or indemnity generally imposes liability on the guarantor or indemnitor in the event the borrower engages in certain acts prohibited by the loan documents. Each non-recourse carve-out guarantee or indemnity is an individual document entered into with the mortgage lender in connection with the purchase or refinance of an individual property. While there is not a standard document evidencing these guarantees or indemnities, liability under the non-recourse carve-out guarantees or indemnities generally may be triggered by, among other things, any or all of the following:

- a voluntary bankruptcy or similar insolvency proceeding of any borrower;
- a "transfer" of the property or any interest therein in violation of the loan documents;

- a violation by any borrower of the special purpose entity requirements set forth in the loan documents;
- any fraud or material misrepresentation by any borrower or any guarantor in connection with the loan;
- the gross negligence or willful misconduct by any borrower in connection with the property, the loan or any obligation under the loan documents;
- the misapplication, misappropriation or conversion of (i) any rents, security deposits, proceeds or other funds, (ii) any insurance proceeds paid by reason of any loss, damage or destruction to the property, and (iii) any awards or other amounts received in connection with the condemnation of all or a portion of the property;
- any waste of the property caused by acts or omissions of borrower of the removal or disposal of any portion of the property after an event of default under the loan documents; and
- the breach of any obligations set forth in an environmental or hazardous substances indemnity agreement from borrower.

Certain acts (typically the first three listed above) may render the entire debt balance recourse to the guarantor or indemnitor, while the liability for other acts is typically limited to the damages incurred by the lender. Notice and cure provisions vary between guarantees and indemnities. Generally the guarantor or indemnitor irrevocably and unconditionally guarantees or indemnifies the lender the payment and performance of the guaranteed or indemnified obligations as and when the same shall be due and payable, whether by lapse of time, by acceleration or maturity or otherwise, and the guarantor or indemnitor covenants and agrees that it is liable for the guaranteed or indemnified obligations as a primary obligor. As of December 31, 2011, to the best of our knowledge, there was no debt owed by us as a result of the borrowers engaging in prohibited acts.

(2) We and Daymark are each joint and severally liable on such non-recourse/carve-out guarantees.
(3) We have $1.0 million held as collateral by a lender related to one of our recourse guarantees that, upon the occurrence of any triggering event or condition under the guarantee, will be used to cover all or a portion of the amounts due under the guarantee.
(4) In addition to the $10.0 million principal guarantee, Daymark has guaranteed any shortfall in the payment of interest on the unpaid principal amount of the mortgage debt on one owned property.

If property values and performance decline, the risk of exposure under these guarantees increases. We initially evaluate these guarantees to determine if the guarantee meets the criteria required to record a liability in accordance with the requirements of ASC Topic 460, *Guarantees* , (“Guarantees Topic”). Any such liabilities were insignificant upon execution of the guarantees. In addition, on an ongoing basis, we evaluate the need to record an additional liability in accordance with the requirements of ASC Topic 450, *Contingencies* , (“Contingencies Topic”). As of December 31, 2011 and 2010, we had recourse guarantees of $5.2 million and $24.9 million, respectively, relating to debt of properties under Daymark management (of which $5.2 million and $12.0 million, respectively, is recourse back to Grubb & Ellis Company, the remainder of which is recourse to Daymark). As of December 31, 2011 and 2010, approximately $2.2 million and $9.5 million, respectively, of these recourse guarantees relate to debt that has matured, is in default, or is not currently in compliance with certain loan covenants (of which $2.2 million and $2.0 million, respectively, is recourse back to Grubb & Ellis Company, the remainder of which is recourse to Daymark). In connection with the sale of Daymark, the purchaser indemnified us up to $7.5 million for liabilities, obligations and claims related to or arising from the business or operations of Daymark or its subsidiaries. Our evaluation of the potential liability under these guarantees may prove to be inaccurate and liabilities may exceed estimates. In evaluating the potential liability relating to such guarantees, we consider factors such as the value of the properties secured by the debt, the likelihood that the lender will call the guarantee in light of the current debt service and other factors. As of December 31, 2011 and 2010, we recorded a liability of $0 and $0.8 million which is included in liabilities held for sale, related to our estimate of probable loss related to recourse guarantees of debt of properties under Daymark management and previously under management.

An unaffiliated, individual investor entity (the “TIC debtor”), who was a minority owner in the Met Center 10 TIC program originally sponsored by GERI, filed a chapter 11 bankruptcy petition in January 2011. The principal balance of the mortgage debt for the Met Center 10 property was approximately $29.4 million at the time of the bankruptcy filing. On February 1, 2011, the special servicer for that loan foreclosed on all of the undivided TIC ownership interests in the Met Center 10 property, except the interest owned by the TIC debtor. The automatic stay imposed following the bankruptcy filing prevented the special servicer from foreclosing on 100% of the TIC ownership interests. The special servicer filed a motion for relief from the automatic stay to foreclose upon the remaining TIC ownership interest. By order dated May 2, 2011, the bankruptcy court continued the automatic stay, subject to certain conditions, to November 1, 2011. The May 2, 2011 order also established a procedure by which the special servicer would be required to reconvey the foreclosed upon interests to the Met Center 10 debtor and the other investor entities following payment of an “amount due” as that term is defined in the May 2, 2011 Order. By subsequent order dated October 13, 2011, the bankruptcy court continued the automatic stay, subject to certain conditions, to February 28, 2012. On March 22, 2012, the court entered a Final Agreed Order of Dismissal with Prejudice, which indicated the parties’ agreement that all matters in controversy between and among them have been settled, and that the case be dismissed.

GERI executed a non-recourse carve-out guarantee in connection with the mortgage loan for the Met 10 property. As discussed in the "*Guarantees*" disclosure above, such a "non-recourse carve-out" guarantee only imposes liability on GERI if certain acts prohibited by the loan documents take place. Liability under the non-recourse carve-out guarantee may be triggered by the voluntary bankruptcy filing made by the TIC debtor. As a consequence of the bankruptcy filing, the lender may assert that GERI is liable under the guarantee. GERI's ultimate liability under the guarantee is uncertain as a result of numerous factors, including, without limitation, whether the bankruptcy filing of the TIC debtor triggered GERI's obligations under the guarantee, the amount of the lender's credit bid at the time of foreclosure, events in the bankruptcy proceeding and the ultimate disposition of the bankruptcy proceeding, and the defenses GERI may raise under the guarantee. As described above, under the Purchase Agreement, the Company agreed to indemnify Purchaser and its affiliates (including GERI) against liabilities, expenses, obligations, or claims related to Met Center 10, subject to certain limitations. The Company intends to vigorously dispute any imposition of any liability under the Met Center 10 guarantee. As of December 31, 2011, we did not have any liabilities accrued related to that guarantee.

Environmental Obligations — In our role as property manager, we could incur liabilities for the investigation or remediation of hazardous or toxic substances or wastes at properties we currently or formerly managed, or at off-site locations, where wastes were disposed of. Similarly, under debt financing arrangements on properties owned by sponsored programs, we have agreed to indemnify the lenders for environmental liabilities and to remediate any environmental problems that may arise. We are not aware of any environmental liability or unasserted claim or assessment relating to an environmental liability that we believe would require disclosure or the recording of a loss contingency.

Deferred Compensation Plan — During 2008, we implemented a deferred compensation plan that permits employees and independent contractors to defer portions of their compensation, subject to annual deferral limits, and have it credited to one or more investment options in the plan. As of December 31, 2011 and 2010, $3.3 million and $3.4 million, respectively, reflecting the non-stock liability under this plan were included in accounts payable and accrued expenses. We have purchased whole-life insurance contracts on certain employee participants to recover distributions made or to be made under this plan and as of December 31, 2011 and 2010 have recorded the cash surrender value of the policies of $0.3 million and $1.1 million, respectively, in prepaid expenses and other assets.

In addition, we awarded "phantom" shares of our stock to participants under the deferred compensation plan. These awards vest over three to five years. Vested phantom stock awards are also unfunded and paid according to distribution elections made by the participants at the time of vesting and will be settled by issuing shares of our common stock from our treasury share account or issuing unregistered shares of our common stock to the participant. As of December 31, 2011 and 2010, an aggregate of 3.0 million and 4.1 million phantom share grants were outstanding, respectively. Generally, upon vesting, recipients of the grants are entitled to receive the number of phantom shares granted, regardless of the value of the shares upon the date of vesting; provided, however, as of December 31, 2011 grants with respect to 686,670 phantom shares had a guaranteed minimum share price ($2.4 million in the aggregate) that will result in us paying additional compensation to the participants should the value of the shares upon vesting be less than the grant date value of the shares. We account for additional compensation relating to the "guarantee" portion of the awards by measuring at each reporting date the additional payment that would be due to the participant based on the difference between the then current value of the shares awarded and the guaranteed value. This award is then amortized on a straight-line basis as compensation expense over the requisite service (vesting) period, with an offset to deferred compensation liability.

17. PREFERRED STOCK

On October 2, 2009, we issued a $5.0 million senior subordinated convertible note (the "Note") to Kojaian Management Corporation, which is an affiliate of one of our directors. The Note (i) bore interest at twelve percent (12%) per annum, (ii) was co-terminus with the term of the Deutsche Bank Credit Facility, (iii) was unsecured and fully subordinate to the Deutsche Bank Credit Facility, and (iv) in the event we issued or sold equity securities in connection with or pursuant to a transaction with a non-affiliate while the Note was outstanding, at the option of the holder of the Note, the principal amount of the Note then outstanding was convertible into those equity securities issued or sold in such non-affiliate transaction. In connection with the issuance of the Note, we entered into a subordination agreement with Kojaian Management Corporation and the lenders to the Deutsche Bank Credit Facility.

During the fourth quarter of 2009, we completed a private placement of 965,700 shares of 12% cumulative participating perpetual convertible preferred stock, par value $0.01 per share ("Preferred Stock"), to qualified institutional buyers and other accredited investors, including our directors and management. In conjunction with the offering, the entire $5.0 million principal balance of the Note was converted into Preferred Stock at the offering price and the holder of the Note received accrued interest of approximately $57,000. In addition, the holder of the Note also purchased an additional $5.0 million of Preferred Stock at the offering price.

Upon the closing of the sale of the Preferred Stock, we received net cash proceeds of approximately $90.1 million after deducting the initial purchaser's discounts and certain offering expenses and after giving effect to the conversion of the $5.0 million subordinated note. A portion of proceeds were used to pay in full borrowings under the Deutsche Bank Credit Facility then outstanding of $66.8 million for a reduced amount equal to $43.4 million, with the balance of the proceeds used for general corporate purposes.

Each share of Preferred Stock is convertible, at the holder's option, into our common stock, par value $0.01 per share at a conversion rate of 60.606 shares of common stock for each share of Preferred Stock, which represents a conversion price of approximately $1.65

per share of common stock, a 10.0% premium to the closing price of the common stock on October 22, 2009. In addition, upon conversion, accrued unpaid dividends are convertible into shares of common stock at the conversion ratio of 0.60606 shares of common stock per $1.00. As of December 31, 2011, the maximum number of shares of common stock that could be required to be issued upon conversion of the Preferred Stock, including accrued unpaid dividends, was 64,393,399 shares of common stock. During the fourth quarter of 2011, certain holders of Preferred Stock converted 20,212 shares of Preferred Stock, including accrued and unpaid dividends, into 1,367,231 shares of common stock.

The terms of the Preferred Stock provide for cumulative dividends from and including the date of original issuance in the amount of $12.00 per share each year. Dividends on the Preferred Stock will be payable when, as and if declared, quarterly in arrears, on March 31, June 30, September 30 and December 31, beginning on December 31, 2009. In addition, in the event of any cash distribution to holders of the Common Stock, holders of Preferred Stock will be entitled to participate in such distribution as if such holders had converted their shares of Preferred Stock into Common Stock.

During the year ended December 31, 2010, the Board of Directors declared four quarterly dividends of $3.00 per share on our Preferred Stock, which were paid on March 31, 2010, June 30, 2010, September 30, 2010 and December 31, 2010. The Board of Directors determined, as permitted, not to declare a dividend on our 12% Preferred Stock, for the quarters ending March 31, 2011, June 30, 2011, September 30, 2011 and December 31, 2011. Since we have missed two consecutive quarterly dividend payments, the dividend rate will automatically be increased by 0.50% of the initial liquidation preference per share per quarter (up to a maximum amount of increase of 2% of the initial liquidation preference per share) until cumulative dividends have been paid in full. In addition, subject to certain limitations, in the event the dividends on the Preferred Stock are in arrears for six or more quarters, whether or not consecutive, holders representing a majority of the shares of Preferred Stock voting together as a class with holders of any other class or series of preferred stock upon which like voting rights have been conferred and are exercisable will be entitled to nominate and vote for the election of two additional directors to serve on the board of directors until all unpaid dividends with respect to the Preferred Stock and any other class or series of preferred stock upon which like voting rights have been conferred or are

exercisable have been paid or declared and a sum sufficient for payment has been set aside therefore. Since the terms of the Preferred Stock provide for cumulative dividends, we have accrued the unpaid first and second quarter 2011 dividend payments of $3.00 per share per quarter, a third quarter 2011 dividend payment of $3.125 per share and a fourth quarter dividend payment of $3.25 per share on our Preferred Stock, which is included in Preferred Stock on our consolidated balance sheet as of December 31, 2011. As of December 31, 2011, the amount of accrued and unpaid dividends totaled $11.7 million.

Holders of Preferred Stock may require us to repurchase all, or a specified whole number, of their Preferred Stock upon the occurrence of a “Fundamental Change” (as defined in the Certificate of Designations) with respect to any Fundamental Change that occurs (i) prior to November 15, 2014, at a repurchase price equal to 110% of the sum of the initial liquidation preference plus accumulated but unpaid dividends, and (ii) from November 15, 2014 until prior to November 15, 2019, at a repurchase price equal to 100% of the sum of the initial liquidation preference plus accumulated but unpaid dividends. On or after November 15, 2014 we may, at our option, redeem the Preferred Stock, in whole or in part, by paying an amount equal to 110% of the sum of the initial liquidation preference per share plus any accrued and unpaid dividends to and including the date of redemption. Subsequent to December 31, 2011, due to the bankruptcy filing and the sale of substantially all of our assets, a fundamental change has occurred such that the preferred stock is redeemable by the holders. As discussed in Note 1, it is uncertain whether the shareowners will receive any distributions in liquidation.

In the event of certain events that constitute a “Change in Control” (as defined in the Certificate of Designations) prior to November 15, 2014, the conversion rate of the Preferred Stock will be subject to increase. The amount of the increase in the applicable conversion rate, if any, will be based on the date in which the Change in Control becomes effective, the price to be paid per share with respect to the Common Stock and the transaction constituting the Change in Control.

Except as otherwise provided by law, the holders of the Preferred Stock vote together with the holders of common stock as one class on all matters on which holders of common stock vote. Holders of the Preferred Stock when voting as a single class with holders of common stock are entitled to voting rights equal to the number of shares of common stock into which the Preferred Stock is convertible, on an “as if” converted basis. Holders of Preferred Stock vote as a separate class with respect to certain matters.

Upon any liquidation, dissolution or winding up of the Company, holders of the Preferred Stock will be entitled, prior to any distribution to holders of any securities ranking junior to the Preferred Stock, including but not limited to the common stock, and on a pro rata basis with other preferred stock of equal ranking, a cash liquidation preference equal to the greater of (i) 110% of the sum of the initial liquidation preference per share plus accrued and unpaid dividends thereon, if any, from November 6, 2009, the date of the closing of the Offering, and (ii) an amount equal to the distribution amount each holder of Preferred Stock would have received had all shares of Preferred Stock been converted to common stock.

We accounted for the Preferred Stock transaction in accordance with the requirements of ASC 815, *Derivatives and Hedging* , (“Derivatives and Hedging Topic”) and ASC Topic 480, *Distinguishing Liabilities from Equity* , (“Distinguishing Liabilities from Equity Topic”). Pursuant to those topics, we determined that the Preferred Stock should be accounted for as a single instrument as the terms of the Preferred Stock do not include any embedded derivatives that would require bifurcation from the host instrument. Pursuant to the Distinguishing Liabilities from Equity Topic, we determined that the Preferred Stock should not be classified as a liability as the characteristics of the Preferred Stock are more closely related to equity as there is no mandatory redemption date. According to the terms of the Preferred Stock, the Preferred Stock will only become redeemable at the option of the holder upon a Fundamental Change. In addition, we determined that there are various events and circumstances that would allow for redemption of the Preferred Stock at the option of the holders, however, several of these redemption events are not within our control and, therefore, the Preferred Stock should be classified outside of permanent equity in accordance with the Distinguishing Liabilities from Equity Topic as these events were assessed as not probable of becoming redeemable.

18. EARNINGS (LOSS) PER SHARE

We compute earnings (loss) per share in accordance with the requirements of the Earnings Per Share Topic. Under the Earnings Per Share Topic, basic earnings (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed using the weighted-average number of common and common equivalent shares of stock outstanding during the periods utilizing the treasury stock method for stock options and unvested restricted stock.

The following is a reconciliation between weighted-average shares used in the basic and diluted earnings (loss) per share calculations:

	Year Ended December 31,		
(In thousands, except per share amounts)	**2011**	**2010**	**2009**
Numerator for (loss) income per share — basic:			
Loss from continuing operations	$ (96,435)	$(43,493)	$(41,148)
Less: Net loss attributable to noncontrolling interests	977	2,951	1,661
Less: Preferred dividends	(11,885)	(11,588)	(1,770)
Loss from continuing operations attributable to Grubb & Ellis Company common shareowners	$(107,343)	$(52,130)	$(41,257)
Income (loss) from discontinued operations attributable to Grubb & Ellis Company common shareowners	$ 1,429	$(26,238)	$(39,351)
Net loss attributable to noncontrolling interests	—	—	—
Net loss attributable to Grubb & Ellis Company common shareowners	$(105,914)	$(78,368)	$(80,608)
Denominator for (loss) income per share — basic:			
Weighted-average number of common shares outstanding	66,104	64,756	63,645
(Loss) income per share — basic:			
Loss from continuing operations attributable to Grubb & Ellis Company common shareowners	$ (1.62)	$ (0.80)	$ (0.65)
Income (loss) from discontinued operations attributable to Grubb & Ellis Company common shareowners	$ 0.02	$ (0.41)	$ (0.62)
Net loss per share attributable to Grubb & Ellis Company common shareowners	$ (1.60)	$ (1.21)	$ (1.27)
(Loss) income per share — diluted(1):			
Loss from continuing operations attributable to Grubb & Ellis Company common shareowners	$ (1.62)	$ (0.80)	$ (0.65)
Income (loss) from discontinued operations attributable to Grubb & Ellis Company common shareowners	$ 0.02	$ (0.41)	$ (0.62)
Net loss per share attributable to Grubb & Ellis Company common shareowners	$ (1.60)	$ (1.21)	$ (1.27)
Total participating shareowners:			
(as of the end of the period used to allocate earnings)			
Preferred shares (as if converted to common shares)	64,393	58,527	58,527
Unvested restricted stock	2,666	4,671	3,601
Unvested phantom stock	2,746	3,962	5,523
Total participating shares	69,805	67,160	67,651
Total vested common shares outstanding	67,917	65,535	63,784

(1) Excluded from the calculation of diluted weighted-average common shares as of December 31, 2011, 2010 and 2009 were the following securities, the effect of which would be anti-dilutive:

	December 31,		
(In thousands)	**2011**	**2010**	**2009**
Outstanding unvested restricted stock	2,666	4,671	3,601
Outstanding options to purchase shares of common stock	173	402	470
Outstanding unvested shares of phantom stock	2,746	3,962	5,523
Convertible preferred shares (as if converted to common shares)	64,393	58,527	58,527
Convertible notes (as if converted to common shares)	14,036	14,036	—
Total	84,014	81,598	68,121

19. OTHER RELATED PARTY TRANSACTIONS

Offering Costs and Other Expenses Related to Public Non-traded REITs — We, through our consolidated subsidiaries Grubb & Ellis Apartment REIT Advisor, LLC, Grubb & Ellis Healthcare REIT Advisor, LLC, and Grubb & Ellis Healthcare REIT II Advisor, LLC, bear certain general and administrative expenses in our capacity as advisor of Grubb & Ellis Apartment REIT, Inc. ("Apartment REIT") (now known as Apartment Trust of America, Inc.), Grubb & Ellis Healthcare REIT, Inc. ("Healthcare REIT") (now known as Healthcare Trust of America, Inc.) (through September 20, 2009 when its advisory agreement terminated) and Healthcare REIT II (now known as Griffin-American Healthcare REIT II, Inc.) (through January 6, 2012 when the 60-day transition period following the advisory agreement termination date expired), respectively, and are reimbursed for these expenses. However, Apartment REIT, Healthcare REIT and Healthcare REIT II will not reimburse us for any operating expenses that, in any four consecutive fiscal quarters, exceed the greater of 2.0% of average invested assets (as defined in their respective advisory agreements) or 25.0% of the respective REIT's net income for such year, unless the board of directors of the respective REITs approve such excess as justified based on unusual or nonrecurring factors. All unreimbursable amounts, if any, are expensed by us. There were no unreimbursed amounts expensed by us during the years ended December 31, 2011, 2010 and 2009.

We also paid for the organizational, offering and related expenses on behalf of Apartment REIT for its initial offering that ended July 17, 2009 and Healthcare REIT for its initial offering (through August 28, 2009 when its dealer manager agreement terminated). These organizational, offering and related expenses include all expenses (other than selling commissions and the marketing support fee which generally represented 7.0% and 2.5% of the gross offering proceeds, respectively) to be paid by Apartment REIT and Healthcare REIT in connection with their initial offerings. These expenses only become the liability of Apartment REIT and Healthcare REIT to the extent other organizational and offering expenses do not exceed 1.5% of the gross proceeds of the respective initial offerings. As of December 31, 2009, we incurred expenses of $4.3 million in excess of 1.5% of the gross proceeds of the Apartment REIT offering. We expensed the excess costs of $4.3 million incurred during the year ended December 31, 2009. We will not incur any additional expenses related to the Apartment REIT initial offering as the offering ended July 17, 2009. As of December 31, 2009, we did not incur expenses in excess of 1.5% of the gross proceeds of the Healthcare REIT offering. We will not incur any additional expenses related to the Healthcare REIT initial offering as the dealer manager agreement terminated on August 28, 2009.

We also paid for the organizational, offering and related expenses on behalf of Apartment REIT's follow-on offering and Healthcare REIT II's initial offering. These organizational and offering expenses include all expenses (other than selling commissions and a dealer manager fee which represent 7.0% and 3.0% of the gross offering proceeds, respectively) to be paid by Apartment REIT and Healthcare REIT II in connection with these offerings. These expenses only become a liability of Apartment REIT and Healthcare REIT II to the extent other organizational and offering expenses do not exceed 1.0% of the gross proceeds of the respective offerings. As of December 31, 2010, we have incurred expenses of $2.5 million in excess of 1.0% of the gross proceeds of the Apartment REIT follow-on offering. On November 1, 2010, we terminated our advisory and dealer-manager relationship with Apartment REIT. During the year ended December 31, 2009, we expensed the excess costs incurred of $2.5 million. As of December 31, 2010, we have recorded an allowance for bad debt of approximately $2.5 million, related to the Apartment REIT follow-on offering costs as we believe that such amounts may not be reimbursed. As of December 31, 2011, 2010 and 2009, we have incurred expenses of $2.5 million, $2.7 million and $2.0 million, respectively, in excess of 1.0% of the gross proceeds of the Healthcare REIT II initial offering. Although we are currently seeking recovery of all unpaid reimbursements of expenses from Healthcare REIT II, such recovery may be subject to certain limitations and therefore the timing and ultimate collection of all such amounts are uncertain. As such, we recorded a provision for uncollectible accounts of $2.5 million in the fourth quarter of 2011 related to this asset.

Management Fees — We provide both transaction and management services to parties, which are related to one of our principal shareowner and directors (collectively, "Kojaian Companies"). In addition, we also pay asset management fees to the Kojaian Companies related to properties we manage on their behalf. Revenue, including reimbursable expenses related to salaries, wages and benefits, earned by us for services rendered to these affiliates, including joint ventures, officers and directors and their affiliates, net of asset management fees paid to Kojaian Companies, was $4.6 million, $5.4 million and $6.7 million, respectively for the years ended December 31, 2011, 2010 and 2009, respectively.

Office Leases — In December 2010, we entered into two office leases with landlords related to Kojaian Companies, providing for an annual average base rent of $414,000 and $404,000 over the ten-year terms of the leases which begin in April 2011 and November 2012, respectively.

Other Related Party — Grubb & Ellis Equity Advisors ("GEEA"), which is wholly owned by us, owns a 50.0% managing member interest in Grubb & Ellis Apartment REIT Advisor, LLC and, therefore, consolidates Grubb & Ellis Apartment REIT Advisor, LLC. Each of Grubb & Ellis Apartment Management, LLC and ROC REIT Advisors, LLC own a 25.0% equity interest in Grubb & Ellis Apartment REIT Advisor, LLC. As of December 31, 2009, Andrea R. Biller, our former General Counsel, Executive Vice President and Secretary, owned an equity interest of 18.0% of Grubb & Ellis Apartment Management, LLC and GEEA owned an 82.0% interest therein. On October 22, 2010, in accordance with the terms of an assignment agreement, Ms. Biller assigned all of her membership interests in Grubb & Ellis Apartment Management, LLC to GEEA and Grubb & Ellis Equity Advisors, Property

Management, Inc. ("GEEA PM"), a wholly owned subsidiary of GEEA, for nominal consideration. As a consequence, through GEEA and GEEA PM, our equity interest in Grubb & Ellis Apartment Management, LLC increased from 82.0% to 100.0% after giving effect to this assignment from Ms. Biller. As of December 31, 2010 and 2009, Stanley J. Olander, our former Executive Vice President — Multifamily, owned an equity interest in ROC REIT Advisors, LLC of 33.3%.

GERI owns a 75.0% managing member interest in Grubb & Ellis Healthcare REIT Advisor, LLC and, therefore, consolidates Grubb & Ellis Healthcare REIT Advisor, LLC. Grubb & Ellis Healthcare Management, LLC owns a 25.0% equity interest in Grubb & Ellis Healthcare REIT Advisor, LLC. As of December 31, 2009, each of Ms. Biller and Mr. Hanson owned an equity interest in Grubb & Ellis Healthcare Management, LLC of 18.0% and GERI owned a 64.0% interest. In connection with her resignation on October 22, 2010, Ms. Biller is no longer a member of Grubb & Ellis Healthcare Management, LLC. As of December 31, 2010, Mr. Hanson, our Chief Investment Officer and GERI's President, owned an equity interest in Grubb & Ellis Healthcare Management, LLC of 18.0% and GERI owed an 82.0% interest. Grubb & Ellis Healthcare REIT Advisor, LLC and Grubb & Ellis Healthcare Management, LLC are entities that previously advised and managed Healthcare REIT (now known as Healthcare Trust of America, Inc.). As a result of the termination of the advisory agreement in September 2009 and the final settlement agreement reached with Healthcare REIT in October 2010, we do not expect to recognize any further revenues or expenses related to these entities.

The grants of membership interests in Grubb & Ellis Apartment Management, LLC and Grubb & Ellis Healthcare Management, LLC to certain executives are being accounted for by us as a profit sharing arrangement. We record compensation expense when the likelihood of payment is probable and the amount of such payment is estimable, which generally coincides with Grubb & Ellis Apartment REIT Advisor, LLC and Grubb & Ellis Healthcare REIT Advisor, LLC recording its revenue. Compensation expense related to this profit sharing arrangement associated with Grubb & Ellis Apartment Management, LLC, includes distributions earned of $0, $41,000 and $0, to Ms. Biller for the years ended December 31, 2011, 2010 and 2009, respectively. Compensation expense related to this profit sharing arrangement associated with Grubb & Ellis Healthcare Management, LLC includes distributions earned of $0, $230,000 and $362,000, respectively, to each of Ms. Biller and Mr. Hanson, and $0, $0 and $44,000, respectively, to Anthony W. Thompson, our former Chairman, for the years ended December 31, 2011, 2010 and 2009, respectively. Any allocable earnings attributable to GEEA's and GERI's ownership interests are paid to such entities on a quarterly basis.

Our directors and officers, as well as officers, managers and employees have purchased, and may continue to purchase, interests in offerings made by our programs at a discount. The purchase price for these interests reflects the fact that selling commissions and marketing allowances will not be paid in connection with these sales. Our net proceeds from these sales made net of commissions will be substantially the same as the net proceeds received from other sales.

20. EMPLOYEE BENEFIT PLANS

Share-Based Incentive Plans

2006 Omnibus Equity Plan — In September 2006, NNN's board of directors and then sole shareowner approved and adopted the 2006 Long-Term Incentive Plan (the "2006 Plan"). As a result of the merger of Grubb & Ellis and NNN, all issued and outstanding stock option awards under the 2006 Plan were merged into and are subject to the general provisions of the 2006 Omnibus Equity Plan (the "Omnibus Plan"). Awards previously issued pursuant to the 2006 Plan maintain all of the specific rights and characteristics as they held when originally issued, except for the number of shares represented within each award.

A total of 1,700,633 shares of common stock (plus restricted shares issuable to non-management directors pursuant to a formula contained in the plan) remained eligible for future grant under the Omnibus Plan as of December 31, 2011.

Non-Qualified Stock Options. Non-qualified stock options, or NQSOs, provide for the right to purchase shares of common stock at a specified price not less than its fair market value on the date of grant, and usually will become exercisable (in the discretion of the administrator) in one or more installments after the grant date, subject to the completion of the applicable vesting service period or the attainment of pre-established performance goals. We have not granted any options since 2007. All options granted during the year ended December 31, 2007 vested in equal increments over the three years following the date of grant. Accordingly, as of December 31, 2011 and 2010, all options granted have vested.

These NQSOs are subject to a maximum term of ten years from the date of grant and are subject to earlier termination under certain conditions. Because these stock option awards were primarily granted to our senior executive officers, no forfeiture rate has been assumed.

The following table provides a summary of our stock option activity:

	Number of Shares	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (In Years)	Weighted-Average Grant Date Fair Value per Share
Options outstanding as of December 31, 2008	1,077,175	$ 7.76	6.79	$ 4.51
Options forfeited or expired	(607,429)	5.67		3.31
Options outstanding as of December 31, 2009	469,746	10.46	6.55	3.78
Options forfeited or expired	(67,818)	11.36		3.61
Options vested and exercisable as of December 31, 2010	401,928	10.31	5.47	3.81
Options forfeited or expired	(228,720)	11.41		4.29
Options vested and exercisable as of December 31, 2011	173,208	$ 8.86	3.71	$ 3.16

As of December 31, 2011, the strike price for all of the stock options is greater than the stock price, resulting in an intrinsic value of zero.

Share-based Compensation — The Stock Compensation Topic requires companies to estimate the fair value of its stock option equity awards on the date of grant using an option-pricing model. We use the Black-Scholes option-pricing model. The determination of the fair value of option-based awards using the Black-Scholes model incorporates various assumptions including exercise price, fair value at date of grant, volatility, and expected life of awards, risk-free interest rates and expected dividend yield. The expected volatility is based on the historical volatility of comparable publicly traded companies in the real estate sector over the most recent period commensurate with the estimated expected life of our stock options. The expected life of our stock options represents the average between the vesting and contractual term, pursuant to the requirements of the Stock Compensation Topic. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. We have not granted any options during the years ended December 31, 2011, 2010 and 2009.

Option valuation models require the input of subjective assumptions including the expected stock price volatility and expected life. For the years ended December 31, 2011, 2010 and 2009, we recognized share-based compensation related to stock option awards of $0, $22,000 and $0.4 million, respectively. The related income tax benefit for the years ended December 31, 2011, 2010 and 2009 was $0, $9,000 and $0.1 million, respectively. No stock options vested in the year ended December 31, 2011. The total fair value of stock options that vested for the years ended December 31, 2010 and 2009 was $0.4 million and $0.5 million, respectively. As of December 31, 2011, there was no unrecognized compensation expense related to stock option awards.

Restricted Stock. Restricted stock may be issued at such price, if any, and may be made subject to such restrictions (including time vesting or satisfaction of performance goals), as may be determined by the administrator. Restricted stock typically may be repurchased by us at the original purchase price, if any, or forfeited, if the vesting conditions and other restrictions are not met.

The following table provides a summary of our restricted stock activity:

	Number of Shares	Weighted-Average Grant Date Fair Value per Share
Non vested shares outstanding as of December 31, 2008	2,014,012	$ 4.95
Shares issued(1)	2,711,565	1.26
Shares vested	(612,077)	6.61
Shares forfeited	(512,598)	2.10
Non vested shares outstanding as of December 31, 2009	3,600,902	2.29
Shares issued(2)	2,735,870	1.62
Shares vested	(1,525,575)	3.34
Shares forfeited	(140,020)	2.72
Non vested shares outstanding as of December 31, 2010	4,671,177	1.57
Shares vested	(1,115,471)	1.94
Shares forfeited	(890,000)	1.67
Non vested shares outstanding as of December 31, 2011	2,665,706	$ 1.38

(1) Amount includes 2,000,000 restricted shares of our common stock that were awarded on November 16, 2009 to Thomas P. D’Arcy, our President and Chief Executive Officer. 1,000,000 of the restricted shares awarded to Mr. D’Arcy are subject to vesting over three years in equal annual increments of one-third each, commencing on the day immediately preceding the one year anniversary of the grant date (November 16, 2009). The other 1,000,000 restricted shares are subject to vesting based upon the market price of our common stock during the 3 year period beginning November 16, 2009. Specifically, (i) in the event that for any 30 consecutive trading days during the three year period commencing November 16, 2009 the volume weighted average closing price per share of our common stock is at least $3.50, then 50% of such restricted shares shall vest, and (ii) in the event that for any 30 consecutive trading days during the three year period commencing November 16, 2009 the volume weighted average closing price per share of our common stock is at least $6.00, then the remaining 50% of such restricted shares shall vest.

(2) Amount includes 1,000,000 restricted shares of our common stock that were awarded on March 10, 2010 to each Jeffrey T. Hanson, our Chief Investment Officer, and Jacob Van Berkel, our Executive Vice President and Chief Operating Officer, 500,000 of the restricted shares awarded to Messrs Hanson and Van Berkel are subject to vesting over three years in equal annual increments of one-third each, commencing on the day immediately preceding the one year anniversary of the grant date (March 10, 2010). The other 500,000 restricted shares are subject to vesting based upon the market price of our common stock during the three year period beginning March 10, 2010. Specifically, (i) in the event that for any thirty consecutive trading days during the three year period commencing March 10, 2010 the volume weighted average closing price per share of our common stock is at least $3.50, then 50% of such restricted shares shall vest, and (ii) in the event that for any thirty consecutive trading days during the three year period commencing March 10, 2010 the volume weighted average closing price per share of our common stock is at least $6.00, then the remaining 50% of such restricted shares shall vest.

We valued the restricted shares subject to market-based vesting criteria issued in 2010 and 2009 based on the following assumptions:

	2010	2009
Term	Up to 3 years	Up to 3 years
Risk free rate	1.48%	1.34%
Volatility	119%	117%
Dividend yield	0.0%	0.0%
Stock price on date of grant	$ 1.87	$ 1.52
Fair value of restricted shares subject to market-based vesting	$ 1.6 million	$ 1.2 million

For Mr. D'Arcy's grant in 2009, we determined that the fair value of the restricted shares subject to market-based vesting criteria was approximately $1.2 million upon grant date and are amortizing the components of this award over the derived service period of approximately 245 and 341 days, for the two tranches with market-based vesting criteria. The fair value of the restricted shares subject to time vesting was approximately $1.5 million based upon the market price of our common stock on the date of grant and is being amortized over the service period of three years.

For Mr. Hanson and Mr. Van Berkel's grants in 2010, we determined that the fair value of the restricted shares subject to market-based vesting criteria was approximately $1.6 million upon grant date and are amortizing the components of this award over the derived service period of approximately 146 and 258 days, for the two tranches with market-based vesting criteria. The fair value of the restricted shares subject to time vesting was approximately $1.9 million based upon the market price of our common stock on the date of grant and is being amortized over the service period of three years.

Total compensation expense recognized for restricted stock awards was $1.6 million, $5.8 million and $3.8 million for the years ended December 31, 2011, 2010 and 2009, respectively. The related income tax benefit for the years ended December 31, 2011, 2010 and 2009 was $0.6 million, $2.1 million and $1.4 million, respectively. As of December 31, 2011, there was $1.2 million of unrecognized compensation expense related to unvested restricted stock awards that we expect to recognize over a weighted average period of twelve months.

Other Equity Awards — In accordance with the requirements of the Stock Compensation Topic, share-based payments awarded to an employee of the reporting entity by a related party, or other holder of an economic interest in the entity, as compensation for services provided to the entity are share-based payment transactions to be accounted for under the Stock Compensation Topic unless the transfer is clearly for a purpose other than compensation for services to the reporting entity. The economic interest holder is one who either owns ten percent or more of an entity's common stock or has the ability, directly or indirectly, to control or significantly influence the entity. The substance of such a transaction is that the economic interest holder makes a capital contribution to the reporting entity, and that entity makes a share-based payment to our employee in exchange for services rendered. The Stock Compensation Topic also requires that the fair value of unvested stock options or awards granted by an acquirer in exchange for stock options or awards held by employees of the acquiree shall be determined at the consummation date of the acquisition. The incremental compensation cost shall be (1) the portion of the grant-date fair value of the original award for which the requisite service is expected to be rendered (or has already been rendered) at that date plus (2) the incremental cost resulting from the acquisition (the fair market value at the consummation date of the acquisition over the fair value of the original grant).

On July 29, 2006, Mr. Thompson and Mr. Rogers agreed to transfer up to 15.0% of the outstanding common stock of Realty to Mr. Hanson, assuming he remained employed by us, in equal increments on July 29, 2007, 2008 and 2009. Due to the acquisition of Realty, the transfers were settled with 743,160 shares of our common stock (557,370 shares from Mr. Thompson and 185,790 shares from Mr. Rogers). Since Mr. Thompson and Mr. Rogers were affiliates who owned more than ten percent of Realty's common stock and had the ability, directly or indirectly, to control or significantly influence the entity, and the award was granted to Mr. Hanson in exchange for services provided to Realty which are vested upon completion of the respective service period, the fair value of the award was accounted for as share-based compensation in accordance with the Stock Compensation Topic. These shares included rights to dividends or other distributions declared on or prior to July 29, 2009. As a result, we recognized $1.6 million in share-based compensation and a related income tax benefit (deferred tax asset) of $0.6 million for the year ended December 31, 2009. No compensation expense was recorded by us in 2011 and 2010 as the shares were fully vested in 2009.

401k Plan — We adopted a 401(k) plan (the "Plan") for the benefit of our employees. The Plan covers our employees and eligibility begins the first of the month following the hire date. For the years ended December 31, 2011, 2010 and 2009, we contributed $0, $0 and $0.8 million to the Plan, respectively.

Deferred Compensation Plan

During 2008, we implemented a deferred compensation plan that permits employees and independent contractors to defer portions of their compensation, subject to annual deferral limits, and have it credited to one or more investment options in the plan. Deferrals made by employees and independent contractors and earnings thereon are fully accrued and held in a rabbi trust. In addition, we may make discretionary contributions to the plan which vest over one to five years. Contributions made by us and earnings thereon are accrued over the vesting period and have not been funded to date. Benefits are paid according to elections made by the participants. As of December 31, 2011 and 2010, $3.3 million and $3.4 million, respectively, reflecting the non-stock liability under this plan were included in accounts payable and accrued expenses. We have purchased whole-life insurance contracts on certain employee participants to recover distributions made or to be made under this plan and as of December 31, 2011 and 2010 have recorded the cash surrender value of the policies of $0.3 million and $1.1 million, respectively, in prepaid expenses and other assets.

In addition, we award "phantom" shares of our stock to participants under the deferred compensation plan. These awards vest over three to five years. Vested phantom stock awards are also unfunded and paid according to distribution elections made by the participants at the time of vesting and will be settled by issuing shares of our common stock from our treasury share account or issuing unregistered shares of our common stock to the participant. As of December 31, 2011 and 2010, an aggregate of 3.0 million and 4.1 million phantom share grants were outstanding, respectively. Generally, upon vesting, recipients of the grants are entitled to receive the number of phantom shares granted, regardless of the value of the shares upon the date of vesting; provided, however, as of December 31, 2011 grants with respect to 686,670 phantom shares had a guaranteed minimum share price ($2.4 million in the aggregate) that will result in us paying additional compensation to the participants should the value of the shares upon vesting be less than the grant date value of the shares. During the year ended December 31, 2011 and 2010, we issued 158,072 and 358,424 shares of common stock, respectively, from our treasury share account related to fully vested phantom stock awards. We account for additional compensation relating to the "guarantee" portion of the awards by measuring at each reporting date the additional payment that would be due to the participant based on the difference between the then current value of the shares awarded and the guaranteed value. This award is then amortized on a straight-line basis as compensation expense over the requisite service (vesting) period, with an offset to deferred compensation liability. We recorded compensation expense of $1.1 million, $0.4 million and $0.5 million during the years ended December 31, 2011, 2010 and 2009, respectively, related to certain of these grants which provided for a minimum guaranteed value upon vesting.

Grants of phantom shares are accounted for as equity awards in accordance with the requirements of the Stock Compensation Topic, with the award value of the shares on the grant date being amortized on a straight-line basis over the requisite service period.

21. INCOME TAXES

The components of income tax benefit (provision) from continuing operations for the years ended December 31, 2011, 2010 and 2009 consisted of the following:

	Year Ended December 31,		
(In thousands)	**2011**	**2010**	**2009**
Current:			
Federal	$ —	$ —	$ —
State	100	(648)	(185)
Foreign	(110)	(138)	—
	(10)	(786)	(185)
Deferred:			
Federal	21,897	—	—
State	2,715	254	—
Foreign	—	—	—
	24,612	254	—
Total income tax benefit (provision)	$24,602	$(532)	$(185)

We recorded net prepaid taxes totaling approximately $84,000 and $0.2 million as of December 31, 2011 and December 31, 2010, respectively, comprised primarily of state tax refunds receivable and overpayments.

As of December 31, 2011, federal net operating loss ("NOL") carryforwards in the amount of approximately $94.9 million were available to us, translating to a deferred tax asset of $33.2 million before valuation allowance exclusive of any federal NOLs attributable to the Daymark group. These NOLs will expire between 2027 and 2030.

We also have state net operating loss carryforwards from December 31, 2011 and previous periods totaling $243.2 million, translating to a deferred tax asset of $16.8 million before valuation allowances. These NOLs will begin to expire in 2017 and are exclusive of any state NOLs attributable to the Daymark group.

We regularly review our deferred tax assets for realizability and have established a valuation allowance based upon historical taxable income, projected future taxable income and the expected timing of the reversals of existing temporary differences to reduce our deferred tax assets to the amount that we believe is more likely than not to be realized. Due to the cumulative pre-tax book loss in the past three years and the inherent volatility of our business in recent years, we believe that this negative evidence supports the position that a valuation allowance is required pursuant to ASC 740, *Income Taxes* , ("Income Taxes Topic"). Management determined that as of December 31, 2011, $140.0 million of deferred tax assets do not satisfy the recognition criteria set forth in the Income Taxes Topic. Accordingly, a valuation allowance has been recorded for this amount.

The differences between our total income tax benefit (provision) from continuing operations for financial statement purposes and the income taxes computed using the applicable federal income tax rate of 35.0% for 2011, 2010 and 2009 were as follows:

	Year Ended December 31,		
(In thousands)	**2011**	**2010**	**2009**
Federal income taxes at the statutory rate	$ 42,363	$ 15,036	$ 14,337
State income taxes, net of federal benefit	5,215	5,040	1,439
Foreign income taxes	(110)	(138)	—
Other	83	254	(3)
Non-deductible expenses	(776)	(653)	853
Change in valuation allowance	(22,173)	(20,071)	(16,811)
Benefit (provision) for income taxes	$ 24,602	$ (532)	$ (185)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. The significant components of deferred tax assets and liabilities as of December 31, 2011 and 2010 from continuing and discontinued operations consisted of the following:

	December 31,	
(In thousands)	**2011**	**2010**
Share-based compensation	$ 7,776	$ 6,894
Allowance for bad debts	3,898	10,386
Intangible assets	(7,979)	(29,764)
Prepaid service contracts	516	(845)
Property and equipment	3,455	2,435
Insurance and legal reserve	1,391	1,912
Real estate impairments	—	11,254
Put option guarantee and accrued liabilities	—	11,087
Other	3,792	1,355
Capital losses	74,688	2,455
Net operating losses	49,993	70,220
Net deferred tax assets before valuation allowance	137,530	87,389
Valuation allowance	(139,969)	(112,658)
Net deferred tax liabilities	$ (2,439)	$ (25,269)

As of December 31, 2011, we remain subject to examination by certain tax jurisdictions for the tax years ended December 31, 2007 through 2011. We have evaluated our uncertain tax positions in accordance with the Income Taxes Topic and have concluded that there are no material uncertain tax positions that would disallow the recognition of a current tax benefit or the derecognition of a previously recognized tax benefit as of December 31, 2011. No interest and penalties related to unrecognized tax benefits has been accrued.

22. SELECTED QUARTERLY FINANCIAL DATA (unaudited)

	Fiscal Year 2011 Quarter Ended			
(In thousands, except per share amounts)	**March 31, 2011**	**June 30, 2011**	**September 30, 2011**	**December 31, 2011**
Total revenue	$109,497	$130,732	$ 125,427	$ 132,279
Operating loss	$ (17,337)	$ (9,645)	$ (12,516)	$ (81,680)
Net loss	$ (18,289)	$ (14,328)	$ 4,986	$ (67,375)
Net loss attributable to Grubb & Ellis Company	$ (18,289)	$ (14,328)	$ 4,986	$ (66,397)
Net loss attributable to Grubb & Ellis Company common shareowners	$ (21,186)	$ (17,225)	$ 1,968	$ (69,470)
Loss per share attributable to Grubb & Ellis Company common shareowners:				
Basic —	$ (0.32)	$ (0.26)	$ 0.03	$ (1.04)
Weighted average common shares outstanding	65,644	65,928	66,059	66,714
Diluted —	$ (0.32)	$ (0.26)	$ 0.03	$ (1.04)
Weighted average common shares outstanding	65,644	65,928	66,059	66,714

	Fiscal Year 2010 Quarter Ended			
(In thousands, except per share amounts)	**March 31, 2010**	**June 30, 2010**	**September 30, 2010**	**December 31, 2010**
Total revenue	$114,680	$124,795	$ 125,258	$ 146,111
Operating loss	$ (18,739)	$ (8,709)	$ (9,576)	$ (6,557)
Net loss	$ (24,052)	$ (19,195)	$ (15,316)	$ (11,168)
Net loss attributable to Grubb & Ellis Company	$ (23,781)	$ (17,460)	$ (14,804)	$ (10,735)
Net loss attributable to Grubb & Ellis Company common shareowners	$ (26,678)	$ (20,356)	$ (17,702)	$ (13,632)
Loss per share attributable to Grubb & Ellis Company common shareowners:				
Basic —	$ (0.41)	$ (0.31)	$ (0.27)	$ (0.21)
Weighted average common shares outstanding	64,350	64,644	64,860	65,126
Diluted —	$ (0.41)	$ (0.31)	$ (0.27)	$ (0.21)
Weighted average common shares outstanding	64,350	64,644	64,860	65,126

(Loss) income attributable to Grubb & Ellis Company common shareowners and (loss) income per share attributable to Grubb & Ellis Company common shareowners is computed independently for each of the quarters presented and therefore may not sum to the annual amount for the year. Previously reported revenues and operating loss have been adjusted to account for current discontinued operations in accordance with the Property, Plant and Equipment Topic.

23. SUBSEQUENT EVENTS

NYSE Delisting

On January 3, 2012, the New York Stock Exchange (the “NYSE”) notified the Company and issued a press release that NYSE determined that trading on the NYSE of the Company’s common stock should be suspended prior to the opening on January 6, 2012, and that it intended to begin the process to delist the Company’s common stock. The NYSE notified the Company that it was not in compliance with the NYSE’s continued listing standard that requires the Company’s average global market capitalization to be at least $15 million over a consecutive 30-trading-day period.

Effective January 6, 2012, the Company’s common stock traded on the OTCQB Marketplace under the symbol “GRBE.”

On January 18, 2012, the Company timely filed its notice of appeal regarding the determination of the NYSE to suspend the trading of the Company’s common stock in connection with commencing the delisting process of the Company’s common stock on the NYSE.

On March 9, 2012, the Company notified the staff of the NYSE of its intent to withdraw the Company’s appeal of the suspension of trading of the Company’s common stock on the NYSE and the NYSE’s intention to begin the process to delist the Company’s common stock due to its non-compliance with the NYSE’s continued listing standards, and the Company’s withdrawal from the requested hearing before a committee of the NYSE board of directors which was scheduled for May 6, 2012.

In response to the above-referenced notification from the Company, the NYSE announced its final determination to remove the Company’s common stock from listing on the NYSE and that it would file with the Securities and Exchange Commission (the “Commission”) a Form 25 Delisting Application to remove the Company’s common stock from listing on the NYSE. The delisting became effective ten days after the Form 25 was filed.

The de-listing by the NYSE of the Company’s common stock constituted a “Fundamental Change,” as defined in the Certificate of the Powers, Designations, Preferences and Rights of the Company’s 12% Cumulative Participating Perpetual Convertible Preferred Stock (the “Preferred Stock”). In such event, each holder of the Company’s Preferred Stock is entitled to require the Company to redeem the Preferred Stock for cash equal to 110% of the sum of the face amount of the Preferred Stock plus all accrued and unpaid dividends, which total aggregate amount for all shares of Preferred Stock is approximately $115.7 million as of December 31, 2011.

Exclusivity Agreement with C-III Investments LLC and ColFin GNE Loan Funding, LLC

In accordance with the terms of a previously disclosed letter agreement dated October 16, 2011 (the “Letter Agreement”) by and among the Company, C-III Investments LLC (“C-III”) and ColFin GNE Loan Funding, LLC (“Colony”), on January 15, 2012, the “Exclusivity Period” (as that term is defined in the Letter Agreement) expired in accordance with its terms.

Exclusivity Agreement with BGC Partners, L.P.

On January 16, 2012, the Company entered into an exclusivity agreement (the “Exclusivity Agreement”) with BGC Partners pursuant to which BGC Partners had the exclusive right commencing on January 16, 2012 to pursue a potential debt or equity financing and/or a strategic transaction with the Company. In accordance with the terms of the exclusivity agreement, the “Exclusivity Period” (as that term is defined in the Agreement) expired in accordance with its terms on January 31, 2012.

Facilities Management Agreements

On January 27, 2012, Grubb & Ellis Company (the "Company") was advised in writing by Microsoft Inc. and certain of its affiliates ("Microsoft"), that Microsoft was exercising its right, on 30 days prior written notice, to terminate the various facilities management agreements by and between Microsoft and the Company. Accordingly, effective February 27, 2012, the Company will no longer be providing any facilities management services to Microsoft with respect to any Microsoft properties.

Departure of Directors and Certain Officers

On February 10, 2012, Mr. C. Michael Kojaian advised the Company that he was resigning as a director from the Board of Directors of the Company to avoid any actual or apparent conflicts of interest in connection with his fiduciary duties with respect to his affiliated companies in commercial transactions with the Company.

On February 21, 2012, Jacob Van Berkel notified the Company that, effective February 24, 2012, he was resigning as Executive Vice President and Chief Operating Officer of the Company and from all other positions he holds with the Company and its subsidiaries.

On April 17, 2012, Thomas P. D'Arcy resigned as President and Chief Executive Officer of the Company and from all other officer positions he holds with the Company and its subsidiaries. He remains a director of the Company.

Chapter 11 and 363 Asset Sale

On February 20, 2012, the Company issued a press release disclosing that it had signed a definitive agreement, dated February 17, 2012 (the "Agreement"), to sell substantially all of the Company's assets to BGC in a sale (the "363 Asset Sale") effectuated pursuant to Section 363 of Title 11 of the Bankruptcy Code. That day the Company also filed a voluntary petition for relief (the "Petition") under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), Case No. 12-10685. BGC is a large global intermediary to the wholesale financial markets that also owns Newmark Knight Frank, a large commercial real estate services firm in the U.S.

Annexed to the Agreement was (i) a term sheet setting forth the principal terms and conditions pursuant to which BGC or an affiliate would offer to acquire all or substantially all of the Company's assets (the "Sale Term Sheet"), and (ii) a term sheet (the "DIP Term Sheet") setting forth the principal terms and conditions pursuant to which BGC or an affiliate would offer provide senior secured super priority debtor-in-possession financing (the "DIP Financing") to the Company. The DIP Financing was used for the post-petition and other agreed upon operating expenses of the Company and other costs and expenses of administration of the Company's Chapter 11 case in accordance with the budget agreed upon by the Company and BGC. The DIP Financing was subject to, among other things, the entry by the Bankruptcy Court of an interim order and, as a condition subsequent, a final order satisfactory to BGC approving the DIP Financing and the use of cash collateral pursuant to Sections 363 and 364 of the Bankruptcy Code.

The Company's commencement of the Chapter 11 cases constituted an event of default and triggered the acceleration of indebtedness (or right of acceleration) under the Credit Agreement, dated April 15, 2011 (the "Pre-Petition Credit Agreement"), among Grubb & Ellis Management Services, Inc., as borrower (the "Borrower"), the Company, as guarantor, and BGC Note Acquisition Co., L.P., as successor to Colfin GNE Loan Funding, LLC, as lender. As a result of the initiating of the Chapter 11 case, all lender commitments under the Pre-Petition Credit Agreement are automatically terminated, and the principal of amount of the loans and the reimbursement obligations then outstanding, together with accrued interest thereon and any unpaid fees and all other obligations of the Borrower accrued under the applicable loan documents, became immediately due and payable. As of February 20, 2012, the Borrower outstanding borrowings under the Pre-Petition Credit Agreement totaled approximately $30,029,055.

The filing of the Petition constituted an event of default or otherwise triggered the acceleration of indebtedness (or right of acceleration) under the Pre-Petition Indenture governing the Company's 7.95% Convertible Senior Securities due 2015 (the "Senior Notes"). Under the terms of the Pre-Petition Indenture, upon a bankruptcy filing, the outstanding principal amount of, and accrued interest thereon, became immediately due and payable. As of February 20, 2012, the aggregate principal amount of outstanding Senior Notes was $31,500,000.

Acquisition by BGC Partners, Inc.

On April 13, 2012, BGC completed the acquisition of substantially all of the assets of the Company.

On March 27, 2012, the Bankruptcy Court approved the purchase by BGC of substantially all of the assets of the Company pursuant to a Second Amended and Restated Asset Purchase Agreement, dated April 13, 2012, between BGC and the Company (the "APA"). The APA was supplemented by a Transition Services Supplement dated April 13, 2012 between BGC and the Company (the "Supplement") and approved by the Bankruptcy Court on April 11, 2012. The Bankruptcy Court's order approved the sale of such assets to BGC Partners free and clear of all liens, claims and encumbrances pursuant to Section 363 of the Bankruptcy Code.

Pursuant to the APA, BGC Partners agreed to purchase from the Company substantially all of its assets in exchange for a credit bid of (a) approximately $30 million in pre-bankruptcy senior secured debt (the "Prepetition Debt") which had been purchased at a discount, and (b) the amounts drawn by the Company under the DIP Financing. BGC also agreed to provide the following additional consideration: (i) $16 million in cash to the bankruptcy estate for the benefit of the Company's unsecured creditors pursuant to the Settlement Agreement (described below); (ii) payment of amounts necessary to cure defaults under executory contracts and unexpired leases that BGC designates for assumption and assignment to BGC; and (iii) assumption of liability for priority claims asserted by the Company's employees for paid-time-off to the extent such claims exceed $3 million. BGC will have the opportunity after closing to identify those contracts or real estate leases it desires to have the Company either assume and assign to BGC or reject.

The terms of the APA were agreed to by the official committee of unsecured creditors appointed in the Company's chapter 11 cases (the "Committee") pursuant to the Stipulation and Settlement Agreement, dated as of March 21, 2012 (the "Settlement Agreement"), and so ordered by the Bankruptcy Court on March 27, 2012. The Committee also agreed as part of the Settlement Agreement to release BGC and its affiliates, subsidiaries, officers, employees and other parties from all claims and causes of action that the Committee may be or become entitled to assert (directly, indirectly or derivatively through the Company) against BGC, including, without limitation, with respect to the validity, enforceability and priority of the Prepetition Debt and the liens securing same.

Exhibit 99.2

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Grubb & Ellis Company
March 31, 2012

TABLE OF CONTENTS

Grubb & Ellis Company

GRUBB & ELLIS COMPANY
UNAUDITED CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION
MARCH 31, 2012
(LIQUIDATION BASIS)
(In thousands)

ASSETS	
Cash and cash equivalents	$ 6,820
Service fees receivable	40,759
Prepaid expenses and other assets	1,000
Property, equipment and leasehold improvements	2,669
Identified intangible assets	6,572
Total assets	$57,820
LIABILITIES AND NET ASSETS IN LIQUIDATION	
Secured credit facilities	$26,993
Unsecured claims and other liabilities	30,827
Total liabilities	$57,820
NET ASSETS IN LIQUIDATION	$ —

See accompanying notes to unaudited consolidated financial statements.

GRUBB & ELLIS COMPANY
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION
(LIQUIDATION BASIS)
(in thousands)

	Period from March 27, 2012 to March 31, 2012
Shareowners' deficit at March 27, 2012 (going concern basis)	$ (171,107)
Changes in fair value of net assets in liquidation	
Adjust assets and liabilities to net realizable value	175,906
Accrual of estimated costs to be incurred in liquidation	(4,799)
Net assets in liquidation at March 31, 2012	$ —

See accompanying notes to unaudited consolidated financial statements.

GRUBB & ELLIS COMPANY
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2011
(GOING CONCERN BASIS)
(In thousands, except share and per share amounts)

ASSETS	
Current assets:	
Cash and cash equivalents (including $481 from VIEs)	$ 10,190
Restricted cash	2,630
Accounts receivable from related parties — net	813
Service fees receivable — net (including $2,102 from VIEs)	24,792
Professional service contracts — net	807
Prepaid expenses and other assets (including $6 from VIEs)	5,674
Total current assets	44,906
Professional service contracts — net	1,461
Property, equipment and leasehold improvements — net	6,808
Identified intangible assets — net	19,076
Other assets — net (including $43 from VIEs)	1,985
Total assets	$ 74,236
LIABILITIES, PREFERRED STOCK AND SHAREOWNERS' DEFICIT	
Current liabilities:	
Accounts payable and accrued expenses (including $2,187 from VIEs)	$ 66,925
Notes payable and capital lease obligations	5,453
Credit facility (includes accrued interest)	29,489
Total current liabilities	101,867
Long-term liabilities:	
Convertible notes	30,448
Notes payable and capital lease obligations	137
Other long-term liabilities	8,730
Deferred tax liabilities	2,405
Total liabilities	143,587
Commitments and contingencies (Note 8)	
Preferred stock: 12% cumulative participating perpetual convertible; $0.01 par value; 1,000,000 shares authorized; 945,488 shares issued and outstanding	99,895
Shareowners' deficit:	
Common stock: $0.01 par value; 200,000,000 shares authorized; 70,348,408 shares issued and outstanding	703
Additional paid-in capital	402,961
Accumulated deficit	(572,910)
Total deficit	(169,246)
Total liabilities and shareowners' deficit	$ 74,236

The abbreviation VIEs above means Variable Interest Entities.

See accompanying notes to unaudited consolidated financial statements.

GRUBB & ELLIS COMPANY
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(GOING CONCERN BASIS)
(In thousands, except per share data)

	Period from January 1, 2012 to March 27, 2012	Three Months Ended March 31, 2011
REVENUE		
Management services	$ 44,548	$ 59,045
Transaction services	38,861	50,452
Total revenue	83,409	109,497
OPERATING EXPENSE		
Compensation costs	78,950	106,430
General and administrative	17,567	16,324
Provision for doubtful accounts	560	1,231
Depreciation and amortization	1,671	2,076
Interest	1,950	773
Impairment of property, equipment and leasehold improvements	509	—
Total operating expense	101,207	126.834
OPERATING LOSS	(17,798)	(17,337)
Other income	37	36
Loss from continuing operations before income tax benefit (provision)	(17,761)	(17,301)
Income tax benefit (provision)	1,672	—
Loss from continuing operations	(16,089)	(17,301)
Income (loss) from discontinued operations — net of taxes	2,570	(1,383)
NET LOSS	(13,519)	(18,684)
Net loss attributable to noncontrolling interests	—	(395)
NET LOSS ATTRIBUTABLE TO GRUBB & ELLIS COMPANY	(13,519)	(18,289)
Preferred stock dividends	(2,589)	(2,897)
Net loss attributable to Grubb & Ellis Company common shareowners	$ (16,108)	$ (21,186)
Net Loss	$ (13,519)	$ (18,684)
Other comprehensive income:		
Net unrealized gain on investments	—	36
Total comprehensive loss	(13,519)	(18,648)
Comprehensive loss attributable to noncontrolling interests	—	(395)
Comprehensive loss attributable to Grubb & Ellis Company	$ (13,519)	$ (18,253)
Loss from continuing operations attributable to Grubb & Ellis Company common shareowners	$ (0.26)	$ (0.30)
Income (loss) from discontinued operations attributable to Grubb & Ellis Company common shareowners	0.04	(0.02)
Net loss per share attributable to Grubb & Ellis Company common shareowners	$ (0.22)	$ (0.32)
Basic and diluted weighted average common shares outstanding	71,777	65,664

See accompanying notes to unaudited consolidated financial statements.

GRUBB & ELLIS COMPANY
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(GOING CONCERN BASIS)
(In thousands)

	Period from January 1, 2012 to March 27, 2012	Three Months Ended March 31, 2011
NET CASH USED IN OPERATING ACTIVITIES	$ (409)	$ (25,935)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of note receivable	—	6,126
Proceeds from repayment of advances to related parties	—	490
Purchases of property and equipment	—	(1,129)
Restricted cash	—	(251)
Acquisition of businesses — net of cash acquired	—	(150)
Advances to related parties	—	(120)
Other	—	(75)
Net cash provided by investing activities	—	4,891
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances on credit facilities	1,501	—
Repayments of mortgage notes, notes payable and capital lease obligations	(111)	(287)
Financing costs	(82)	—
Distributions to noncontrolling interests, net	—	(250)
Net cash provided by (used in) financing activities	1,308	(537)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	899	(21,581)
Cash and cash equivalents — beginning of period	10,190	30,919
Cash and cash equivalents — end of period	$ 11,089	$ 9,338
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Accrued preferred stock dividends	$ 2,589	$ 2,897
Conversion of preferred stock and accrued dividends into common stock	$ 16,036	$ —

See accompanying notes to unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

Overview

Grubb & Ellis Company and its consolidated subsidiaries are referred to herein as “the Company,” “Grubb & Ellis,” “we,” “us,” and “our.” Grubb & Ellis, a Delaware corporation founded over 50 years ago, is a commercial real estate services and investment company. With company-owned and affiliate offices throughout the United States (“U.S.”), our professionals draw from a platform of real estate services, practice groups and investment products to deliver comprehensive, integrated solutions to real estate owners, tenants, investors, lenders and corporate occupiers. Our range of services includes tenant representation, property and agency leasing, commercial property and corporate facilities management, property sales, appraisal and valuation and commercial mortgage brokerage. Our transaction, management, consulting and investment services are supported by proprietary market research and extensive local expertise.

Basis of Presentation

As discussed further below, “Bankruptcy and 363 Asset Sale,” on February 20, 2012 the Company filed a voluntary petition for relief under the provisions of Chapter 11 of Title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) with the U.S. Bankruptcy Court for the Southern District of New York. On April 13, 2012, BGC Partners, Inc. (“BGC Partners” or “BGC”) completed its acquisition of substantially all of the assets of the Company through a court-approved sale under Section 363 of the Bankruptcy Code. Although the ultimate outcome of the bankruptcy proceedings will determine whether the Company’s preferred and common stock have any value, at this time we believe that any plan of reorganization or liquidation confirmed by the Bankruptcy Court is not likely to provide for any distribution to the Company’s shareholders.

Based on the foregoing, there is substantial doubt about the Company’s ability to continue as a going concern. Accordingly, as discussed further in Note 2, our accompanying unaudited consolidated financial statements have been prepared on the liquidation basis of accounting effective March 27, 2012, the date on which the Bankruptcy Court approved the purchase of substantially all the assets of the Company.

Recent Transactions and Events

Bankruptcy and 363 Asset Sale

On February 20, 2012, we filed a voluntary petition for relief under the provisions of the Bankruptcy Code with the U.S. Bankruptcy Court for the Southern District of New York.

On March 27, 2012, the Bankruptcy Court approved the purchase by BGC of substantially all of the assets of the Company pursuant to a Second Amended and Restated Asset Purchase Agreement, dated April 13, 2012, between BGC and the Company (the “APA”). The APA was supplemented by a Transition Services Supplement dated April 13, 2012 between BGC and the Company (the “Supplement”) and approved by the Bankruptcy Court on April 11, 2012. The Bankruptcy Court’s order approved the sale of such assets to BGC Partners free and clear of all liens, claims and encumbrances pursuant to Section 363 of the Bankruptcy Code. On April 13, 2012, BGC Partners completed its acquisition of substantially all of the assets of the Company through a court-approved sale under Section 363 of the Bankruptcy Code. We recorded expenses of approximately $5.0 million in the period from January 1, 2012 to March 27, 2012 related to professional fees incurred in connection with the bankruptcy and 363 asset sale.

Pursuant to the APA, BGC Partners agreed to purchase from the Company substantially all of its assets in exchange for a credit bid of (a) approximately $30 million in pre-bankruptcy senior secured debt (the “Prepetition Debt”) which had been purchased at a discount, and (b) the amounts drawn by the Company under the DIP Financing. BGC also agreed to provide the following additional consideration: (i) $16 million in cash to the bankruptcy estate for the benefit of the Company’s unsecured creditors pursuant to the Settlement Agreement (described below); (ii) payment of amounts necessary to cure defaults under executory contracts and unexpired leases that BGC designates for assumption and assignment to BGC; and (iii) assumption of liability for priority claims asserted by the Company’s employees for paid-time-off to the extent such claims exceed $3 million. BGC will have the opportunity after closing to identify those contracts or real estate leases it desires to have the Company either assume and assign to BGC or reject.

The terms of the APA were agreed to by the official committee of unsecured creditors appointed in the Company’s chapter 11 cases (the “Committee”) pursuant to the Stipulation and Settlement Agreement, dated as of March 21, 2012 (the “Settlement Agreement”), and so ordered by the Bankruptcy Court on March 27, 2012. The Committee also agreed as part of the Settlement Agreement to release BGC and its affiliates, subsidiaries, officers, employees and other parties from all claims and causes of action that the Committee may be or become entitled to assert (directly, indirectly or derivatively through the Company) against BGC, including, without limitation, with respect to the validity, enforceability and priority of the Prepetition Debt and the liens securing same.

The closing of the sale to BGC occurred on April 13, 2012. Since the closing, the Company has sought and obtained from the Bankruptcy Court an order establishing a deadline of June 12, 2012 (the "Bar Date") for all entities asserting claims against the Company to file proofs of claim. After the passage of the Bar Date, the Company will begin the process of reconciling proofs of claim with the Company's books and records, and then attempt to formulate a chapter 11 disclosure statement and plan of liquidation to be voted on by the Company's creditors and approved by the Bankruptcy Court. Until such time as the Company has reconciled claims and obtained the requisite creditor acceptance and Bankruptcy Court approval of such plan, any estimate of distributions to the Company's creditors are highly uncertain. As such, any and all statements are subject to the foregoing qualification, may only be interpreted as an estimate of potential distributions to creditors at this time, and are therefore subject to change, which may be material.

Termination of Agreements with Grubb & Ellis Healthcare REIT II

On November 7, 2011, Grubb & Ellis Healthcare REIT II ("Healthcare REIT II"), a separate legal entity with an independent board of directors sponsored by us, terminated its advisory and dealer-manager relationships (collectively the "REIT agreements") with various subsidiaries of Grubb & Ellis. The termination was effective immediately subject to a 60-day transition period which concluded on January 6, 2012. We received revenues totaling approximately $4.9 million from Healthcare REIT II for the period from January 1, 2012 to March 27, 2012. As of March 27, 2012 we have incurred organizational and offering expenses of approximately $2.5 million in excess of 1.0% of the gross proceeds of the Healthcare REIT II offering which were fully reserved for at December 31, 2011. We are currently seeking recovery of all unpaid reimbursements of expenses from Healthcare REIT II and have made numerous demands for payment. However, to date Healthcare REIT II has been unresponsive to our demands for payment and therefore the timing and ultimate collection of all such amounts are uncertain. As of March 31, 2012 we estimate that these receivables have no realizable value under the liquidation basis of accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Liquidation Basis of Accounting

The unaudited consolidated financial statements have been prepared by the Company for the period March 27, 2012 through March 31, 2012 on the liquidation basis of accounting. As a result of the Bankruptcy Court's approval of the purchase by BGC of substantially all of the assets of the Company, the Company adopted the liquidation basis of accounting effective March 27, 2012. This basis of accounting is considered appropriate when, among other things, liquidation of a company is probable and the net realizable values of assets are reasonably determinable. Under this basis of accounting, assets are valued at their net realizable values, and liabilities are stated at their estimated settlement amounts. Under the liquidation basis of accounting, the carrying amounts of assets as of the close of business on March 27, 2012 were adjusted to their estimated net realizable values and liabilities (including the estimated costs associated with the disposition of assets, liabilities, expenses and revenues related to the liquidation) were stated at their estimated settlement amounts. Such valuation estimates were updated by the Company as of March 31, 2012.

Unaudited consolidated statements of net assets (liquidation basis) and unaudited consolidated statements of changes in net assets (liquidation basis) are the principal financial statements presented under the liquidation basis of accounting. The valuations of assets at their net realizable value and liabilities at their anticipated settlement amounts represent estimates, based on present facts and circumstances.

Under the liquidation basis of accounting, the Company is also required to estimate and accrue the costs associated with the disposition of assets, liabilities, expenses and revenues related to the liquidation. These amounts consist primarily of fees for legal and other professional service providers, compensation for remaining employees, income taxes, and other administrative expenses. Such costs were estimated to be $4.8 million as of March 31, 2012. The actual values and costs associated with the disposition of assets and liabilities are expected to differ from the amounts shown herein and may be greater than or less than the amounts recorded. Such differences may be material. Accordingly, it is not possible to predict the aggregate amount or timing of future distributions to unsecured creditors, and no assurance can be given that the amount of liquidating distributions to be received will equal or exceed the estimate of net assets in liquidation presented in the accompanying unaudited consolidated statements of net assets (liquidation basis).

The conditions required to adopt the liquidation basis of accounting were met on March 27, 2012. The conversion from the going concern to liquidation basis of accounting required management to make significant estimates and judgments. In order to record assets at estimated net realizable value and liabilities at estimated settlement amounts under the liquidation basis of accounting, the Company recorded the following adjustments as of March 27, 2012, the date of adoption of the liquidation basis of accounting (in thousands):

Net assets as of March 27, 2012 (going concern basis)	$(171,107)
Accrual of estimated costs to be incurred in liquidation	(4,799)
Adjust assets to net realizable value and liabilities to estimated settlement amount:	
Write off of restricted cash	(2,650)
Recognition of unbilled receivables (1)	23,692
Write down of prepaid expenses and other assets	(4,768)
Write off of professional service contracts	(2,173)
Write down of property, equipment and leasehold improvements	(2,379)
Write down of identified intangible assets	(12,002)
Write down of secured credit facilities	4,843
Write down of unsecured claims	84,806
Write off of preferred stock (including accrued and unpaid dividends)	86,537
	175,906
Net assets as of March 27, 2012 (liquidation basis)	$ —

(1) Adjustment relates to estimated realizable value of fees to be received from existing brokerage commission agreements upon the occurrence of certain future events.

We estimated the realizable value of assets at March 31, 2012 based on the fair value of purchase price consideration transferred from BGC. The consideration transferred includes approximately $30.0 million (principal amount) pre-bankruptcy senior secured debt (the "Prepetition Debt"), which BGC purchased at a discount, and which had a fair value of approximately $25.5 million as of March 27, 2012. Consideration transferred also includes approximately $5.5 million under the debtor-in-possession credit facility and $16.0 million in cash for the benefit of unsecured creditors.

Secured credit facility	$25,500
Debtor-in-possession credit facility	5,500
Cash consideration	16,000
Total fair value of consideration transferred	47,000
Estimated liabilities to be assumed	4,000
Cash and other assets not purchased	6,820
Total realizable value of assets	$57,820

Going Concern Significant Accounting Policies and Estimates

Basis of Presentation — Our accompanying unaudited consolidated financial statements for periods through March 27, 2012, have been prepared assuming that we will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business for the twelve month period following the date of the financial statements.

Interim Unaudited Financial Data — Our accompanying unaudited consolidated financial statements have been prepared by us in accordance with generally accepted accounting principles in the United States ("GAAP") in conjunction with the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures required for annual financial statements have been condensed or excluded pursuant to SEC rules and regulations. Accordingly, our accompanying unaudited consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. Our accompanying unaudited consolidated financial statements reflect all adjustments, which are, in our view, of a normal and recurring nature and necessary for a fair presentation of our financial position, results of operations and cash flows for the interim period. Interim results of operations are not necessarily indicative of the results to be expected for the full year; such full year results may be less favorable.

In preparing our accompanying unaudited consolidated financial statements, management has evaluated subsequent events through the financial statement issuance date.

We believe that although the disclosures contained herein are adequate to prevent the information presented from being misleading, our accompanying unaudited consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto included in our 2011 consolidated financial statements.

Cash and cash equivalents — Cash and cash equivalents consist of all highly liquid investments with a maturity of three months or less when purchased. Short-term investments with remaining maturities of three months or less when acquired are considered cash equivalents. Cash decreased from $11,089 as of March 27, 2012, as reported on the unaudited condensed consolidated statement of cash flows to $6,820 as of March 31, 2012.

Restricted Cash — Restricted cash is comprised primarily of cash reserve accounts pledged to lenders that have provided standby letters of credit for the benefit of various insurance providers and lessors. As of December 31, 2011, the restricted cash balance was $2.6 million under the going concern basis of accounting. We expect the letters of credit will be drawn down by the beneficiaries and as a result we do not anticipate recovery of the restricted cash balances. Accordingly, at March 31, 2012, the restricted cash balances were estimated to have no realizable value.

Litigation — We routinely assess the likelihood of any adverse judgments or outcomes related to legal matters, as well as ranges of probable losses. A determination of the amount of the reserves required, if any, for these contingencies is made after analysis of each known issue and an analysis of historical experience. Therefore, we have recorded reserves related to certain legal matters for which we believe it is probable that a loss will be incurred and the range of such loss can be estimated. With respect to other matters, we have concluded that a loss is only reasonably possible or remote, or is not estimable and, therefore, no liability is recorded. Assessing the likely outcome of pending litigation, including the amount of potential loss, if any, is highly subjective. Our judgments regarding likelihood of loss and our estimates of probable loss amounts may differ from actual results due to difficulties in predicting the outcome of jury trials, arbitration hearings, settlement discussions and related activity, and various other uncertainties. Due to the number of claims which are periodically asserted against us, and the magnitude of damages sought in those claims, actual losses in the future could significantly exceed our current estimates. Such matters are currently stayed as a result of our bankruptcy filing on February 20, 2012.

3. IDENTIFIED INTANGIBLE ASSETS

Identified intangible assets consist of the following:

(In thousands)	March 31, 2012 (Liquidation basis)	December 31, 2011 (Going concern basis)
Trade name	$ 6,172	$ 6,172
Affiliate agreements	10,600	10,600
Customer relationships	8,725	8,725
	25,497	25,497
Accumulated amortization	(6,923)	(6,421)
Intangible assets, net (going concern basis)	18,574	$ 19,076
Adjustment to realizable value	(12,002)	
Intangible assets at net realizable value	$ 6,572	

Amortization expense recorded for the identified intangible assets was approximately $0.5 million and $1.1 million for the period from January 1, 2012 to March 27, 2012 and the three months ended March 31, 2011, respectively. Amortization expense is included in “Depreciation and amortization” in the accompanying unaudited consolidated statements of comprehensive loss.

4. SECURED CREDIT FACILITIES

At December 31, 2011, we had outstanding balances including accrued interest of $29.5 million under our secured credit facility. On February 17, 2012, BGC acquired the note underlying the credit facility. The credit facility matured on March 1, 2012. The Company is currently in default under this credit facility. At March 31, 2012 the estimated settlement value of this credit agreement was $25.5 million.

In addition, in conjunction with the bankruptcy filing, BGC agreed to provide senior secured super priority debtor-in-possession financing ("the DIP credit facility") up to $5.5 million. The DIP credit facility bears interest at 8% interest. As of March 31, 2012, the outstanding balance drawn on this facility was $1.5 million. The Company estimates the settlement value of the DIP credit facility to be $1.5 million.

5. UNSECURED CLAIMS AND OTHER LIABILITIES

Unsecured claims and other liabilities consist of the following:

(In thousands)	March 31, 2012	December 31, 2011
Accounts payable and accrued expenses	$ 64,420	$ 66,925
Convertible Notes	30,528	30,448
Notes payable and capital lease obligations	5,478	5,590
Other long-term liabilities	8,786	8,730
Deferred tax liabilities	2,405	2,405
Unsecured claims and other liabilities (going concern basis)	111,617	$ 114,098
Adjustment to estimated settlement amount	(80,790)	
Unsecured claims and other liabilities at settlement amount	$ 30,827	

The Company is in default on the Convertible Notes and other notes payable and capital lease obligations at March 31, 2012.

6. SEGMENT DISCLOSURE

Management has determined the reportable segments identified below according to the types of services offered and the manner in which operations and decisions are made. We operate in the following reportable segments:

Management Services — Management Services provides property management and related services for owners of investment properties and facilities management services for corporate owners and occupiers.

Transaction Services — Transaction Services advises buyers, sellers, landlords and tenants on the sale, leasing, financing and valuation of commercial property and includes our national accounts group and national affiliate program operations.

We also have certain corporate-level activities including interest income from notes and advances, property rental related operations, legal administration, accounting, finance, and management information systems which are not considered separate operating segments.

We evaluate the performance of our segments based upon operating (loss) income. Operating (loss) income is defined as operating revenue less compensation and general and administrative costs and excludes other rental related, rental expense, interest expense, depreciation and amortization and certain other operating and non-operating expenses. The accounting policies of the reportable segments are the same as those described in our summary of significant accounting policies (See Note 2).

(In thousands)	Period from January 1, 2012 to March 27, 2012	Three Months Ended March 31, 2011
Management Services		
Revenue	$ 44,548	$ 59,045
Compensation costs	7,594	8,680
Transaction commissions and related costs	2,686	3,778
Reimbursable salaries, wages and benefits	28,683	39,553
General and administrative	1,889	3,191
Provision for doubtful accounts	569	471
Segment operating income	3,127	3,372
Transaction Services		
Revenue	38,861	50,452
Compensation costs	12,127	15,468
Transaction commissions and related costs	26,527	33,238
General and administrative	9,054	9,896
Provision for doubtful accounts	(9)	759
Segment operating loss	(8,838)	(8,909)
Reconciliation to net loss attributable to Grubb & Ellis Company:		
Total segment operating loss	(5,711)	(5,537)
Non-segment:		
Corporate overhead (compensation, general and administrative costs)	(10,083)	(6,441)
Share-based compensation	2,264	(1,692)
Severance, retention and related charges	(138)	(818)
Depreciation and amortization	(1,671)	(2,076)
Interest	(1,950)	(773)
Impairment of property, equipment and leasehold improvements	(509)	—
Other income	37	36
Loss from continuing operations before income tax benefit (provision)	(17,761)	(17,301)
Income tax benefit	1,672	—
Loss from continuing operations	(16,089)	(17,301)
Income (loss) from discontinued operations	2,570	(1,383)
Net loss	(13,519)	(18,684)
Net loss attributable to noncontrolling interests	—	(395)
Net loss attributable to Grubb & Ellis Company	$ (13,519)	$ (18,289)

7. DISCONTINUED OPERATIONS

During 2011, we completed the sale of Daymark Realty Advisors and Alesco Global Advisors. In addition, our agreements with Healthcare REIT II were terminated effective January 6, 2012.

The net results of discontinued operations of Daymark, Alesco and our investment management segment, which managed Healthcare REIT II and from which we have no significant ongoing cash flows or significant continuing involvement, are reflected in the unaudited consolidated statements of comprehensive loss as discontinued operations.

The following table summarizes the income (loss) and expense components — net of taxes that comprised discontinued operations for the period from January 1, 2012 to March 27, 2012 and the three months ended March 31, 2011:

(In thousands)	Period from January 1, 2012 to March 27, 2012	Three Months Ended March 31, 2011
Revenue	$ 4,895	$ 6,731
Rental related revenue	—	3,860
Compensation costs	(363)	(7,879)
General and administrative	(63)	(6,522)
Provision for doubtful accounts	(197)	(1,095)
Depreciation and amortization	(3)	(1,393)
Rental related expense	—	(2,344)
Interest	—	(1,544)
Real estate related recoveries	—	9,024
Goodwill and intangible asset impairment	—	(480)
Other (expense) income	(10)	259
Income tax expense	(1,689)	—
Income (loss) from discontinued operations — net of taxes	$ 2,570	$ (1,383)

8. COMMITMENTS AND CONTINGENCIES

Claims and Lawsuits — We are involved in lawsuits relating to certain of the investment management offerings of our former affiliate, Grubb & Ellis Realty Investors, LLC (“GERI”), in particular, its TIC programs. These lawsuits allege a variety of claims in connection with these offerings, including mismanagement, breach of contract, negligence, fraud and breach of fiduciary duty, among other claims. Plaintiffs in these suits seek a variety of remedies, including rescission, actual and punitive damages, and attorneys’ fees and costs. The damages being sought are unspecified and to be determined at trial. It is difficult to predict the ultimate disposition of these lawsuits and our ultimate liability with respect to such claims and lawsuits. It is also difficult to predict the cost of defending these matters and to what extent claims will be covered by our existing insurance policies. Such matters are currently stayed as a result of our bankruptcy filing on February 20, 2012.

9. PREFERRED STOCK

Each share of Preferred Stock is convertible, at the holder’s option, into our common stock, par value $0.01 per share at a conversion rate of 60.606 shares of common stock for each share of Preferred Stock, which represents a conversion price of approximately $1.65 per share of common stock, a 10.0% premium to the closing price of the common stock on October 22, 2009. In addition, upon conversion, accrued unpaid dividends are convertible into shares of common stock at the conversion ratio of 0.60606 shares of common stock per $1.00. As of March 27, 2012, the maximum number of shares of common stock that could be required to be issued upon conversion of the Preferred Stock, including accrued unpaid dividends, was 55.7 million shares of common stock. During the period January 1, 2012 through March 27, 2012, certain holders of Preferred Stock converted 143,880 shares of Preferred Stock, including accrued and unpaid dividends, into 10.0 million shares of common stock.

Holders of Preferred Stock may require us to repurchase their Preferred Stock upon the occurrence of a “Fundamental Change” (as defined in the Certificate of Designations) with respect to any Fundamental Change that occurs prior to November 15, 2014, at a repurchase price equal to 110% of the sum of the initial liquidation preference plus accumulated but unpaid dividends. Due to the bankruptcy filing and the sale of substantially all of our assets, a Fundamental Change has occurred such that the Preferred Stock is redeemable by the holders. Although the ultimate outcome of the bankruptcy proceedings will determine whether the Company’s preferred and common stock have any value, at this time we believe that any plan of reorganization or liquidation confirmed by the Bankruptcy Court is not likely to provide for any distribution to the Company’s shareholders.

10. EARNINGS (LOSS) PER SHARE

We compute earnings (loss) per share in accordance with the requirements of the Earnings Per Share Topic. Under the Earnings Per Share Topic, basic earnings (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed using the weighted-average number of common and common equivalent shares of stock outstanding during the periods utilizing the treasury stock method for stock options and unvested restricted stock.

The following is a reconciliation between weighted-average shares used in the basic and diluted earnings (loss) per share calculations:

(In thousands, except per share amounts)	Period from January 1, 2012 to March 27, 2012	Three Months Ended March 31, 2011
Numerator for (loss) income per share — basic:		
Loss from continuing operations	$ (16,089)	$ (17,301)
Less: Net loss attributable to noncontrolling interests	—	395
Less: Preferred dividends	(2,589)	(2,897)
Loss from continuing operations attributable to Grubb & Ellis Company common shareowners	$ (18,678)	$ (19,803)
Income (loss) from discontinued operations attributable to Grubb & Ellis Company common shareowners	$ 2,570	$ (1,383)
Net loss attributable to noncontrolling interests	—	—
Net loss attributable to Grubb & Ellis Company common shareowners	$ (16,108)	$ (21,186)
Denominator for (loss) income per share — basic:		
Weighted-average number of common shares outstanding	71,777	65,664
(Loss) income per share — basic:		
Loss from continuing operations attributable to Grubb & Ellis Company common shareowners	$ (0.26)	$ (0.30)
Income (loss) from discontinued operations attributable to Grubb & Ellis Company common shareowners	$ 0.04	$ (0.02)
Net loss per share attributable to Grubb & Ellis Company common shareowners	$ (0.22)	$ (0.32)
(Loss) income per share — diluted(1):		
Loss from continuing operations attributable to Grubb & Ellis Company common shareowners	$ (0.26)	$ (0.30)
Income (loss) from discontinued operations attributable to Grubb & Ellis Company common shareowners	$ 0.04	$ (0.02)
Net loss per share attributable to Grubb & Ellis Company common shareowners	$ (0.22)	$ (0.32)
Total participating shareowners:		
(as of the end of the period used to allocate earnings)		
Preferred shares (as if converted to common shares)	55,679	58,527
Unvested restricted stock	1,802	4,258
Unvested phantom stock	1,769	3,833
Total participating shares	59,250	66,618
Total vested common shares outstanding	78,583	65,889

(1) Excluded from the calculation of diluted weighted-average common shares as of March 27, 2012 and March 31, 2011 were the following securities, the effect of which would be anti-dilutive:

(In thousands)	March 27, 2012	March 31, 2011
Outstanding unvested restricted stock	1,802	4,258
Outstanding options to purchase shares of common stock	104	321
Outstanding unvested shares of phantom stock	1,769	3,833
Convertible preferred shares (as if converted to common shares)	55,679	58,527
Convertible notes (as if converted to common shares)	14,036	14,036
Total	73,390	80,975

11. INCOME TAXES

The components of income tax (provision) benefit from continuing operations for the period from January 1, 2012 to March 27, 2012 and the three months ended March 31, 2011 consisted of the following:

(In thousands)	Period from January 1, 2012 to March 27, 2012	Three Months Ended March 31, 2011
Current:		
Federal	$ —	$ —
State	8	35
Foreign	(25)	(35)
	$ (17)	$ —
Deferred:		
Federal	1,491	—
State	198	—
	1,689	—
	$ 1,672	$ —

We regularly review our deferred tax assets for realizability and have established a valuation allowance based upon historical taxable income, projected future taxable income and the expected timing of the reversals of existing temporary differences to reduce our deferred tax assets to the amount that we believe is more likely than not to be realized. Due to the cumulative pre-tax book loss in the past three years and the inherent volatility of our business in recent years, we believe that this negative evidence supports the position that a valuation allowance is required pursuant to ASC 740, *Income Taxes* , ("Income Taxes Topic"). Management determined that as of March 31, 2012, $145.2 million of deferred tax assets do not satisfy the recognition criteria set forth in the Income Taxes Topic. Accordingly, a valuation allowance has been recorded for this amount. If released, the entire amount would result in a benefit to continuing operations.

We recognized a tax benefit from continuing operations of approximately $1.7 million for the three months ended March 31, 2012, compared to a tax expense of $0.0 million for the same period in 2011. In 2012 and 2011, the reported effective income tax rates were

9.4% and 0.0%, respectively. The hypothetical benefit in continuing operations is fully offset by income taxes charged to discontinued operations as described in the Income Taxes Topic. The 2012 and 2011 effective tax rates include the effect of valuation allowances recorded against deferred tax assets to reflect our assessment that it is more likely than not that some portion of the deferred tax assets will not be realized. Our deferred tax assets are primarily attributable to net operating losses and share-based compensation.

12. SUBSEQUENT EVENTS

Acquisition by BGC Partners, Inc.

On April 13, 2012, BGC completed the acquisition of substantially all of the assets of the Company.

Departure of Directors and Certain Officers

On April 17, 2012, Thomas P. D'Arcy resigned as President and Chief Executive Officer of the Company and from all other officer positions he holds with the Company and its subsidiaries. He remains a director of the Company.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On April 13, 2012, BGC Partners, Inc. (the "Company," "we," "us" or "BGC Partners") completed the acquisition of substantially all of the assets of Grubb & Ellis Company ("Grubb & Ellis"). Prior to the acquisition, on February 20, 2012, Grubb & Ellis filed a voluntary petition for reorganization under provisions of Chapter 11 of Title 11 of the United States Bankruptcy Code.

The following unaudited pro forma condensed combined financial information presents the combined historical consolidated statement of operations of BGC Partners and the historical consolidated statement of operations and statement of comprehensive loss of Grubb & Ellis to reflect the acquisition of substantially all of the assets of Grubb & Ellis by BGC Partners.

The unaudited pro forma condensed combined financial information is presented in accordance with the rules specified by Article 11 of Regulation S-X promulgated by the Securities and Exchange Commission (the "SEC") and has been prepared subject to the assumptions and adjustments as described in the notes thereto. Specifically, the unaudited pro forma condensed combined financial information set forth below gives effect to the following transactions:

- The acquisition of substantially all of the assets of Grubb & Ellis for aggregate consideration of approximately $47.1 million, which includes the issuance of shares and payment of cash in exchange for approximately $30 million (principal amount) in pre-bankruptcy senior secured debt (the "Notes Receivable") purchased at a discount; and
- The use of cash to fund the acquisition.

The following unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012 gives effect to the acquisition as if it had occurred as of January 1, 2012, subject to the assumptions and adjustments as described in the accompanying notes.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have occurred if the acquisition had been consummated on the date indicated, nor is it indicative of the future results of operations of the combined company. The unaudited pro forma condensed combined financial information does not give effect to any potential cost savings or other operational efficiencies that could result from the acquisition. The unaudited pro forma condensed combined financial information does not include adjustments for the fact that many of the expenses recorded in the Grubb & Ellis financial statements were related to non-recurring events in connection with their filing of a voluntary petition for reorganization under the provisions of Chapter 11 of Title 11 of the United States Bankruptcy code (for example, significant impairment charges related to their trade name). The unaudited pro forma condensed combined statement of operations also does not include adjustments related to the assets not acquired and the liabilities not assumed.

The unaudited pro forma condensed combined financial information should be read in conjunction with the historical financial statements of Grubb & Ellis, including the notes thereto, for the period from January 1, 2012 to March 27, 2012, and the period from March 27, 2012 to March 31, 2012, which are filed as Exhibit 99.2 to this Annual Report on Form 10-K of BGC Partners, as well as in conjunction with BGC Partners' historical consolidated financial statements included in this Annual Report on Form 10-K as well as the "Risk Factors" section of this Annual Report on Form 10-K.

The Company has made a preliminary estimated allocation of the consideration transferred to the assets acquired and liabilities assumed as of the acquisition date. The Company expects to finalize its analysis of the assets acquired and liabilities assumed within the first year of the acquisition, and therefore adjustments to assets and liabilities may occur. Accordingly, the pro forma adjustments related to the allocation of estimated consideration transferred are preliminary and have been presented solely for the purpose of providing unaudited pro forma condensed combined financial information in this Annual Report on Form 10-K.

PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2012
(in thousands, except per share amounts)
(unaudited)

	BGC Partners, Inc. (Historical)	Grubb & Ellis Company (Historical)*	Pro Forma Adjustments	Pro Forma Combined
Revenues:				
Commissions	$1,176,009	38,861	—	1,214,870
Principal transactions	336,160	—	—	336,160
Real estate management services	122,704	44,548	—	167,252
Fees from related parties	53,159	—	—	53,159
Market data	17,302	—	—	17,302
Software solutions	9,962	—	—	9,962
Interest income	6,506	—	(562)(a)	5,944
Other revenues	56,966	37	—	57,003
Losses on equity investments	(11,775)	—	—	(11,775)
Total revenues	1,766,993	83,446	(562)	1,849,877
Expenses:				
Compensation and employee benefits	1,159,664	78,950	—	1,238,614
Allocations of net income to limited partnership units and founding/working partner units	12,964	—	(3,602)(b)	9,362
Total compensation and employee benefits	1,172,628	78,950	(3,602)	1,247,976
Occupancy and equipment	155,349	2,180	—	157,529
Fees to related parties	11,792	—	—	11,792
Professional and consulting fees	72,777	—	(2,754)(c)	70,023
Communications	90,807	—	—	90,807
Selling and promotion	86,040	17,567	—	103,607
Commissions and floor brokerage	22,733	—	—	22,733
Interest expense	34,885	1,950	(1,547)(d)	35,288
Other expenses	64,245	560	(291)(e)	64,514
Total expenses	1,711,256	101,207	(8,194)	1,804,269
Income (loss) from operations before income taxes	55,737	(17,761)	7,632	45,608
Provision (benefit) for income taxes	20,224	(1,672)	(1,171)(f)	17,381
Consolidated net income (loss)	$ 35,513	$ (16,089)	$ 8,803	$ 28,227
Less: Net income (loss) attributable to noncontrolling interest in subsidiaries	11,649	—	(2,911)(g)	8,738
Net income (loss) attributable to company	$ 23,864	$ (16,089)	$ 11,714	$ 19,489
Preferred dividends	—	(2,589)	2,589(h)	—
Net income (loss) available to common stockholders	$ 23,864	$ (18,678)	$ 14,303	$ 19,489
Per share data:				
Basic earnings per share:				
Net income (loss) available to common stockholders	$ 23,864	$ (18,678)	$ 14,303	$ 19,489
Basic earnings (loss) per share	$ 0.16	$ (0.26)	N/A	$ 0.13
Basic weighted-average shares of common stock outstanding	144,886	71,777	(71,777)(i)	144,886
Fully diluted earnings per share:				
Net income (loss) for fully diluted shares	$ 46,242	$ (18,678)	$ 10,300	$ 37,864
Fully diluted earnings (loss) per share	$ 0.16	$ (0.26)	N/A	$ 0.13
Fully diluted weighted-average shares of common stock outstanding	280,809	71,777	(71,777)(j)	280,809

* *Grubb & Ellis Company (Historical) is based on Grubb & Ellis' unaudited interim consolidated statement of comprehensive loss (going concern basis) for the period from January 1, 2012 to March 27, 2012.*

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

BGC Partners, Inc.'s (the "Company," "we," "us" or "BGC Partners") unaudited pro forma condensed combined financial information has been compiled from underlying financial statements prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") and in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and reflect the acquisition of substantially all of the assets of Grubb & Ellis Company ("Grubb & Ellis").

The unaudited pro forma condensed combined financial information should be read in conjunction with the underlying financial statements from which they were compiled:

- The audited consolidated financial statements of BGC Partners for the year ended December 31, 2012; and
- The unaudited consolidated financial statements of Grubb & Ellis for the three months ended March 31, 2012.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012 gives effect to the acquisition as if it had occurred as of January 1, 2012, subject to the assumptions and adjustments as described in these notes.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have occurred if the acquisition had been consummated on the date indicated, nor is it indicative of the future results of operations of the combined company. The unaudited pro forma condensed combined financial information does not give effect to any potential cost savings or other operational efficiencies that could result from the acquisition. The unaudited pro forma condensed combined financial information does not include adjustments for the fact that many of the expenses recorded in the Grubb & Ellis financial statements were related to non-recurring events in connection with their filing of a voluntary petition for reorganization under the provisions of Chapter 11 of Title 11 of the United States Bankruptcy code (for example, significant impairment charges related to their trade name). The unaudited pro forma condensed combined statement of operations also does not include adjustments related to the assets not acquired and the liabilities not assumed.

2. Consideration Transferred and Fair Value Adjustments

On April 13, 2012, BGC Partners completed the acquisition of substantially all of the assets of Grubb & Ellis.

The following tables summarize the preliminary allocation of the consideration transferred to the assets acquired and liabilities assumed as of the acquisition date (in millions). The Company expects to finalize its analysis of the assets acquired and liabilities assumed within the first year of the acquisition, and therefore adjustments to assets and liabilities may occur. Accordingly, the pro forma adjustments related to the allocation of estimated consideration transferred are preliminary.

The consideration transferred includes approximately $30.0 million (principal amount) pre-bankruptcy senior secured debt (the "Notes Receivable"), which the Company purchased at a discount, and which had a fair value of approximately $25.6 million as of the acquisition date. Consideration transferred also includes approximately $5.5 million under debtor-in-possession term loans and $16.0 million in cash to the bankruptcy estate for the benefit of Grubb & Ellis' unsecured creditors.

Calculation of estimated consideration transferred

	April 13, 2012
Notes Receivable	$ 25.6
Debtor-in-possession term loans	5.5
Cash paid to the bankruptcy estate	16.0
Total fair value of consideration	$ 47.1
Total fair value of net assets acquired	43.1
Preliminary goodwill related to Grubb & Ellis	$ 4.0

Preliminary allocation of estimated consideration transferred to net assets acquired

	April 13, 2012
Assets	
Cash and cash equivalents	$ 1.2
Brokerage receivables, net	34.3
Fixed assets	2.8
Intangible assets	14.3
Other assets	5.7
Total assets acquired	58.3
Liabilities	
Commissions payable, net	3.5
Other liabilities and accrued expenses	11.7
Total liabilities assumed	15.2
Net assets acquired	$ 43.1

3. Pro Forma Adjustments

The following notes related to the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012:

(a) Represents interest income recorded by BGC Partners in 2012 related to interest on the Notes Receivable.

(b) Certain employees hold limited partnership interests in BGC Holdings, L.P., which generally receive quarterly allocations of net income based on their weighted-average pro rata share of economic ownership of the Company's operating subsidiaries. The quarterly allocations of net income on such limited partnership units are reflected under "Allocations of net income to limited partnership units and founding/working partner units" in the Company's unaudited condensed consolidated statements of operations. In quarterly periods in which the Company has a net loss, the loss allocation for founding/working partner units, limited partnership units and Cantor units is reflected as a component of "Net income attributable to noncontrolling interest in subsidiaries."

(c) Represents legal and audit fees recorded by BGC Partners in 2012 related to the acquisition.

(d) Represents the elimination of approximately $2.0 million of interest related to Grubb & Ellis' credit facility, which was not assumed by the Company, net of approximately $0.4 million of borrowing costs the Company would have incurred to finance the acquisition.

(e) Represents the elimination of an impairment charge of approximately $0.3 million recorded by BGC Partners in 2012 related to an investment in Grubb & Ellis.

(f) Represents adjustments to reflect the appropriate provision for income taxes of the pro forma combined company.

(g) Represents the portion of net income that would have been attributable to the noncontrolling interest in subsidiaries.

(h) Represents the elimination of Grubb & Ellis' preferred dividends.

(i) Represents the elimination of Grubb & Ellis' common shares.

(j) Represents the elimination of Grubb & Ellis' common shares.