ESPEED INC

FORM 10-Q
(Quarterly Report)

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Address	135 E. 57TH STREET 135 E. 57TH STREET
	NEW YORK, New York 10022
Telephone	212-938-5000
CIK	0001094831
Industry	Consumer Financial Services
Sector	Financial
Fiscal Year	12/31

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2001

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 number 0-28191

eSpeed, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	13-4063515
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

One World Trade Center, 103rd Floor

(Address of Principal Executive Offices)

New York, New York 10048

(City, State, Zip Code)

(212) 938-3773

(Registrant's Telephone Number, Including Area Code)

Indicate by check 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 X No _

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

Class	Outstanding at August 6, 2001
Class A common stock, par value $.01 per share	25,027,794
Class B common stock, par value $.01 per share	29,945,985

PART I--FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

eSpeed, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
As of June 30, 2001 and December 31, 2000

	June 30, 2001 (unaudited)	December 31, 2000
Assets		
Cash	$ 768,016	$ 161,463
Reverse repurchase agreements with related parties	153,249,677	122,002,249
Total cash and cash equivalents	154,017,693	122,163,712
Fixed assets, net	30,430,339	23,441,365
Investments	12,621,478	5,833,679
Intangible assets	4,648,226	--
Other assets	9,153,487	3,683,507
Total assets	$ 210,871,223	$ 155,122,263
Liabilities and Stockholders' Equity		
Liabilities:		
Payable to related parties, net	$ 3,772,539	$ 11,370,248
Accounts payable and accrued liabilities	19,996,119	11,494,262
Total liabilities	23,768,658	22,864,510
Stockholders' Equity:		
Preferred stock, par value $.01 per share; 50,000,000 shares authorized, 8,000,000 shares issued and outstanding	80,000	80,000
Class A common stock, par value $.01 per share; 200,000,000 shares authorized; 24,993,137 and 16,342,202 shares issued and outstanding	249,931	163,422
Class B common stock, par value $.01 per share; 100,000,000 shares authorized; 29,965,985 and 35,520,480 shares issued and outstanding	299,660	355,205
Additional paid-in capital	267,464,877	205,908,024
Subscription receivable	(1,250,000)	(1,250,000)
Unamortized expense of restricted stock awards	(189,237)	--
Unamortized expense of business partner securities	(3,290,100)	--
Accumulated deficit	(76,262,566)	(72,998,898)
Total stockholders' equity	187,102,565	132,257,753
Total liabilities and stockholders' equity	$ 210,871,223	$ 155,122,263

See notes to consolidated financial statements

eSpeed, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months ended June 30, 2001 and June 30, 2000

(unaudited)

	For the three months ended June 30, 2001	For the three months ended June 30, 2000 (as restated, see Note 1)
Revenues:		
Transaction revenues with related parties:		
Fully electronic transactions	$20,802,126	$13,256,054
Voice-assisted brokerage transactions	6,334,161	3,370,116
Screen-assisted open outcry transactions	66,250	688,844
Total transaction revenues with related parties	27,202,537	17,315,014
Software Solution fees from related and unrelated parties	5,209,237	3,100,997
Interest income from related parties	1,667,702	2,085,751
Total revenues	34,079,476	22,501,762
Expenses:		
Compensation and employee benefits	15,537,909	14,440,660
Occupancy and equipment	7,941,481	4,955,490
Professional and consulting fees	2,334,719	3,299,605
Communications and client networks	2,301,870	1,009,638
Marketing	1,501,821	3,670,492
Administrative fees paid to related parties	2,891,482	1,708,428
Non-cash business partner securities	298,900	29,805,305
Other	2,084,499	2,531,786
Total expenses	34,892,681	61,421,404
Loss before provision for income taxes	(813,205)	(38,919,642)
Provision for income taxes:		
Federal	--	--
State and local	158,001	107,500
Total tax provision	158,001	107,500
Net loss	$ (971,206)	$ (39,027,142)
Share and per share data:		
Basic and diluted net loss per share	$ (.02)	$ (.76)
Weighted average shares of common stock outstanding	54,814,868	51,225,449

See notes to consolidated financial statements

eSpeed, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
For the six months ended June 30, 2001 and June 30, 2000

(unaudited)

	For the six months ended June 30, 2001	For the six months ended June 30, 2000 (as restated, see Note 1)
Revenues:		
Transaction revenues with related parties:		
Fully electronic transactions	$ 42,076,159	$ 22,682,541
Voice-assisted brokerage transactions	11,697,623	7,231,356
Screen-assisted open outcry transactions	166,908	1,571,712
Total transaction revenues with related parties	53,940,690	31,485,609
Software Solution fees from related and unrelated parties	8,617,507	6,262,054
Interest income from related parties	3,408,851	3,928,525
Total revenues	65,967,048	41,676,188
Expenses:		
Compensation and employee benefits	31,386,507	25,778,446
Occupancy and equipment	14,914,485	9,655,239
Professional and consulting fees	6,035,128	5,758,693
Communications and client networks	4,202,143	1,849,332
Marketing	2,998,771	4,799,565
Administrative fees paid to related parties	4,842,118	3,312,579
Non-cash business partner securities	298,900	29,805,305
Other	4,294,664	4,470,088
Total expenses	68,972,716	85,429,247
Loss before provision for income taxes	(3,005,668)	(43,753,059)
Provision for income taxes:		
Federal	--	--
State and local	258,000	200,000
Total tax provision	258,000	200,000
Net loss	$ (3,263,668)	$ (43,953,059)
Share and per share data:		
Basic and diluted net loss per share	$ (.06)	$ (.86)
Weighted average shares of common stock outstanding	53,621,091	51,112,724

See notes to consolidated financial statements

eSpeed, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2001 and June 30, 2000

(unaudited)

	For the six months ended June 30, 2001	For the six months ended June 30, 2000
Cash flows from operating activities:		
Net loss	$ (3,263,668)	$ (43,953,059)
Non-cash items included in net loss:		
Depreciation and amortization	3,006,935	1,537,736
Issuance of non-cash business partner securities	298,900	29,805,305
Equity in losses of certain unconsolidated investments	183,108	--
Non-cash issuance of securities under employee benefit plans	251,440	--
(Increase) decrease in operating assets:		
Other assets	(1,455,988)	(1,921,558)
Increase (decrease) in operating liabilities:		
Payable to related parties, net	(7,597,709)	1,684,948
Accounts payable and accrued liabilities	8,501,857	10,412,161
Net cash used in operating activities	(75,125)	(2,434,467)
Cash flows from investing activities:		
Purchases of fixed assets	(5,834,270)	(5,261,877)
Capitalization of software development costs	(4,046,227)	(3,608,676)
Increase in intangible assets	(4,263,639)	--
Purchases of investments	--	(833,679)
Net cash used in investing activities	(14,144,136)	(9,704,232)
Cash flows from financing activities:		
Proceeds from issuance of securities	47,750,000	25,000,000
Proceeds from issuance of securities under the ESPP	393,789	--
Proceeds from exercises of options	414,298	--
Payments for issuance related expenses	(2,484,845)	--
Net cash provided by financing activities	46,073,242	25,000,000
Net increase in cash and cash equivalents	31,853,981	12,861,301
Cash and cash equivalents, beginning of period	122,163,712	134,845,522
Cash and cash equivalents, end of period	$ 154,017,693	$ 147,706,823

Supplemental disclosure of non-cash investing activities:	
Issuance of Class A common stock in exchange for investment	$ 6,970,907
Issuance of Class A common stock in exchange for intangible asset	500,000
Issuance of Class A common stock in exchange for other assets	4,013,992
	$ 11,484,899

See notes to consolidated financial statements

(unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation: eSpeed, Inc. (eSpeed or, together with its direct and indirect wholly owned subsidiaries, the Company) is a majority owned subsidiary of Cantor Fitzgerald Securities (CFS), which in turn is a 99.5% owned subsidiary of Cantor Fitzgerald, L.P. (CFLP, or together with its subsidiaries, Cantor). eSpeed primarily engages in the business of operating interactive vertical electronic marketplaces designed to enable market participants to trade financial and non-financial products more efficiently and at a lower cost than traditional trading environments permit. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company has restated its consolidated financial statements for the three months and six months ended June 30, 2000 to revise its presentation of fully electronic transaction revenues. The restated financial statements reflect, pursuant to guidance contained in the Financial Accounting Standards Board's Emerging Issues Task Force No. 99-19, the Company's fully electronic transactions net of the fulfillment services fees that are paid to related parties. Fully electronic transactions are reflected as transactions with related parties because they are implemented pursuant to services agreements entered into with related parties.

The effect of this change in presentation is to eliminate fulfillment services fee expenses of $7,156,955 and $12,232,756 for the three and six months ended June 30, 2000, respectively, and to reduce the Company's fully electronic transaction revenues in each of those periods by an equal amount. This change in presentation has and will have no effect on the Company's net loss, net income, earnings per share or cash flows for any prior or future period.

The following table summarizes the impact of the restatements:

	Three months ended June 30, 2000		Six months ended June 30, 2000	
	As previously reported	As restated	As previously reported	As restated
Fully electronic transaction revenues	$ 20,413,009	$ 13,256,054	$ 34,915,297	$ 22,682,541
Fulfillment services fee expenses	7,156,955	--	12,232,756	--
Net loss	(39,027,142)	(39,027,142)	(43,953,059)	(43,953,059)
Net loss per share	$ (0.76)	$ (0.76)	$ (0.86)	$ (0.86)

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and reflect all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. Pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC), certain footnote disclosures, which are normally required under GAAP, have been omitted. It is recommended that these consolidated financial statements be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2000. The Consolidated Statement of Financial Condition at December 31, 2000 was derived from audited financial statements. The results of operations for any interim period are not necessarily indicative of results for the full year.

Software Solution fees from related and unrelated parties: Pursuant to various services agreements, the Company recognizes fees from related parties (formerly presented as system services fees from related parties) in amounts generally equal to its actual direct and indirect costs, including overhead, of providing such services at the time when such services are performed. For specific technology support functions that are both utilized by the Company and provided to related parties, the Company allocates the actual costs

of providing such support functions based on the relative usage of such support services by each party. In addition, certain clients of the Company provide online access to their customers through use of the Company's electronic trading platform. The Company receives up-front and/or periodic fees from unrelated parties for the use of its platform (formerly presented as licensing fees). Such fees are deferred and recognized as revenue ratably over the term of the licensing agreement.

Intangible assets: Intangible assets consist primarily of purchased patents. The costs incurred in filing and defending patents are capitalized when management believes such costs serve to enhance the value of the patent. Capitalized costs related to issued patents are amortized over a period not to exceed 17 years or the remaining life of the patent, whichever is shorter, using the straight-line method.

New Accounting Pronouncements: On July 20, 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" (SFAS 141), and SFAS No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. As a result, the pooling-of-interests method will be prohibited. SFAS 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Thus, amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of this Statement, which for the Company will be January 1, 2002. However, for any acquisitions completed after June 30, 2001, goodwill and intangible assets with an indefinite life will not be amortized. The Company does not believe that the adoption of SFAS 141 will have an impact on the business, results of operations or financial condition of the Company. The Company is still evaluating the impact of the adoption of SFAS 142 and has not yet determined the effect of adoption on its business, results of operations and financial condition.

2. Fixed Assets

	June 30, 2001	December 31, 2000
Fixed assets consist of the following:		
Computer and communication equipment	$26,638,761	$19,920,077
Software, including software development costs	16,357,584	12,038,930
Leasehold improvements and other fixed assets	691,297	422,396
	43,687,642	32,381,403
Less accumulated depreciation and amortization	(13,257,303)	(8,940,038)
Fixed assets, net	$30,430,339	$23,441,365

3. Intangible Assets

On April 3, 2001, the Company purchased the exclusive rights to United States Patent No. 4,903,201 (the Wagner Patent) dealing with the process and operation of electronic futures trading systems that include, but are not limited to, energy futures, interest rate futures, single stock futures and equity index futures. The Company purchased the Wagner Patent from Electronic Trading Systems Corporation for an initial payment of $1,750,000 in cash and 24,334 shares of the Company's Class A common stock valued at $500,000. The patent expires in 2007. Additional payments are contingent upon the generation of patent-related revenues. The Company has capitalized approximately $2,300,000 of legal costs associated with the acquisition and defense of the patent.

4. Acquisitions

Freedom

The Company and Cantor formed a limited partnership (the LP) to acquire an interest in Freedom International Brokerage (Freedom), a Canadian government securities broker-dealer and Nova Scotia

unlimited liability company. On April 4, 2001, the Company contributed 310,769 shares of its Class A common stock, valued at $6,970,907, to the LP as a limited partner, which entitles the Company to 75% of the LP's capital interest in Freedom. The Company shares in 15% of the LP's cumulative profits but not in cumulative losses. Cantor contributed 103,588 shares of the Company's Class A common stock as the general partner. Cantor will be allocated all of the LP's cumulative losses or 85% of the cumulative profits. The LP exchanged the 414,357 shares for a 66.7% interest in Freedom. In addition, the Company issued fully vested, non-forfeitable warrants to purchase 400,000 shares of its Class A common stock to provide incentives over the three year period ending April 2004 to the other Freedom owner participants to migrate to the Company's fully electronic platform. The Company recorded additional paid-in capital of $3,589,000 representing the value of the warrants and $298,900 as a non-cash charge for the three months ended June 30, 2001. The remaining unamortized balance of $3,290,100 will be recognized as an expense ratably through April 2004. The Company recorded $298,900 in such non-cash charges for the three months ended June 30, 2001. To the extent necessary to protect the Company from any allocation of losses, Cantor is required to provide future capital contributions to the LP up to an amount that would make Cantor's total contribution equal to the Company's initial investment in the LP. The Company receives 65% of all electronic transaction services revenues and Freedom receives 35% of such revenues. The Company also receives 35% of revenues derived from Freedom's voice-assisted transactions, other miscellaneous transactions and the sale of market data or other information.

The Company entered into this transaction principally to expand its business in Canadian fixed-income, foreign exchange and other capital markets products and to leverage its opportunities to transact business with the six leading Canadian financial institutions that are participants in Freedom. The Company believes that Freedom may experience significant short-term losses as the voice brokerage business of Freedom is converted to a fully electronic marketplace. Accordingly, the Company was willing to accept a reduced profits interest in order to avoid recognizing potentially significant short-term losses prior to the anticipated achievement by Freedom of profitability. The Company determined the appropriate number of shares and warrants to be issued by it in this transaction based on the anticipated benefits to be realized by it and the structure of the profit and loss arrangement.

TreasuryConnect

On May 25, 2001, the Company acquired all the interests in TreasuryConnect LLC, a company that operated an electronic trade communication and execution platform for OTC derivatives, in exchange for 188,009 shares of the Company's Class A common stock, valued at $4,013,992. The net assets of TreasuryConnect LLC, including goodwill, are presented in Other assets in the Consolidated Statement of Financial Condition, pending final allocation of the purchase price to the net assets acquired. The Company's consolidated financial statements include the operating results of TreasuryConnect LLC from the date of acquisition. Pro forma results of operations have not been presented because the effects of the acquisition were not material on either an individual or an aggregate basis.

5. Secondary Offering of Securities

On March 13, 2001, the Company and selling stockholders, including CFS, completed a secondary offering of 7,135,000 shares of the Company's Class A common stock to the public at $20 per share. Of the Class A common stock offered, 2,500,000 shares were sold by the Company, and 4,635,000 shares were sold by the selling stockholders, principally CFS. Proceeds to the Company, net of underwriting discounts and offering costs, were $45,887,378. On April 11, 2001, CFS sold an additional 250,000 shares of Class A common stock in connection with the exercise of the underwriters' over-allotment option.

6. Employee Share Transactions

The Employee Stock Purchase Plan (the ESPP) permits eligible employees to purchase shares of Class A common stock at a discount. At the end of each purchase period, as defined, accumulated payroll deductions are used to purchase stock at 85% of the lowest market price at various defined dates during

the offering period. The Company issued 29,511 shares of Class A common stock, generating proceeds of $393,789 during the six months ended June 30, 2001.

During the six months ended June 30, 2001, the Company issued 18,833 shares of its Class A common stock to employees as a result of exercises of options with a strike price of $22. The options had been granted pursuant to the eSpeed, Inc. 1999 Long-Term Incentive Plan (the LT Plan).

In March 2001, the Company issued 10,934 shares of restricted Class A common stock valued at $220,247 to certain employees under the LT Plan. The shares vest over four years. For the six months ended June 30, 2001, the Company recognized $31,008 of compensation expense related to the awards.

In the six months ended June 30, 2001, the Company issued 14,050 shares of its Class A common stock, valued at $220,432, as the Company's matching contribution to the eSpeed Inc. Deferral Plan for Employees of Cantor Fitzgerald, L.P. and it Affiliates with respect to employee contributions in 2000.

7. Regulatory Capital Requirements

Through its subsidiary, eSpeed Government Securities, Inc., the Company is subject to SEC broker-dealer regulation under Section 15C of the Securities Exchange Act of 1934, which requires the maintenance of minimum liquid capital, as defined. At June 30, 2001, eSpeed Government Securities, Inc.'s liquid capital of $48,699,266 was in excess of minimum requirements by $48,674,265.

Additionally, the Company's subsidiary, eSpeed Securities, Inc., is subject to SEC broker-dealer regulation under Rule 17a-5 of the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At June 30, 2001, eSpeed Securities, Inc. had net capital of $5,754,633, which was $5,740,517 in excess of its required net capital, and eSpeed Securities, Inc.'s net capital ratio was .74 to 1.

8. Income Taxes

Since the date of the Company's initial public offering (the Offering), the Company has been subject to income tax as a corporation. Net operating losses (NOLs) from that date, approximating $30,300,000, will be available on a carry forward basis to offset future operating income of the Company. However, a valuation allowance has been recorded at June 30, 2001 to offset the full amount of the NOLs as realization of this deferred tax benefit is dependent upon generating sufficient taxable income prior to the expiration of the NOLs.

9. Related Parties

All of the Company's Reverse Repurchase Agreements are transacted on an overnight basis with CFS. Under the terms of these agreements, the securities collateralizing the Reverse Repurchase Agreements are held under a custodial arrangement with a third party bank and are permitted to be resold or repledged. The fair value of such collateral at June 30, 2001 and December 31, 2000 totaled $152,993,368 and $122,620,469, respectively.

Investments in TradeSpark and the LP that invested in Freedom are accounted for using the equity method. The carrying value of such related party investments approximated $8,800,000 at June 30, 2001, and is included in Investments in the Consolidated Statement of Financial Condition.

(unaudited)

Under a Joint Services Agreement between the Company and Cantor and Services Agreements between the Company and TradeSpark and the Company and Freedom, the Company owns and operates the electronic trading system and is responsible for providing electronic brokerage services, and Cantor, TradeSpark or Freedom provides voice-assisted brokerage services, fulfillment services, such as clearance and settlement, and related services, such as credit risk management services, oversight of client suitability and regulatory compliance, sales positioning of products and other services customary to marketplace intermediary operations. In general, for fully electronic transactions, the Company receives 65% of the transaction revenues and Cantor, TradeSpark or Freedom receives 35% of the transaction revenues. In general, for voice-assisted brokerage transactions, the Company receives 7% of the transaction revenues, in the case of Cantor transactions, and 35% of the transaction revenues, in the case of TradeSpark or Freedom transactions. In addition, the Company receives 25% of the net revenues from Cantor's gaming businesses.

Under those services agreements, the Company has agreed to provide Cantor, TradeSpark and Freedom technology support services, including systems administration, internal network support, support and procurement for desktops of end-user equipment, operations and disaster recovery services, voice and data communications, support and development of systems for clearance and settlement services, systems support for brokers, electronic applications systems and network support, and provision and/or implementation of existing electronic applications systems, including improvements and upgrades thereto, and use of the related intellectual property rights. In general, the Company charges Cantor, TradeSpark and Freedom the actual direct and indirect costs, including overhead, of providing such services and receives payment on a monthly basis. In exchange for a 25% share of the net revenues from Cantor's gaming businesses, the Company is obligated to spend and does not get reimbursed for the first $750,000 each quarter of costs of providing support and development services for such gaming businesses. The related party revenues earned under these agreements totaled $5,009,737 and $7,969,587 for the three and six month periods ended June 30, 2001, and $3,100,997 and $6,262,054 for the three and six month periods ended June 30, 2000 and are included in "Software Solution fees from related and unrelated parties."

Pursuant to guidance contained in the Financial Accounting Standards Board's Emerging Issues Task Force No. 99-19, the Company's fully electronic transactions are reflected net of the fulfillment services fees that are paid to related parties. Fully electronic transactions are reflected as transactions with related parties because they are implemented pursuant to services agreements entered into with related parties.

Under an Administrative Services Agreement, Cantor provides various administrative services to the Company, including accounting, tax, legal and facilities management. The Company is required to reimburse Cantor for the cost of providing such services. The costs represent the direct and indirect costs of providing such services and are determined based upon the time incurred by the individual performing such services. Management believes that this allocation methodology is reasonable. The Administrative Services Agreement has a three-year term which will renew automatically for successive one-year terms unless cancelled upon six months' prior notice by either the Company or Cantor.

10. Commitment and Contingency

There have been no significant changes in commitments and contingencies from the matters described in the notes to the Company's consolidated financial statements as of and for the year ended December 31, 2000.

11. Segment and Geographic Data

Segment Information: The Company currently operates its business in one segment, that of operating interactive electronic vertical marketplaces for the trading of financial and non-financial products, licensing software and providing technology support services to Cantor and other related parties.

Geographic Information: The Company operates in the Americas, Europe and Asia. Revenue attribution for purposes of preparing geographic data is principally based upon the marketplace where the financial product is traded, which, as a result of regulatory jurisdiction constraints in most circumstances, is also representative of the location of the client generating the transaction resulting in commissionable

revenue. The information that follows, in management's judgment, provides a reasonable representation of the activities of each region as of and for the periods indicated.

Transaction Revenues:	Three months ended June 30, 2001	Three months ended June 30, 2000 (restated)	Six months ended June 30, 2001	Six months ended June 30, 2000 (restated)
Europe	$ 4,850,998	$ 3,130,169	$ 10,192,634	$ 5,791,563
Asia	602,009	178,849	1,382,033	370,477
Total Non-Americas	5,453,007	3,309,018	11,574,667	6,162,040
Americas	21,749,530	14,005,996	42,366,023	25,323,569
Total	$ 27,202,537	$ 17,315,014	$ 53,940,690	$ 31,485,609

Average long-lived assets:	June 30, 2001	December 31, 2000
Europe	$ 3,366,630	$ 2,225,886
Asia	532,263	791,570
Total Non-Americas	3,898,893	3,017,456
Americas	23,036,959	13,736,827
Total	$ 26,935,852	$ 16,754,283

12. Subsequent Event

On July 30, 2001, the Company entered into an agreement with Deutsche Bank, AG (Deutsche Bank), whereby Deutsche Bank will channel its electronic market-making engines and liquidity for specified fixed income products using the Company's electronic trading platform. In connection with the agreement, Deutsche Bank purchased 750 shares of Series C Redeemable Convertible Preferred Stock (Series C Preferred) of the Company at its par value of $0.01 per share. Each share of the Series C Preferred is convertible at the option of Deutsche Bank into 10 shares of the Company's Class A common stock at anytime during the five years ended July 31, 2006. Accordingly, as of the date of purchase the Company will recognize a non-cash charge of $110,925, representing the value of such Class A common stock into which the Series C Preferred may be converted. At the end of each year of the five year agreement in which Deutsche Bank fulfills its liquidity and market-making obligations for specified products, 150 shares of Series C Preferred will automatically convert into warrants to purchase 150,000 shares of the Company's Class A common stock at an exercise price of $14.79 per share. To the extent that Deutsche Bank fulfills its obligations under the agreement, the Company will recognize additional non-cash charges based upon the value of the warrants. At the end of the five year period, to the extent that Deutsche Bank does not fulfill its obligations under the agreement and Series C Preferred shares remain outstanding, the Company has the option to redeem each share of the Series C Preferred outstanding in exchange for 10 shares of the Company's Class A common stock.

On August 7, 2001, the Company purchased the exclusive rights to United States Patent No. 5,915,209 (the Lawrence Patent) covering electronic auctions of fixed income securities. The patent expires in 2014. The Company purchased the Lawrence Patent for an initial payment of $900,000 in cash payable over three years, and 15,000 warrants to purchase the Company's Class A common stock at an exercise price of $16.08. The warrants expire on August 6, 2011. Additional payments are contingent upon the generation of patent-related revenues.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information in this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause or contribute to such a discrepancy include, but are not limited to, our limited operating history, the possibility of future losses and negative cash flow from operations, the effect of market conditions, including volume and volatility on our business, our ability to enter into marketing and strategic alliances, to effectively manage our growth, to expand the use of our electronic system and to induce clients to use our marketplaces and services, and other factors that are discussed under "Risk Factors" in our Annual Report on Form 10-K/A for the year ended December 31, 2000. The following discussion is qualified in its entirety by, and should be read in conjunction with, the more detailed information set forth in our financial statements and the notes thereto appearing elsewhere in this filing.

As discussed in Note 1 to the financial statements, the Company has restated its financial statements for the three and six months ended June 30, 2000. The accompanying discussion and analysis gives effect to that restatement.

Overview

eSpeed, Inc. was incorporated on June 3, 1999 as a Delaware corporation. Our direct and indirect wholly owned subsidiaries are eSpeed Securities, Inc., eSpeed Government Securities, Inc., eSpeed Markets, Inc., eSpeed International Limited, eSpeed (Canada), Inc., eSpeed (Japan) Limited, eSpeed (Australia) Pty Limited, eSpeed (Hong Kong) Holdings I, Inc., eSpeed (Hong Kong) Holdings II, Inc. and eSpeed (Hong Kong) Limited. Prior to our initial public offering in December 1999, we were a wholly-owned subsidiary of, and we conducted our operations as a division of, Cantor Fitzgerald Securities, which in turn is a 99.5%-owned subsidiary of Cantor Fitzgerald, L.P. (collectively with its affiliates, Cantor). We commenced operations as a division of Cantor on March 10, 1999, the date the first fully electronic transaction using our eSpeed(R) system was executed. Cantor had been developing systems to promote fully electronic marketplaces since the early 1990s. Since January 1996, Cantor has used our eSpeed(R) system internally to conduct electronic trading.

Concurrent with our initial public offering in December 1999, Cantor contributed to us, and we acquired from Cantor, certain of our assets. These assets primarily consist of proprietary software, network distribution systems, technologies and other related contractual rights that comprise our eSpeed(R) system.

We operate interactive electronic marketplaces and provide customized real-time software solutions to our clients. In general, we receive transaction fees based on a percentage of the face value of products traded through our system. Products may be traded on a fully electronic basis, electronically through a voice broker, or via open outcry with prices displayed on data screens. Additionally, we receive revenues from licensing software and providing technology support.

We are pursuing an aggressive strategy to expand our client base and expand the number and types of products that our clients can trade electronically on our system. Other than Cantor, no client of ours accounted for more than 10% of our revenues from our date of inception through June 30, 2001.

Results of Operations

For the Three Months Ended June 30, 2001 and June 30, 2000

Revenues

	Three months ended	
	June 30, 2001	June 30, 2000
Transaction revenues with related parties:		
Fully electronic transactions	$ 20,802,126	$ 13,256,054
Voice-assisted brokerage transactions	6,334,161	3,370,116
Screen-assisted open outcry transactions	66,250	688,844
Total transaction revenues with related parties	27,202,537	17,315,014
Software Solution fees from related and unrelated parties	5,209,237	3,100,997
Interest income from related parties	1,667,702	2,085,751
Total revenues	$ 34,079,476	$ 22,501,762

Transaction revenues with related parties

Under a Joint Services Agreement between us and Cantor and Services Agreements between us and TradeSpark and between us and Freedom, we own and operate the electronic trading system and are responsible for providing electronic brokerage services, and Cantor, TradeSpark or Freedom provides voice-assisted brokerage services, fulfillment services, such as clearance and settlement, and related services, such as credit risk management services, oversight of client suitability and regulatory compliance, sales positioning of products and other services customary to marketplace intermediary operations. In general, for fully electronic transactions, we receive 65% of the transaction revenues and Cantor, TradeSpark or Freedom receives 35% of the transaction revenues. In general, for voice-assisted brokerage transactions, we receive 7% of the transaction revenues, in the case of Cantor transactions, and 35% of the transaction revenues, in the case of TradeSpark and Freedom transactions. In addition, we receive 25% of the net revenues from Cantor's gaming businesses operated by the subsidiaries of Cantor Index Holdings, L.P. (collectively, Cantor Index).

For the three months ended June 30, 2001, we earned transaction revenues with related parties of $27,202,537 as compared to $17,315,014 for the three months ended June 30, 2000, an increase of 57%. The growth in these revenues was attributable to the continued increase in the number of products available on and clients trading on our eSpeed(R) system. For the three months ended June 30, 2001, 76% of our transaction revenues were generated from fully electronic transactions.

Our revenues are currently highly dependent on transaction volume in the global financial product markets. Accordingly, among other things, equity market volatility, economic and political conditions in the United States and elsewhere in the world, concerns over inflation, institutional and consumer confidence levels, the availability of cash for investment by mutual funds and other wholesale and retail investors, fluctuating interest and exchange rates and legislative and regulatory changes and currency values may have an impact on our volume of transactions. We anticipate expanded usage of our eSpeed(R) system for non-financial products. As additional clients utilize our eSpeed(R) system (for both financial and non-financial products), we expect that our transaction revenues will continue to increase and our reliance on fixed income financial products will decrease.

Software Solution fees from related and unrelated parties

Under various services agreements, we provide Cantor, TradeSpark and Freedom technology support services, including systems administration, internal network support, support and procurement for desktops of end-user equipment, operations and disaster recovery services, voice and data communications, support and development of systems for clearance and settlement services, systems support for brokers, electronic applications systems and network support, and provision and/or

implementation of existing electronic applications systems, including improvements and upgrades thereto, and use of the related intellectual property rights. In general, we charge Cantor, TradeSpark and Freedom the actual direct and indirect costs, including overhead, of providing such services and receive payment on a monthly basis; provided, however, in exchange for a 25% share of the net revenues from Cantor Index, we are obligated to spend, and do not otherwise get reimbursed for, the first $750,000 each quarter of costs for providing technology support and development services in connection with such businesses. In addition, certain clients of the Company provide online access to their customers through use of the Company's electronic trading platform for which the Company receives fees (formerly presented as licensing fees). Such fees are deferred and recognized as revenue ratably over the term of the licensing agreement. The revenues earned from Cantor, TradeSpark and Freedom under such services agreements and the revenues earned under the licensing agreements are collectively referred to as Software Solution fees.

Software Solution fees for the three months ended June 30, 2001 were $5,209,237. This compares with Software Solution fees for the three months ended June 30, 2000 of $3,100,997, an increase of 68%. For the three months ended June 30, 2001, Software Solution fees increased primarily as a result of an increase in support provided to Cantor as well as support provided to TradeSpark and Freedom.

Interest income from related parties

For the three months ended June 30, 2001, we generated interest income from related parties on overnight reverse repurchase agreements of $1,667,702, at a weighted average interest rate of 4.2%, as compared to interest income of $2,085,751, at a weighted average interest rate of 5.9%, for the three months ended June 30, 2000. This decrease reflects the fact that interest rates in 2001 were significantly lower than in 2000.

Expenses

	Three months ended	
	June 30, 2001	June 30, 2000
Compensation and employee benefits	$ 15,537,909	$ 14,440,660
Occupancy and equipment	7,941,481	4,955,490
Professional and consulting fees	2,334,719	3,299,605
Communications and client networks	2,301,870	1,009,638
Marketing	1,501,821	3,670,492
Administrative fees paid to related parties	2,891,482	1,708,428
Non-cash business partner securities	298,900	29,805,305
Other	2,084,499	2,531,786
Total expenses	$ 34,892,681	$ 61,421,404

Compensation and employee benefits

At June 30, 2001, we had approximately 484 professionals, as compared to approximately 463 employees at June 30, 2000. Substantially all of our employees are full time employees located predominantly in New York and London. Compensation costs include salaries, bonus accruals, payroll taxes and costs of employer-provided benefits for our employees. For the three months ended June 30, 2001, our compensation costs were $15,537,909 as compared to $14,440,660 for the three months ended June 30, 2000, an increase of 8%, principally due to our increased number of employees.

Occupancy and equipment

Occupancy and equipment costs were $7,941,481 for the three months ended June 30, 2001 as compared to occupancy and equipment costs of $4,955,490 for the three months ended June 30, 2000, an increase of 60%. The increase in occupancy and equipment costs was due to the expansion of space needed to accommodate our additional operations and an increase in the number of our locations, including our new concurrent computing center in New Jersey. Our equipment expenses should continue to increase as we

invest in technology and related equipment, but at a slower rate. Occupancy expenditures primarily consist of the rent and facilities costs of our New York, London and Tokyo offices.

Professional and consulting fees

Professional and consulting fees were $2,334,719 for the three months ended June 30, 2001 as compared to $3,299,605 for the three months ended June 30, 2000, a decrease of 29%, primarily due to a decrease in contract employee personnel costs.

Communications and client networks

Communications costs were $2,301,870 for the three months ended June 30, 2001, a 128% increase over communication costs of $1,009,638 for the three months ended June 30, 2000. Communications costs include the costs of local and wide area network infrastructure, the cost of establishing the client network linking clients to us, data and telephone lines, data and telephone usage and other related costs. The increase in costs was attributable to the continuing expansion of our globally managed digital network. We expect such costs to increase as we continue to expand into new marketplaces and geographic locations and establish additional communication links with clients.

Marketing

We incurred marketing expenses of $1,501,821 during the three months ended June 30, 2001 as compared to marketing expenses during the three month period ended June 30, 2000 of $3,670,492, a decrease of 59%, principally due to the second quarter 2000 launch of a national advertising campaign. Although we do not anticipate that our marketing expenses will significantly change over the foreseeable future with respect to our current operations, they may increase as we expand the scope of our business.

Administrative fees paid to related parties

Under an Administrative Services Agreement, Cantor provides various administrative services to us, including accounting, tax, legal and facilities management, for which we reimburse Cantor for the direct and indirect cost of providing such services. Administrative fees paid to related parties were $2,891,482 for the three months ended June 30, 2001 as compared to administrative fees of $1,708,428 for the three months ended June 30, 2000, an increase of 69%. Administrative fees increased due to the expanded scope of our business. As we continue to expand our business, administrative fees will also likely increase, but at a slower rate.

Non-cash business partner securities

In April 2001, we issued fully vested, non-forfeitable, warrants to purchase 400,000 shares of our Class A common stock to Freedom owner participants to provide incentives to migrate to our fully electronic platform. We will record non-cash charges over the next three years of approximately $3,600,000, representing the value of the warrants at the time of issue. We recorded a non-cash charge of $298,900 in the second quarter 2001, representing three months of such non-cash expense.

In June 2000, Dynegy and Williams each purchased 789,071 shares of our Class A common stock for a purchase price of $25,000,000, for a total of $50,000,000. Pursuant to a stock purchase agreement with Cantor, we purchased from Cantor 789,071 shares of our Class A common stock for a purchase price of $25,000,000. As a result, our capital increased by a net amount of $25,000,000. Additionally, each of Dynegy and Williams received fully vested warrants to purchase an additional 666,666 shares of Class A common stock at an exercise price of $35.203125 per share. In connection with the issuance of the warrants, we recorded a non-cash, non-operating charge against earnings of $29,805,305 to reflect the cost of the warrants.

Other expenses

Other expenses consist primarily of recruitment fees, travel, promotional and entertainment expenditures. For the three months ended June 30, 2001, other expenses were $2,084,499 as compared to other expenses of $2,531,786 for the three months ended June 30, 2000, a decrease of 18%, principally as a result of decreased recruitment fees.

Net loss

Excluding non cash charges, our net loss was $672,306 for the three months ended June 30, 2001. Including the non-cash charges, we incurred a net loss of $971,206 for the three months ended June 30, 2001. Although we do not expect to incur operating losses in the third quarter of 2001, market conditions, including from seasonality, may cause us to incur such losses for the third quarter as we continue to develop our business, systems and infrastructure and expand our brand recognition and client base.

Results of Operations

For the Six Months Ended June 30, 2001 and June 30, 2000

Revenues

	Six months ended	
	June 30, 2001	June 30, 2000
Transaction revenues with related parties:		
Fully electronic transactions	$ 42,076,159	$ 22,682,541
Voice-assisted brokerage transactions	11,697,623	7,231,356
Screen-assisted open outcry transactions	166,908	1,571,712
Total transaction revenues with related parties	53,940,690	31,485,609
Software Solution fees from related and unrelated parties	8,617,507	6,262,054
Interest income from related parties	3,408,851	3,928,525
Total revenues	$ 65,967,048	$ 41,676,188

Transaction revenues with related parties

For the six months ended June 30, 2001, we earned transaction revenues with related parties of $53,940,690 as compared to $31,485,609 for the six months ended June 30, 2000, an increase of 71%. The growth in these revenues was attributable to the continued increase in the number of products available on and clients trading on our eSpeed(R) system. For the six months ended June 30, 2001, 78% of our transaction revenues were generated from fully electronic transactions.

Software Solution fees from related and unrelated parties

Software Solution fees for the six months ended June 30, 2001 were $8,617,507. This compares with Software Solution fees for the six months ended June 30, 2000 of $6,262,054, an increase of 38%. For the six months ended June 30, 2001, Software Solution fees increased primarily as a result of an increase in support provided to Cantor as well as support provided to TradeSpark and Freedom.

Interest income from related parties

For the six months ended June 30, 2001, we generated interest income from related parties on overnight reverse repurchase agreements of $3,408,851, at a weighted average interest rate of 4.8%, as compared to interest income of $3,928,525, at a weighted average interest rate of 5.7% for the six months ended June 30, 2000. This decrease reflects the fact that interest rates in 2001 were significantly lower than in 2000.

Expenses

	Six months ended	
	June 30, 2001	June 30, 2000
Compensation and employee benefits	$ 31,386,507	$ 25,778,446
Occupancy and equipment	14,914,485	9,655,239
Professional and consulting fees	6,035,128	5,758,693
Communications and client networks	4,202,143	1,849,332
Marketing	2,998,771	4,799,565
Administrative fees paid to related parties	4,842,118	3,312,579
Non-cash business partner securities	298,900	29,805,305
Other	4,294,664	4,470,088
Total expenses	$ 68,972,716	$ 85,429,247

Compensation and employee benefits

At June 30, 2001, we had approximately 484 professionals, as compared to approximately 463 employees at June 30, 2000. Substantially all of our employees are full time employees located predominantly in New York and London. Compensation costs include salaries, bonus accruals, payroll taxes and costs of employer-provided benefits for our employees. For the six months ended June 30, 2001, our compensation costs were $31,386,507 as compared to $25,778,446 for the six months ended June 30, 2000, an increase of 22%, principally due to our increased number of employees.

Occupancy and equipment

Occupancy and equipment costs were $14,914,485 for the six months ended June 30, 2001 as compared to occupancy and equipment costs of $9,655,239 for the six months ended June 30, 2000, an increase of 54%. The increase in occupancy and equipment costs was due to the expansion of space needed to accommodate our additional operations and an increase in the number of our locations, including our new concurrent computing center in New Jersey. Occupancy expenditures primarily consist of the rent and facilities costs of our New York, London and Tokyo offices.

Professional and consulting fees

Professional and consulting fees were $6,035,128 for the six months ended June 30, 2001 as compared to $5,758,693 for the six months ended June 30, 2000, an increase of 5%, due to an increase in our strategic investment activities and expenses incurred in connection with technology development.

Communications and client networks

Communications costs were $4,202,143 for the six months ended June 30, 2001, a 127% increase over communication costs of $1,849,332 for the six months ended June 30, 2000. Communications costs include the costs of local and wide area network infrastructure, the cost of establishing the client network linking clients to us, data and telephone lines, data and telephone usage and other related costs. The increase in costs was attributable to the continuing expansion of our globally managed digital network.

Marketing

We incurred marketing expenses of $2,998,771 during the six months ended June 30, 2001, as compared to marketing expenses during the six month period ended June 30, 2000 of $4,799,565, a decrease of 38%, principally due to the second quarter 2000 launch of a national advertising campaign.

Administrative fees paid to related parties

Under an Administrative Services Agreement, Cantor provides various administrative services to us, including accounting, tax, legal and facilities management, for which we reimburse Cantor for the direct and indirect cost of providing such services. Administrative fees paid to related parties were $4,842,118 for the six months ended June 30, 2001 as compared to administrative fees of $3,312,579 for the six months ended June 30, 2000, an increase of 46%. Administrative fees increased due to the expanded scope of our business.

Non-cash business partner securities

In April 2001, we issued fully vested, non-forfeitable, warrants to purchase 400,000 shares of our Class A common stock to Freedom owner participants to provide incentives to migrate to our fully electronic platform. We will record non-cash charges over the next three years of approximately $3,600,000, representing the value of the warrants at the time of issue. We recorded a non-cash charge of $298,900 in the second quarter 2001, representing three months of such non-cash expense.

In June 2000, Dynegy and Williams each purchased 789,071 shares of our Class A common stock for a purchase price of $25,000,000, for a total of $50,000,000. Pursuant to a stock purchase agreement with Cantor, we purchased from Cantor 789,071 shares of our Class A common stock for a purchase price of $25,000,000. As a result, our capital increased by a net amount of $25,000,000. Additionally, each of Dynegy and Williams received fully vested warrants to purchase an additional 666,666 shares of Class A common stock at an exercise price of $35.203125 per share. In connection with the issuance of the warrants, we recorded a non-cash, non-operating charge against earnings of $29,805,305 to reflect the cost of the warrants.

Other expenses

Other expenses consist primarily of recruitment fees, travel, promotional and entertainment expenditures. For the six months ended June 30, 2001, other expenses were $4,294,664 as compared to other expenses of $4,470,088 for the six months ended June 30, 2000, a decrease of 4%, principally as a result of decreased recruitment fees.

Net loss

Excluding non-cash charges, our net loss was $2,964,768 for the six months ended June 30, 2001. Including the non-cash charges, we incurred a net loss of $3,263,668 for the six months ended June 30, 2001.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2001, we had cash and cash equivalents of $154.0 million, an increase of $31.9 million as compared to December 31, 2000. We used cash of $0.1 million in our operating activities, consisting of net income after non-cash items of $0.5 million net of $0.6 million of other changes in operating assets and liabilities. We also used $14.1 million to purchase additional fixed assets and intangible assets, including the costs incurred to develop software and perfect our interest in patents, offset by $46.1 million of net proceeds from the sale of our Class A common stock principally related to our public offering in March 2001.

Our operating cash flows consist of transaction revenues, Software Solution fees from related and unrelated parties, various fees paid to or costs reimbursed to Cantor, TradeSpark or Freedom, other costs paid directly by us and investment income. Under the Administrative Services Agreement with Cantor and our various services agreements, any net receivable or payable is generally settled monthly, at the discretion of the parties.

Although we have no material commitments for capital expenditures, we anticipate that we will continue with our capital expenditures and lease commitments consistent with our operations and infrastructure. We currently do not anticipate that we will experience growth in our operating expenses for the foreseeable future.

Under the current operating structure, our cash flows from operations and our other cash resources should be sufficient to fund our current working capital and current capital expenditure requirements for at least the next 12 months. 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, strategic alliances and joint ventures potentially involving all types and combinations of equity, debt, acquisition, recapitalization and reorganization alternatives. We are continually considering such options and their effect on our liquidity and capital resources.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

We have invested $153,249,677 of our cash in securities purchased under reverse repurchase agreements with Cantor, which are fully collateralized by U.S. Government securities held in a custodial account at The Chase Manhattan Bank. These reverse repurchase agreements have an overnight maturity and, as such, are highly liquid. We do not use derivative financial instruments, derivative commodity instruments or other market risk sensitive instruments, positions or transactions. Accordingly, we believe that we are not subject to any material risks arising from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices or other market changes that affect market risk sensitive instruments. Our policy is to invest our cash in a manner that provides us with the appropriate level of liquidity to enable us to meet our current obligations, primarily accounts payable, capital expenditures and payroll, recognizing that we do not currently have outside bank funding.

PART II. OTHER INFORMATION

ITEM 2. Changes in Securities and Use of Proceeds.

(c) On April 4, 2001, we contributed, for a limited partnership interest, 310,769 shares of our Class A common stock to a limited partnership (the LP) formed by us and Cantor to acquire an interest in Freedom International Brokerage (Freedom), a Canadian government securities broker-dealer and Nova Scotia unlimited liability company, which entitles us to 75% of the LP's capital interest in Freedom. We share in 15% of the LP's cumulative profits but not in cumulative losses. Cantor contributed 103,588 shares of the Company's Class A common stock as the general partner. Cantor will be allocated all of the LP's cumulative losses or 85% of the cumulative profits. The LP exchanged the 414,357 shares for a 66.7% interest in Freedom. In addition, we issued fully vested, non-forfeitable warrants to purchase 400,000 shares of our Class A common stock at an exercise price of $22.43 to provide incentives to the other Freedom owner participants to migrate to the Company's fully electronic platform. The warrants become exercisable over a three year period.

On May 3, 2001, we purchased the exclusive rights to United States Patent No. 4,903,201 (the Wagner Patent) dealing with the process and operation of electronic futures trading systems that include, but are not limited to, energy futures, interest rate futures, single stock futures and equity index futures. We purchased the Wagner Patent from Electronic Trading Systems Corporation for an initial payment of $1,750,000 in cash and 24,334 shares of the Company's Class A common stock. Additional payments are contingent upon the generation of patent-related revenues.

On May 25, 2001, we acquired all the interests in TreasuryConnect LLC, a company that operated an electronic trade communication and execution platform for OTC derivatives, in exchange for 188,009 shares of our Class A common stock.

On July 30, 2001, pursuant to an agreement under which Deutsche Bank AG agreed to channel its electronic market-making engines and liquidity for specified fixed income products using the Company's electronic trading platform, we issued 750 shares of Series C Redeemable Convertible Preferred Stock (Series C Preferred Stock) to Deutsche Bank. At the end of each year of the five year agreement in which Deutsche Bank fulfills its liquidity and market-making obligations for specified products as agreed, 150 shares of Series C Preferred Stock will automatically convert into exercisable warrants to purchase 150,000 shares of our Class A common stock at an exercise price of $14.79 per share. Each share of the Series C Preferred is convertible at the option of Deutsche Bank into ten shares of our Class A common stock (the Optional Conversion Rate) at any time during the five years ended July 31, 2006. If the conditions to

conversion are not satisfied, at the end of the five year agreement each share of the Series C Preferred Stock then outstanding may be redeemed at our option, at the Optional Conversion Rate.

The sales of securities described above were exempt from registration under the Securities Act of 1933 in reliance on Section 4(2) of such Act and/or Regulation D thereunder. We relied on the following criteria to make such exemption available: the number of offerees and purchasers, the size and manner of the offering, the sophistication of the offerees and purchasers and the availability of material information.

(d) The effective date of our registration statement (Registration No. 333-87475) filed on Form S-1 relating to our initial public offering of Class A common stock was December 9, 1999. In our initial public offering, we sold 7,000,000 shares of Class A common stock at a price of $22.00 per share and CFS, the selling stockholder, sold 3,350,000 shares of Class A common stock at a price of $22.00 per share. Our initial public offering was managed on behalf of the underwriters by Warburg Dillon Read LLC, Hambrecht & Quist, Thomas Weisel Partners LLC and Cantor Fitzgerald & Co. The offering commenced on December 10, 1999 and closed on December 15, 1999. Proceeds to us from our initial public offering, after deduction of the underwriting discounts and commissions of approximately $10.0 million and offering costs of $4.4 million, totaled approximately $139.6 million. None of the expenses incurred in our initial public offering were direct or indirect payments to our directors, officers, general partners or their associates, to persons owning 10% or more of any class of our equity securities or to our affiliates. Of the $139.6 million raised, approximately $5.8 million has been used to fund investments in various entities, approximately $35.1 million has been used to acquire fixed assets and to pay for the development of capitalized software, approximately $4.3 million has been used to purchase and perfect intangible assets and approximately $10.4 million has been used for other working capital purposes. The remaining $84.0 million has been invested in reverse repurchase agreements which are fully collateralized by U.S. Government Securities held in a custodial account at a third-party bank.

Of the amount of proceeds spent through June 30, 2001, approximately $13.0 million has been paid to Cantor under the Administrative Services Agreement between Cantor and us.

ITEM 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit Number	Description
3.5	Certificate of Designations, Preferences and Rights of Series C Redeemable Convertible Preferred Stock of eSpeed, Inc.
10.19	Registration Rights Agreement, dated as of July 30, 2001, among eSpeed, Inc. and the Investors named therein.
10.20	Amended and Restated Joint Services Agreement, dated as of April 1, 2001, by and among Cantor Fitzgerald, L.P., a Delaware limited partnership, on behalf of itself and its direct and indirect, current and future, subsidiaries, other than eSpeed, Inc. and its direct and indirect, current and future, subsidiaries, and eSpeed, Inc., a Delaware corporation, on behalf of itself and its direct and indirect, current and future, subsidiaries.
10.21	Warrant Agreement, dated as of April 4, 2001, among eSpeed, Inc. and the Freedom participants named therein.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

eSpeed, Inc.

(Registrant)

/s/ Howard W. Lutnick

Howard W. Lutnick
Chairman and Chief Executive Officer

/s/ Jeffrey G. Goldflam

Jeffrey G. Goldflam
Senior Vice President
and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: August 14, 2001

EXHIBIT INDEX

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10.19	Registration Rights Agreement, dated as of July 30, 2001, among eSpeed, Inc. and the Investors named therein.
10.20	Amended and Restated Joint Services Agreement, dated as of April 1, 2001, by and among Cantor Fitzgerald, L.P., a Delaware limited partnership, on behalf of itself and its direct and indirect, current and future, subsidiaries, other than eSpeed, Inc. and its direct and indirect, current and future, subsidiaries, and eSpeed, Inc., a Delaware corporation, on behalf of itself and its direct and indirect, current and future, subsidiaries.
10.21	Warrant Agreement, dated as of April 4, 2001, among eSpeed, Inc. and the Freedom participants named therein.

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS
OF
SERIES C REDEEMABLE CONVERTIBLE PREFERRED STOCK
OF
eSPEED, INC.

eSpeed, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY
CERTIFY THAT:

Pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board") by the Amended and Restated Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") and pursuant to the provisions of ss.151 of the General Corporation Law of the State of Delaware, the Board, at a meeting held on July 12, 2001, adopted the following resolution providing for the designations, preferences and relative, participating, optional and other rights, and the qualifications, limitations and restrictions of the Series C Redeemable Convertible Preferred Stock.

WHEREAS, the Certificate of Incorporation provides for two classes of stock known as common stock, $.01 par value per share (the "Common Stock"), and preferred stock, $.01 par value per share ("Preferred Stock");

WHEREAS, the shares of Common Stock have been designated as Class A Common Stock, $.01 par value per share (the "Class A Common Stock"), and Class B Common Stock, $.01 par value per share; and

WHEREAS, the Board is authorized by the Certificate of Incorporation to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in such series and to fix the designations, preferences and rights of the shares of each such series and the qualifications, limitations and restrictions thereof.

NOW, THEREFORE, BE IT RESOLVED, that the Board deems it advisable to, and hereby does, designate a Series C Redeemable Convertible Preferred Stock and fixes and determines the rights, preferences, qualifications, limitations and restrictions relating to the Series C Redeemable Convertible Preferred Stock as follows:

1. Designation. The shares of such series of Preferred Stock shall be designated "Series C Redeemable Convertible Preferred Stock" (referred to herein as the "Series C Preferred Stock").

2. Authorized Number. The number of shares constituting the Series C Preferred Stock shall be 750.

3. Ranking. The Series C Preferred Stock shall rank, upon a Liquidation Event (as defined in Section 5(a) hereof), senior and prior to the Common Stock (all equity securities of the Corporation to which the Series C Preferred Stock ranks prior, whether with respect to liquidation, dissolution, winding up or otherwise, including the Common Stock are collectively referred to herein as "Junior Securities") and on parity with all other classes or series of preferred stock of the Corporation now or hereafter created and/or issued, including the Corporation's Series A Redeemable Convertible Preferred Stock, Series B Redeemable Convertible Preferred Stock. The Corporation shall not create any other class or series of stock ranking senior to the Series C Preferred Stock without the affirmative vote of the holders of a majority of the then outstanding shares of Series C Preferred Stock, voting separately as a class.

4. Dividends. The Series C Preferred Stock shall not accrue or be paid any dividends.

5. Liquidation.

(a) Liquidation Procedure. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (each such event, a "Liquidation Event"), the holders of Series C Preferred Stock shall be entitled, before any distribution or payment is made upon any Junior Securities (but after any distribution or payment is made upon any stock ranking senior to the Series C Preferred Stock), to be paid an amount equal to $1.00 per share of Series C Preferred Stock (the "Series C Issue Price") (as adjusted for any combinations, divisions or similar recapitalizations affecting the shares of Series C Preferred Stock but not the Common Stock or any other securities of the Corporation into which the Series C Preferred Stock may be converted from time to time) (such Series C Issue Price being herein referred to when appropriate as the "Liquidation Payments" and the date on which the Liquidation Payments are made being herein referred to as the "Liquidation Date"). If upon any Liquidation Event, the assets to be distributed among the holders of Series C Preferred Stock and the holders of any class or series of stock of the Corporation ranking on a parity with the Series C Preferred Stock with respect to liquidation preference shall be insufficient to permit payment in full to the holders of Series C Preferred Stock of the Liquidation Payments and the preferential amounts to which such other holders are entitled, then the assets available for distribution to the holders of Series C Preferred Stock and such other holders shall be distributed ratably among the holders of Series C Preferred Stock and such holders in proportion to the full respective distributive amounts to which they are entitled. For avoidance of doubt, the holders of Series C Preferred Stock shall also have the option, in lieu of receipt of the Liquidation Payments, to convert the Series C Preferred Stock into fully paid and non-assessable shares of Class A Common Stock in accordance with the terms and procedures of Section 6 hereof, and such conversion, if any, shall be effected prior to the Liquidation Date.

(b) Remaining Assets. Upon any Liquidation Event, after the holders of Series C Preferred Stock and the holders of any class or series of stock of the Corporation ranking on a parity with the Series C Preferred Stock with respect to liquidation preference shall have been paid in full the respective distributive amounts to which they are entitled, the remaining assets of the Corporation may be distributed ratably per share, including shares of Class A Common Stock actually issued upon exercise of the Warrant (as defined herein), in order of preference to the holders of Junior Securities in accordance with their terms.

(c) Liquidation Notice. At least 30 days prior to a Liquidation Date, written notice (a "Liquidation Notice") shall be mailed by means of first-class mail, postage pre-paid, to each holder of record of the Series C Preferred Stock at its address last shown on the records of the Corporation. Any Liquidation Notice mailed in this manner shall conclusively be deemed to have been duly given whether or not the Liquidation Notice is in fact received. The Liquidation Notice shall state:

(i) the Liquidation Date;

(ii) the number of shares of Class A Common Stock to be received by such holder; and

(iii) the place where the Liquidation Payments shall be payable.

(d) Fractional Shares. The Liquidation Payments with respect to each outstanding fractional share of Series C Preferred Stock shall be equal to a ratably proportionate amount of the Liquidation Payments with respect to each outstanding share of Series C Preferred Stock.

6. Optional Conversion.

(a) Optional Conversion. From and after the date of issuance and until the earlier of the Final Mandatory Conversion Date (as defined in Section 7 below) and the Redemption Date (as defined in Section 8 below), subject to and in compliance with the provisions of subsection 6(b) below, any shares of Series C Preferred Stock may, at the option of the holder thereof and without the payment of additional consideration by the holder thereof, be converted, in whole or in part, into fully paid and non-assessable shares of Class A Common Stock at the rate of ten shares of Class A Common Stock (subject to adjustment as set forth in subsection 6(c) below) for each share of Series C Preferred Stock (the "Optional Conversion Rate").

(b) Procedure. In the event that a holder of Series C Preferred Stock desires to convert its Series C Preferred Stock into shares of Class A Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Series C Preferred Stock, and shall give written notice to the Corporation at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series C Preferred Stock being

converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series C Preferred Stock to be converted, and the person entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date. If any fractional interest in a share of Class A Common Stock would be deliverable upon conversion or redemption of Series C Preferred Stock, the Corporation shall pay in lieu of such fractional share an amount in cash equal to the Market Price of such fractional share (computed to the nearest one-hundredth of a share) in effect at the close of business on the date of conversion or redemption, as applicable. As used herein, "Market Price" means, with respect to shares of Class A Common Stock, (i) if the shares are listed or admitted for trading on any national securities exchange or included in The Nasdaq National Market or Nasdaq SmallCap Market, the last reported sales price as reported on such exchange or Market;
(ii) if the shares are not listed or admitted for trading on any national securities exchange or included in The Nasdaq National Market or Nasdaq SmallCap Market, the average of the last reported closing bid and asked quotation for the shares as reported on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or a similar service if NASDAQ is not reporting such information; (iii) if the shares are not listed or admitted for trading on any national securities exchange or included in The Nasdaq National Market or Nasdaq SmallCap Market or quoted by NASDAQ or a similar service, the average of the last reported bid and asked quotation for the shares as quoted by a market maker in the shares (or if there is more than one market maker, the bid and asked quotation shall be obtained from two market makers and the average of the lowest bid and highest asked quotation). In the absence of any available public quotations for the Class A Common Stock, the Board shall determine in good faith the fair value of the Class A Common Stock, which determination shall be set forth in a certificate of the Secretary of the Corporation.

(c) Adjustment of Optional Conversion Rate. The number and kind of securities issuable upon the optional conversion of the Series C Preferred Stock and the Optional Conversion Rate shall be subject to adjustment from time to time in accordance with the following provisions:

(i) Reorganization; Reclassification. In the event of a reorganization, share exchange or reclassification, other than a change in par value, or from par value to no par value, or from no par value to par value, or a transaction described in clauses
(ii) or (iii) below, then each share of Series C Preferred Stock shall, after such reorganization, share exchange or reclassification, be convertible into the kind and number of shares of stock or other securities or other property of the Corporation which the holder of Series C Preferred Stock would have been entitled to receive if the holder had held the Class A Common Stock issuable upon conversion of its Series C Preferred Stock immediately prior to

such reorganization, share exchange or reclassification. The provision of this subsection 6(c)(i) shall similarly apply to successive reorganizations and reclassifications.

(ii) Consolidation, Merger or Sale of All or Substantially All Assets. In the event of a consolidation or merger to which the Corporation is a party or the sale of all or substantially all of the assets of the Corporation, then each share of Series C Preferred Stock shall, after such merger, consolidation or sale, be convertible into the kind and number of shares of stock and/or other securities, cash or other property which the holder of Series C Preferred Stock would have been entitled to receive if the holder had held the Class A Common Stock issuable upon conversion of its Series C Preferred Stock immediately prior to such consolidation, merger or sale. The provision of this subsection 6(c)(ii) shall similarly apply to successive consolidations, mergers and transfers.

(iii) Subdivision or Combination of Shares. In case outstanding shares of Class A Common Stock shall be subdivided, the Optional Conversion Rate shall be proportionately adjusted as of the effective date of such subdivision, or as of the date a record is taken of the holders of Class A Common Stock for the purpose of so subdividing, whichever is earlier. In case outstanding shares of Class A Common Stock shall be combined, the Optional Conversion Rate shall be proportionately adjusted as of the effective date of such combination, or as of the date a record is taken of the holders of Class A Common Stock for the purpose of so combining, whichever is earlier.

(iv) Stock Dividends. In case shares of Class A Common Stock are issued as a dividend or other distribution on the Class A Common Stock (or such dividend is declared), then upon conversion of any share of Series C Preferred Stock, the holder of such converted Series C Preferred Stock shall be entitled to receive, in addition to the number of shares of Class A Common Stock such holder is entitled to receive based on the Optional Conversion Rate then in effect, that kind and number of shares of stock which such holder would have been entitled to receive if the holder had held the Class A Common Stock issuable upon conversion of its Series C Preferred Stock as of the date a record is taken of the holders of Class A Common Stock for the purpose of receiving such dividend or other distribution (or if no such record is taken, as at the earliest of the date of such declaration, payment or other distribution).

(v) Minimum Adjustment. No adjustment of the Optional Conversion Rate shall be made if the amount of any such adjustment would be an amount less than 1% of the Optional Conversion Rate then in effect, but any such amount shall be carried forward and an adjustment in respect thereof shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate an increase or decrease of 1% or more. All calculations under this Section 6 shall be made to the nearest one-tenth of a cent ($.001).

(d) Fractional Shares. In the event of an optional conversion of a portion of the Series C Preferred Stock, fractional shares shall be issued to evidence the remaining outstanding shares of Series C Preferred Stock, as necessary.

7. Mandatory Conversion.

(a) Mandatory Conversion. For each Commitment Period (as defined below) in which the subscriber (the "Subscriber" as defined in that certain Agreement, dated as of July 30, 2001 between the Corporation and the Subscriber (the "Agreement")) has satisfied the Commitment Condition (as defined below) as evidenced by a Final Determination pursuant to subsection 7(b), (each, a "Mandatory Conversion Date"), 150 shares of Series C Preferred Stock shall automatically be converted into fully paid and non-assessable warrants (individually, a "Warrant" and collectively, the "Warrants"), in the form of Exhibit A hereto, exercisable to purchase shares of Class A Common Stock, without further notice and without action on the part of a holder. Each share of Series C Preferred Stock will be converted into 1,000 Warrants, each Warrant being exercisable to purchase one share of Class A Common Stock (the "Warrant Shares") for a cash purchase price equal to $14.79 (the "Warrant Exercise Price"). Each Warrant is subject to adjustment as set forth in the Warrant. The date on which the Commitment Condition for the Final Commitment Period (as defined below) is satisfied, is referred to herein as the "Final Mandatory Conversion Date."

(b) Definition of Commitment Condition. The "Commitment Condition" shall be deemed satisfied if, during the Initial Commitment Period and during the applicable Commitment Period, the Subscriber shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required thereby to be performed, satisfied or complied with by the Subscriber in Section 5 of the Agreement. For the avoidance of doubt, the Commitment Condition shall be satisfied for a particular Commitment Period if satisfied for the Initial Commitment Period and the applicable Commitment Period, even if the Subscriber has failed to satisfy the Commitment Condition for one or more interim Commitment Periods. Promptly after each Commitment Period, the Corporation shall notify in writing the recordholders of the Series C Preferred Stock as to whether the Commitment Condition for such Commitment Period has been satisfied. If the Corporation shall determine that the Commitment

Condition has not been satisfied, then the Corporation shall initially deliver a preliminary notice (the "Preliminary Notice") to the Subscriber which shall provide, in reasonable detail, an explanation for such determination. If the Subscriber does not object to the Preliminary Notice within fifteen (15) days of receipt, or if the notice indicates that the Commitment Condition has been satisfied then the determination of the Corporation shall be final (the "Final Determination"). If the Subscriber notifies the Corporation in writing, within fifteen (15) days of receipt of the Preliminary Notice, of its objection to the Preliminary Notice, then no determination shall be made until the Corporation and the Subscriber shall agree upon an appropriate determination or a court of competent jurisdiction shall make a determination by a nonappealable order.

(c) Definition of Commitment Commencement Date. The "Commitment Commencement Date" shall mean July 30, 2001 so long as the Subscriber shall provide the Corporation with a Price Posting Feed to the eSpeed Platform (as defined in and pursuant to the Agreement) by August 29, 2001. If the Subscriber is unable to provide the Corporation with a Price Posting Feed to the eSpeed Platform by August 29, 2001 the "Commitment Commencement Date" shall mean the date that the Corporation is provided with a Price Posting Feed to the eSpeed Platform but in no event shall the Commitment Commencement Date be later than September 13, 2001.

(d) Definition of Commitment Period. A "Commitment Period" shall mean each of the following periods (i) the period beginning on the Commitment Commencement Date and ending on July 30, 2002 (the "Initial Commitment Period"),
(ii) the period beginning on July 31, 2002 and ending on July 30, 2003, (iii) the period beginning on July 31, 2003 and ending on July 30, 2004, (iv) the period beginning on July 31, 2004 and ending on July 30, 2005, and (v) the period beginning on July 31, 2005 and ending on July 30, 2006 (the "Final Commitment Period").

(e) Adjustment of Warrant. The number of Warrants issuable upon conversion of the Series C Preferred Stock and the Warrant Exercise Price shall not be subject to adjustment upon the occurrence of any of the events set forth in subsections 6(c)(i) through (v). The Warrants contains comparable adjustment provisions which require adjustment to the Warrant Shares (as defined therein) upon the occurrence of certain corporate events. If any such corporate events occur after the date of issuance of the Series C Preferred Stock, but on or prior to the conversion of any shares of Series C Preferred Stock into a Warrant, the terms of such Warrant shall be adjusted at the time of issuance of the Warrant to reflect adjustments in the Warrant Shares, the securities for which the Warrant is exercisable and the Warrant Exercise Price, and such other terms as necessary to reflect such corporate event.

8. Redemption.

(a) Optional Redemption by the Corporation. Following a Preliminary Notice by the Corporation under subsection 7(b) with respect to the Final Commitment Period and if the Subscriber does not object to the Preliminary Notice within fifteen (15) days of receipt (and, if the Subscriber objects within fifteen (15) days of the Preliminary Notice, following such time as the Corporation and the Subscriber shall agree upon an appropriate determination or a court of competent jurisdiction shall make a determination by a nonappealable order), the Corporation shall have the option to redeem all, but not less than all, of the Series C Preferred Stock then outstanding at the Optional Conversion Rate, as the same may be subject to adjustment as set forth above (the "Redemption Price"), payable in fully paid and non-assessable shares of Class A Common Stock on the date of redemption (such date being referred to herein as the "Redemption Date"), pursuant to the Redemption Notice and the Redemption Procedure provisions set forth, respectively, in subsections 8(b) and 8(c) below.

(b) Redemption Notice. At least ten days prior to the Redemption Date, written notice (a "Redemption Notice") shall be mailed by means of first-class mail, postage pre-paid, to each holder of record of the Series C Preferred Stock to be redeemed at its address last shown on the records of the Corporation. Any Redemption Notice mailed in this manner shall conclusively be deemed to have been duly given whether or not the Redemption Notice is in fact received. The Redemption Notice shall state:

(i) the total number of shares of Series C Preferred Stock to be redeemed by the Corporation on the Redemption Date;

(ii) the number of shares of Series C Preferred Stock that the Corporation intends to redeem from the holder of Series C Preferred Stock to whom the Redemption Notice is addressed;

(iii) the Redemption Date and the Redemption Price; and

(iv) the manner and place designated for the holder of Series C Preferred Stock to surrender to the Corporation his certificate or certificates representing the shares of Series C Preferred Stock to be redeemed in exchange for the Redemption Price.

(c) Redemption Procedure. From and after the Redemption Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of shares of Series C Preferred Stock as holders of Series C Preferred Stock (except the right to receive the Redemption Price upon surrender of their certificate or certificates) shall cease as to those shares of Series C Preferred Stock redeemed, and such

shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever.

9. Voting Rights. Other than the rights expressly provided for herein (including in Section 10 below) or provided by law, holders of the Series C Preferred Stock shall not have any voting rights. In any vote or action of the holders of the Series C Preferred Stock voting together as a separate class required by law, each share of issued and outstanding Series C Preferred Stock shall entitle the holder thereof to one vote per share.

10. Protective Provisions. So long as any Series C Preferred Stock is outstanding, the Corporation shall not, without first obtaining the approval by vote or written consent of the holders of not less than a majority of the then outstanding shares of Series C Preferred Stock, voting separately as a class:
(a) amend, waive or repeal any provisions of, or add any provision to this Certificate of Designations, or (b) amend, waive or repeal any provisions contained in this Certificate of Designations that adversely affect the Warrant; provided, however, that written consent of all holders of Series C Preferred Stock shall be required with respect to any such changes that would be detrimental to the rights of a holder as a holder of Series C Preferred Stock under this Certificate of Designations disproportionately to such rights of the other holders of Series C Preferred Stock.

11. Shares to be Retired. All shares of Series C Preferred Stock redeemed, converted, exchanged or purchased by the Corporation shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series and may thereafter be reissued.

12. Miscellaneous.

(a) Sinking Fund. The Series C Preferred Stock is not subject to or entitled to the benefit of a sinking fund.

(b) No other Rights. The Series C Preferred Stock shall not have any preferences, voting powers or relative, participating, optional, preemptive or other special rights except as expressly set forth in this Certificate of Designations.

(c) Notices. If at any time, (i) the Corporation shall declare a stock dividend (or any other distribution except for cash dividends) on the Class A Common Stock; (ii) there shall be any capital reorganization or reclassification of the Class A Common Stock, or any consolidation or merger to which the Corporation is a party, or any sale or transfer of all or substantially all of the assets of the Corporation; or (iii) there shall be a voluntary or involuntary dissolution, liquidation or

winding-up of the Corporation; then, in any one or more of such cases, the Corporation shall give written notice to the recordholders of the Series C Preferred Stock, not less than 10 days before any record date or other date set for definitive action, or of the date on which such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up shall take place, as the case may be. Such notice shall also set forth such facts as shall indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the current Optional Conversion Rate, the Warrant Exercise Price and the kind and amount of Class A Common Stock and other securities and property deliverable upon optional conversion of the Series C Preferred Stock and exercise of a Warrant. Such notice shall also specify the date (to the extent known) as of which the holders of the Class A Common Stock of record shall be entitled to exchange their Class A Common Stock for securities or other property deliverable upon such reorganization, reclassification, sale, consolidation, merger, dissolution, liquidation or winding-up, as the case may be. In addition, whenever the Optional Conversion Rate is adjusted as herein provided, or an event occurs, prior to the conversion of all of the outstanding shares of Series C Preferred Stock into Warrants, that would require adjustment of the Warrant Shares, the securities for which the Warrant is exercisable or the Warrant Exercise Price under the terms of the Warrant as referenced in subsection 7(d) above, the Chief Financial Officer of the Corporation shall compute the adjusted Optional Conversion Rate in accordance with subsection 6(c) above and the adjustments to the Warrant as contemplated therein and shall prepare a written certificate setting forth such adjustments, which certificate shall promptly be delivered to the recordholders of the Series C Preferred Stock.

(d) Reservation. The Board shall at all times so long as any shares of Series C Preferred Stock remain outstanding reserve a sufficient number of authorized but unissued shares of Class A Common Stock to be issued in satisfaction of the conversion rights, exercise rights and privileges aforesaid.

(e) Issue Taxes. The Corporation shall pay all issue taxes, if any, incurred in respect of the issue of securities on conversion. If a holder of shares of Series C Preferred Stock surrendered for conversion specifies that the securities to be issued on conversion are to be issued in a name or names other than the name or names in which such surrendered shares are registered on the books of the Corporation, then, the Corporation shall not be required to pay any transfer or other taxes incurred by reason of the issuance of such securities on conversion to the name of another, and if the appropriate transfer taxes shall not have been paid to the Corporation or the transfer agent for the Series C Preferred Stock at the time of surrender of the shares of Series C Preferred Stock involved, then the securities issued upon conversion thereof may be registered in the name or names in which the surrendered shares were registered, despite the instructions to the contrary.

(f) Valid Issuance. All securities which may be issued in connection with the conversion provisions set forth herein, upon issuance by the Corporation, will be validly issued, fully paid and non-assessable, free from preemptive rights and free from all taxes, liens or charges with respect thereto created or imposed by the Corporation.

(g) Swap or Hedging Transactions. Without the prior written consent of the Corporation, no holder of shares of Series C Preferred Stock may enter into any

swap or other hedging transaction relating to the Series C Preferred Stock, or any interest therein, except as provided in the Warrant.

* * * * *

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designations this 30th day of July, 2001.

eSPEED, INC.

By: /s/ Frederick T. Varacchi
---------- Name: Frederick T. Varacchi
Title: President

REGISTRATION RIGHTS AGREEMENT

by and between

eSpeed, Inc.

and

The Investors Named Herein

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REGISTRATION RIGHTS AGREEMENT (the "Agreement"), dated as of July 30, 2001, by and among eSpeed, Inc., a Delaware corporation (the "Company"), Deutsche Bank AG (the "Initial Investor") and such other parties that otherwise execute a joinder agreement and become a party hereto (collectively, the "Investors").

RECITALS

WHEREAS, the Company desires to grant to the Initial Investor registration rights with respect to the shares (the "Shares") of Class A Common Stock underlying the warrants to purchase shares of Class A Common Stock (the "Warrants") issuable upon conversion or redemption of the Company's Series C Convertible Preferred Stock of the Company (the "Preferred Stock") issued to the Initial Investor on the date hereof, on the terms and subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Article I.
DEMAND REGISTRATIONS

1.1 Requests for Registration. Subject to Sections 1.2 and 1.3 hereof, the Initial Investor may request, in writing, registration under the Securities Act of all of their Registrable Securities. Within 15 days after receipt of any such request, the Company will give notice of such request to all other Investors and to other persons holding piggyback registration rights entitling them to have securities of the Company included within such registration ("Other Holders"). Thereafter, the Company will use all commercially reasonable efforts to effect the registration under the Securities Act on Form S-3 or any similar short-form registration statement (a "Short-Form Registration"), and will include in such registration all Registrable Securities and securities of the Company held by the Other Holders with respect to which the Company has received written requests for inclusion therein within 20 days after the receipt of the Company's notice, subject to the provisions of Section 1.4. All registrations initiated by an Initial Investor pursuant to this Section 1.1 are referred to herein as "Demand Registrations". The Company shall not be required to effect any Demand Registration requested by an Initial Investor if within the 12 months preceding the receipt by the Company of such request, the Company has filed and has had declared effective by the Commission another Registration Statement to which the Piggyback Registration rights set forth in Article II hereof apply and such Initial Investor had an opportunity to include all the shares requested to be included in such Registration Statements. The rights of an Initial Investor pursuant to this Section 1.1 shall be assignable in accordance with the provisions of Section 9.9.

1.2 Number of Demand Registrations; Expenses. Subject to Sections 1.1 and 1.3 hereof, the Initial Investor shall be entitled to, from and after the five year anniversary of the date hereof, one Demand Registration; provided, however, that all of the Preferred Stock shall have been fully converted into Warrants. The Company will pay all Registration Expenses in connection with any Demand Registration.

1.3 Effective Registration Statement. A registration requested pursuant to Section 1.1 of this Agreement shall not be deemed to have been effected (i) unless a Registration Statement with respect thereto has been declared effective by the Commission, (ii) if after it has become effective, such registration is interfered with by any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason, and, as a result thereof, the Registrable Securities covered thereby have not been sold or (iii) the Registration Statement does not remain effective for a period of at least 60 days beyond the effective date thereof or, with respect to an underwritten offering of Registrable Securities, until 60 days after the commencement of the distribution by the holders of the Registrable Securities included in such Registration Statement (or such shorter period which will terminate when all Registrable Securities covered by such Registration Statement have been sold, but not prior to the expiration of the applicable period referred to in Section 4(3) of the Securities Act and Rule 174 thereunder, if applicable). If a registration requested pursuant to this Article I is deemed not to have been effected as provided in this Section 1.3, then the Company shall continue to be obligated to effect the number of Demand Registrations set forth in Section 1.2 without giving effect to such requested registration.

1.4 Priority on Demand Registrations. If the Company includes in any underwritten Demand Registration any securities which are not Registrable Securities and the managing underwriters determine in good faith and consequently advise the Company that in their opinion the number of securities proposed to be included in such registration exceeds the number which can be sold in such offering and would materially and adversely affect the success of such offering, the Company will include in such registration (i) first, the number of Registrable Securities requested to be included which, in the opinion of such underwriters, can be sold, by the Investor initiating the Demand Registration, (ii) second, that number of other shares of Common Stock proposed to be included in such registration equally between Cantor Fitzgerald Securities and its Affiliates, and their successors and assigns ("Cantor") and (iii) third, that number of other shares of Common Stock proposed to be included in such registration, pro rata among any other holders exercising their respective piggyback registration rights thereof based upon the total number of shares which such holders propose to include in such registration.

1.5 Selection of Underwriter. If the Company so elects, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. The Company shall select one or more nationally recognized firms of investment bankers to act as the lead managing Underwriter or Underwriters in connection with such offering and shall select any additional investment bankers and managers to be used in connection with the offering.

1.6 Limitations, Conditions and Qualifications to Obligations for a Demand Registration. The Company shall be entitled to postpone, for a reasonable period of time (but not exceeding 90 days), the filing of any registration statement otherwise required to be prepared and filed by it pursuant to Section 1.1 if the Company determines, in its good faith judgment, that such registration and offering would interfere with any material financing, acquisition, corporate reorganization or other material transaction involving the Company or any of its Affiliates and promptly gives the holders of

Registrable Securities requesting registration thereof pursuant to Section 1.1 written notice of such determination, containing an approximation of the anticipated delay. If the Company shall so postpone the filing of a registration statement, holders of Registrable Securities requesting the Demand Registration pursuant to Section 1.1 shall have the right to withdraw the request for registration by giving written notice to the Company within 30 days after receipt of the notice of postponement and, in the event of such withdrawal, such request shall not be counted for purposes of the request for registration to which holders of Registrable Securities are entitled pursuant to Section 1.1 hereof.

Article II.
PIGGYBACK REGISTRATIONS

2.1 Right to Piggyback. From and after the date which is twelve months from the date of this Agreement, whenever the Company proposes to register any of its equity securities under the Securities Act (other than a registration effected in connection with a stock option or other employee benefit arrangements of the Company or its affiliates (such as a Registration Statement on Form S-8), a registration effected in connection with the conversion of debt securities, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of Registrable Securities (such as a Registration Statement on Form S-4), or a registration effected in connection with an acquisition), and the form of registration statement to be used may be used for the registration of Registrable Securities (a "Piggyback Registration"), the Company will give notice (the "Notice") to all Investors of its intention to effect such a registration and will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein, subject to the provisions of Section 2.3 and 2.4 hereof. Such requests for inclusion shall be in writing and delivered to the Company within five business days after the Investor's receipt of the Notice and shall specify the number of Registrable Securities intended to be disposed of and the intended method of distribution thereof; provided, however, that the Company will use commercially reasonable efforts to extend the time in which the Investor must provide such written request for inclusion to the extent that such extension does not impede the Company's ability to have the registration statement declared effective or otherwise move forward in the registration offering or sale process. Any holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Registration Statement pursuant to this Section 2.1 by giving written notice to the Company of its request to withdraw. The Company may withdraw a Piggyback Registration at any time prior to the time it becomes effective. The Company is not required to include in a registration any Registrable Securities which the holder is not then entitled to offer to sell whether by contractual restriction or by law. If a holder decides not to include all of its Registrable Securities in any registration statement filed by the Company, such holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

2.2 Piggyback Expenses. The Registration Expenses of the Investors will be paid by the Company in all Piggyback Registrations.

2.3 Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters determine in good faith and consequently advise the Company that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold

in such offering and would materially and adversely affect the success of such offering, the Company will include in such registration (i) first, the securities the Company proposes to sell, (ii) second, that number of other shares of Common Stock proposed to be included in such registration by Cantor and (iii) third, that number of other shares of Common Stock proposed to be included in such registration, pro rata among any other holders (including the Investors) exercising their respective piggyback registration rights thereof based upon the total number of shares which such holders (including the Investors) propose to include in such registration.

2.4 Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary registration on behalf of holders (other than the Investors) of the Company's securities, and the managing underwriters determine in good faith and consequently advise the Company that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering and would materially and adversely affect the success of such offering, the Company will include in such registration (i) first, the number of shares of Common Stock requested to be included by the holders exercising their demand registration rights, (ii) second, that number of other shares of Common Stock proposed to be included in such registration by Cantor, (iii) third, that number of other shares of Common Stock proposed to be included in such registration, pro rata among any other holders (including the Investors) exercising their respective piggyback registration rights thereof based upon the total number of shares which such holders (including the Investors) propose to include in such registration.

Article III.
HOLDBACK AGREEMENTS

In the event the Company or another holder of the Company's stock proposes to enter into an underwritten public offering, each holder of Registrable Securities agrees to enter into an agreement with the managing underwriters not to effect any sale or distribution of equity securities of the Company, or any securities convertible, exchangeable or exercisable for or into such securities, during the period beginning on the date of such offering and extending for up to 90 days or such shorter period specified by the managing underwriters; provided that such holders shall not be so obligated unless (x) the Company and each of its Affiliates enter into the same or comparable lock-up agreement for the same period and (y) either such holder then owns less than 5% or such holder is participating in such underwritten public offering of the outstanding Class A Common Stock.

Article IV.
REGISTRATION PROCEDURES

Whenever holders of Registrable Securities have requested that any Registrable Securities be registered pursuant to this Agreement (the "Selling Holders"), the Company will use commercially reasonable efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof and, pursuant thereto, the Company will:

(a) use commercially reasonable efforts to prepare and file with the Commission a Registration Statement with respect to such Registrable Securities as soon as

practicably thereafter and use all commercially reasonable efforts to cause such Registration Statement to become and remain effective until the completion of the distribution contemplated thereby; provided, that as promptly as practicable before filing a Registration Statement or Prospectus or any amendments or supplements thereto, the Company will (i) furnish to the Selling Holders copies of all such documents proposed to be filed and (ii) notify each Selling Holder of Registrable Securities covered by such Registration Statement of (x) any request by the Commission to amend such Registration Statement or amend or supplement any Prospectus, or (y) any stop order issued or threatened by the Commission, and take all commercially reasonable actions required to prevent the entry of such stop order or to promptly remove it if entered; and provided further that the Company shall not be required to keep such Registration Statement effective for more than 60 days (or such shorter period which will terminate when all Registrable Securities covered by such Registration Statement have been sold, but not prior to the expiration of the applicable period referred to in Section 4(3) of the Securities Act and Rule 174 thereunder, if applicable);

(b) (i) prepare and file with the Commission such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for as long as such registration is required to remain effective pursuant to the terms hereof and (ii) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement;

(c) furnish to each Selling Holder, without charge, such number of conformed copies of such Registration Statement, each amendment and supplement thereto, the Prospectus included in such Registration Statement (including each preliminary Prospectus) and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder;

(d) use all commercially reasonable efforts to register or qualify such Registrable Securities under such other securities or "blue sky" laws of such jurisdictions in the United States in which a registration or qualification is required as any Selling Holder thereof shall reasonably request, to keep such registration or qualification in effect for so long as such Registration Statement remains in effect and do any and all other acts and things which may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Selling Holder; provided, however, that the Company will not be required to
(i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this clause (d), (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction;

(e) notify each Selling Holder, at a time when a Prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event known to the Company as a result of which the Prospectus included in such Registration Statement, as then in effect, contains an untrue statement of a material fact or omits to state any fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, at the request of any such Selling Holder, the

Company will prepare and furnish such Selling Holder a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) make available for inspection by any Selling Holder, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by any such Selling Holder or underwriter, all applicable, non-confidential due diligence documents of the Company which are requested, and cause the Company's officers, directors, employees and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such Registration Statement to enable them to conduct a reasonable investigation within the meaning of the Securities Act, including a customary accountant's "comfort" letter and opinion of counsel to the Company;

(g) subject to other provisions hereof, use its commercially reasonable efforts to cause such Registrable Securities covered by such Registration Statement to be registered with or approved by such other governmental agencies or authorities or self-regulatory organizations as may be necessary to enable the Selling Holders thereof to consummate the disposition of such Registrable Securities;

(h) promptly notify the Selling Holders of the issuance of any stop order by the Commission or the issuance by any state securities commission or other regulatory authority of any order suspending the qualification or exemption from qualification of any of the Registrable Securities under state securities or "blue sky" laws, and use every commercially reasonable effort to obtain the lifting at the earliest possible time of any stop order suspending the effectiveness of any Registration Statement or of any order preventing or suspending the use of any preliminary Prospectus; and

(i) promptly notify the Selling Holders of the occurrence of any pending material merger, acquisition, corporate reorganization or other material transaction involving the Company or any of its Affiliates which makes it imprudent for the Company to be in registration, as determined in the good faith judgment of the Company (a "Black-Out Period"). The Company shall not impose Black-Out Periods that, either individually or in the aggregate, exceed 90 days during any fiscal year of the Company.

The Company may require each Selling Holder to promptly furnish in writing to the Company such information regarding the distribution of the Registrable Securities as the Company may from time to time reasonably request and such other information as may be legally required in connection with such registration including, without limitation, all such information as may be requested by the Commission or any regulatory authority. The Company may exclude from such Registration Statement any holder who fails to provide such information within a reasonable time period.

Each Selling Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in paragraph (a),
(e), (h) or (i) above, such Selling Holder will forthwith discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (a) or (e) above, or in the case of a Black-Out Period until the Company notifies the Selling Holders that the period has ended, and, if so directed by the Company, such Selling Holder will deliver to the Company all copies, other than permanent file copies then in such Selling Holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice. The periods referred to in paragraph (a) above for maintaining the effectiveness of the Registration Statement shall be extended for a period equal to the period during which the disposition of the Registrable Securities is discontinued as set forth in the immediately preceding sentence.

Article V.
REGISTRATION EXPENSES

5.1 Registration Expenses. All registration, qualification and filing fees, fees and expenses of compliance with all securities or "blue sky" laws, printing expenses, listing fees for securities to be registered on a national securities exchange or The Nasdaq Stock Market and all independent certified public accountants, underwriters (excluding discounts and commissions), fees and expenses of counsel to the Company and other Persons retained by the Company (all such expenses being herein called "Registration Expenses") will be borne by the Company as provided in Section 1.2 and Section 2.2 of this Agreement.

5.2 Holders' Expenses. The Company shall have no obligation to pay (i) any underwriting discounts or commissions attributable to the sale, or potential sale, of Registrable Securities, which expenses will be borne by all Selling Holders of Registrable Securities included in such registration; and (ii) any fees or expenses of counsel or others retained by the Selling Holders in connection with the sale, or potential sale, of Registrable Securities, other than up to $20,000 for legal fees incurred by the Selling Holders for their retention of a single law firm in connection with the sale of Registrable Securities in any Piggyback Registration or Demand Registration.

Article VI.
UNDERWRITTEN AND OTHER OFFERINGS

6.1 Underwriting Agreement. If requested by the underwriters for any underwritten offering involving the Registrable Securities, the Company will enter into an underwriting agreement with such underwriters for such offering, such agreement to be reasonably satisfactory to the Company and to contain such representations and warranties by the Company and such other terms as are generally included in agreements of this type, including, without limitation, indemnities customarily included in such agreements. The holders of the Registrable Securities will cooperate in good faith with the Company in the negotiation of the underwriting agreement.

6.2 Obligations of Participants. No Person may participate in any underwritten registration hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, escrow agreements and other documents reasonably required under the terms of such underwriting arrangements and consistent with the provisions of this Agreement. In addition, the Company may require each Selling Holder to promptly furnish in writing to the Company such information regarding the distribution of the Registrable Securities as the Company may from time to time reasonably request and such other information as may be legally required in connection with such registration including, without limitation, all such information as may be requested by the Commission or the NASD. The Company may exclude from such Registration Statement any Holder who fails to provide such information within a reasonable time period.

Article VII.
INDEMNIFICATION

7.1 Company's Indemnification Obligations. The Company agrees to indemnify and hold harmless each of the holders of any Registrable Securities covered by any Registration Statement referred to herein, the partners, officers and directors of each holder, and each other Person, if any, who controls such holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "Holder Indemnitees"), as follows:

(i) against any and all loss, liability, claim, damage or reasonable expense arising out of or based upon an untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment or supplement thereto), including all documents incorporated therein by reference, or in any preliminary Prospectus or Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and reasonable expense to the extent of the aggregate amount paid in settlement of any litigation, investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim based upon any such untrue statement or omission or any such alleged untrue statement or omission, if such settlement is effected with the prior written consent of the Company; and

(iii) against any and all reasonable expense incurred by them in connection with investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim based upon any such untrue statement or omission or any such alleged untrue statement or omission, to the extent that any such expense is not paid under clause (i) or (ii) above;

provided, that this indemnity does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information furnished to the Company

by or on behalf of any holder expressly for use in the preparation of any Registration Statement (or any amendment or supplement thereto), including all documents incorporated therein by reference, or in any preliminary Prospectus or Prospectus (or any amendment or supplement thereto); provided further, that (other than in connection with an underwritten offering) the Company will not be liable to any holder or any other Holder Indemnitee under the indemnity agreement in this Section 7.1 with respect to any preliminary Prospectus or the final Prospectus or the final Prospectus as amended or supplemented, as the case may be, to the extent that any such loss, liability, claim, damage or expense of such Holder Indemnitee results from the fact that such holder sold Registrable Securities to a Person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the final Prospectus or of the final Prospectus as then amended or supplemented, whichever is most recent, if the Company has previously and timely furnished copies thereof to such holder; and provided further, that the Company will not be liable to any holder or any other Holder Indemnitee under the indemnity agreement in this Section 7.1 to the extent that any such loss, liability, claim or expense arises out of or is based upon an untrue statement or omission in any Prospectus, even if an amended and corrected Prospectus is not furnished to such holder, but only to the extent that the holder, after being notified by the Company pursuant to paragraph (e) of Article IV hereof, continues to use such Prospectus and in such case and to the extent of, and with respect to, damages which arise after the holder receives such notice.

7.2 Holder's Indemnification Obligations. In connection with any Registration Statement in which a holder of Registrable Securities is participating, each such holder agrees to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 7.1 of this Agreement) the Company its officers and directors and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or
Section 20 of the Exchange Act with respect to any statement or alleged statement in or omission or alleged omission from such Registration Statement, any preliminary, final or summary Prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made about such holder in reliance upon and in conformity with information furnished to the Company by or on behalf of such holder expressly for inclusion in such Registration Statement. The obligations of each holder pursuant to this Section 7.2 are to be several and not joint; provided that, with respect to each claim pursuant to this Section 7.2, each such holder's maximum liability under this Section shall be limited to an amount equal to the net proceeds received by such holder (after deducting any underwriting discount) from the sale of Registrable Securities being sold pursuant to such Registration Statement or Prospectus by such holder.

7.3 Notices; Defense; Settlement. Promptly after receipt by an indemnified party hereunder of written notice of the commencement of any action or proceeding involving a claim referred to in Section 7.1 or Section 7.2 of this Agreement, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under Section 7.1 or Section 7.2 of this Agreement except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, the indemnifying party will be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified, to the extent that it

may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in the reasonable opinion of counsel to such indemnified party a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, in which case the indemnifying party shall not be liable for the fees and expenses of (i) more than one counsel for all the Selling Holders, selected by a majority of the Selling Holders or (ii) more than one counsel for the Company in connection with any one action or separate but similar or related actions, as applicable. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable opinion of counsel to any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels. The indemnifying party will not, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not such indemnified party or any Person who controls such indemnified party is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of such indemnified party from all liability arising out of such claim, action, suit or proceeding. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party will have the right to retain, at its own expense, counsel with respect to the defense of a claim.

7.4 Indemnity Provision. The Company and each holder of Registrable Securities requesting registration shall provide for the foregoing indemnity (with appropriate modifications) in any underwriting agreement with respect to any required registration or other qualification of securities under any Federal or state law or regulation of any governmental authority.

Article VIII.
DEFINITIONS

8.1 Terms. As used in this Agreement, the following defined terms shall have the meanings set forth below:

"Affiliate" means, with respect to any specified party, any other individual, partnership, corporation or other organization, whether incorporated or unincorporated, who, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified party. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a party, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Business Day" means a day other than Saturday, Sunday or any day on which banks located in the State of New York are authorized or obligated to close.

"Class A Common Stock" means the Class A Common Stock, par value $.01 per share, of the Company and any securities into which the Class A Common Stock shall have been changed or any securities resulting from any reclassification or recapitalization of the Class A Common Stock.

"Commission" means the U.S. Securities and Exchange Commission.

"Common Stock" means the shares of Common Stock, regardless of designation, of the Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any similar Federal statute then in effect, and any reference to a particular section thereof shall include a reference to the equivalent section, if any, of any such similar Federal statute, and the rules and regulations thereunder.

"NASD" means the National Association of Securities Dealers, Inc.

"Person" means any individual, corporation, partnership, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Prospectus" means the Prospectus included in any Registration Statement (including without limitation, a Prospectus that disclosed information previously omitted from a Prospectus filed as part of an effective Registration Statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any Prospectus supplement, with respect to the terms of the offering of any portion of the securities covered by such Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means (i) the Class A Common Stock issued or issuable at any time upon the exercise of the Warrants, and (ii) any securities issued or received in respect of, or in exchange or in substitution for any of the foregoing. Registrable Securities will continue to maintain their status as Registrable Securities in the hands of a transferee from an Investor of a majority of the Registrable Securities held by such Investor provided such transferee executes a joinder agreement described by Section 9.9. After the transfer (in one or more transactions) of a majority of the Registrable Securities held by an Investor, any remaining Registrable Securities held by such Investor shall cease to be Registrable Securities. As to any particular Registrable Securities, such securities will cease to be Registrable Securities when they (w) have been effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them, (x) may be sold pursuant to Rule 144 under the Securities Act without volume or manner of sale limitation (or any similar provisions then in force), (y) have been otherwise transferred and the Company has delivered a new certificate or other evidence of ownership for such securities not bearing a restrictive legend and not subject to any stop order and such securities may be publicly resold by the Person receiving such certificate

without complying with the registration requirements of the Securities Act, or
(z) have ceased to be outstanding

"Registration Statement" means any Registration Statement of the Company which covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all material incorporated by reference in such Registration Statement.

"Securities Act" means the Securities Act of 1933, as amended, or any similar Federal statute then in effect, and any reference to a particular section thereof shall include a reference to a comparable section, if any, of any such similar Federal statute, and the rules and regulations thereunder.

8.2 Defined Terms in Corresponding Sections. The following defined terms, when used in this Agreement, shall have the meaning ascribed to them in the corresponding Sections of this Agreement listed below:

"Agreement"	--	Preamble
"Cantor"	--	Section 1.4
"Company"	--	Preamble
"Demand Registration"	--	Section 1.1
"Holder Indemnitees"	--	Section 7.1
"Initial Investor"	--	Preamble
"Investors"	--	Preamble
"Notice"	--	Section 2.1
"Piggyback Registration"	--	Section 2.1
"Preferred Stock"	--	Recitals
"Registration Expenses"	--	Section 5.1
"Selling Holder"	--	Article III
"Short-Form Registration"	--	Section 1.1
"Warrants"	--	Recitals

Article IX.
MISCELLANEOUS

9.1 Amendments and Waivers. Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement will be effective against the Company or any holder of Registrable Securities, unless such modification, amendment or waiver is approved in writing by the Company and the Initial Investor or its transferee of a majority of the Registable Securities pursuant to Section 9.9 hereof. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such

provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

9.2 Successors and Assigns. All covenants and agreements in this Agreement by or on behalf of any of the parties hereto will bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not.

9.3 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally against written receipt or by facsimile transmission or mailed by pre-paid registered or certified mail, return receipt requested or mailed by overnight courier prepaid to the parties at the following addresses or facsimile numbers:

If to the Company, to:

eSpeed, Inc.
One World Trade Center
New York, New York 10048

Facsimile No.: (212) 938-3620
Attn.: General Counsel

with a copy to:

Swidler Berlin Shereff Friedman, LLP
The Chrysler Building
405 Lexington Avenue
New York, New York 10174
Facsimile No.: (212) 938-5000
Attn.: Richard Goldberg, Esq.

If to any Investor, to the address set forth
on the signature page hereto,
Attention: General Counsel,
Copy: Ralf Roth.

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section 9.3, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section 9.3, be deemed given upon receipt of confirmation,
(iii) if delivered by mail in the manner described above to the address as provided in this Section 9.3, be deemed given on the earlier of the third full Business Day following the day of mailing or upon receipt, and (iv) if delivered by overnight courier to the address provided in this Section 9.3, be deemed given on the earlier of the first Business Day following the date sent by such overnight courier or upon receipt. Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other parties hereto.

9.4 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

9.5 Gender. Whenever the pronouns "he" or "his" are used herein they shall also be deemed to mean "she" or "hers" or "it" or "its" whenever applicable. Words in the singular shall be read and construed as though in the plural and words in the plural shall be construed as though in the singular in all cases where they would so apply.

9.6 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof,
(iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

9.7 Governing Law; Forum; Process. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to principles of conflicts of law. Each of the parties hereto hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any court of the State of New York or any federal court sitting in the State of New York for purposes of any suit, action or other proceeding arising out of this Agreement (and agrees not to commence any action, suit or proceedings relating hereto except in such courts). Each of the parties hereto agrees that service of any process, summons, notice or document by U.S. registered mail at its address set forth herein shall be effective service of process for any action, suit or proceeding brought against it in any such court. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement, which is brought by or against it, in the courts of the State of New York or any federal court sitting in the State of New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

9.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

9.9 Additional Investors. Any transferee of a majority of Registrable Securities held by an Investor shall be entitled to the benefits of this Agreement, upon execution by such transferee of a joinder agreement in form reasonably satisfactory to the Company stating that such transferee agrees to be bound by the terms hereof as an "Investor". An Investor shall no longer be entitled to the benefits of this Agreement upon its transfer (in one or more transactions) of a majority of the Registrable Securities held by such Investor.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

COMPANY:

eSPEED, INC.

By: /s/ Frederick T. Varacchi

Name: Frederick T. Varacchi
Title: President

INITIAL INVESTOR:

DEUTSCHE BANK AG

By: /s/ Alan Burnell

Name: Alan Burnell
Title: Managing Director
Address: 12 Taunusanlage Street
60325, Frankfurt, Germany

By: /s/ Ralf Roth

Name: Ralf Roth
Title: Director
Address: 12 Taunusanlage Street
60325, Frankfurt, Germany

AMENDED AND RESTATED JOINT SERVICES AGREEMENT

between

CANTOR FITZGERALD, L.P.,

On behalf of itself and its direct and indirect, current and future,

subsidiaries, other than eSpeed, Inc. and its direct and indirect, current

and future, subsidiaries

and

eSPEED, INC.,

On behalf of itself and its direct and indirect, current and

future, subsidiaries

Dated as of April 1, 2001

AMENDED AND RESTATED JOINT SERVICES AGREEMENT

This AMENDED AND RESTATED JOINT SERVICES AGREEMENT is made and entered into as of April 1, 2001, among Cantor Fitzgerald, L.P., a Delaware limited partnership ("CFLP"), on behalf of itself and its direct and indirect, current and future, subsidiaries, other than eSpeed, Inc. and its direct and indirect, current and future, subsidiaries (the "Cantor Parties"), on the one hand, and eSpeed, Inc., a Delaware corporation ("eSpeed"), on behalf of itself and its direct and indirect, current and future, subsidiaries (the "eSpeed Parties"), on the other hand. All capitalized terms used in this Agreement and not otherwise defined shall have the meanings ascribed to such terms in Section 1 of this Agreement. Each direct and indirect subsidiary of CFLP and eSpeed will automatically become a party to this Agreement, unless it becomes a party to a substantially identical separate agreement, provided, however, that this Agreement shall not apply to any subsidiary, division or business unit of CFLP at such time as it is no longer controlled by CFLP or one of its direct or indirect subsidiaries, subject to reasonable arrangements and services provided during reasonable transitional periods, unless such entity contemporaneously with such change of control otherwise agrees in writing to be governed hereby.

W I T N E S S E T H:

WHEREAS, the eSpeed Parties are engaged in, among other things, the business of creating, developing and operating Marketplaces, including Electronic Marketplaces, in and through which buyers and sellers of fixed-income securities, futures contracts, commodities and other Financial Products and other Products may effect transactions in those Financial Products and other Products;

WHEREAS, the eSpeed Parties and the Cantor Parties collaborate in providing brokerage services to customers through existing Electronic Marketplaces, and in creating and developing Electronic Marketplaces for new Financial Products and other Products pursuant to the Joint Services Agreement among the Cantor Parties and the eSpeed Parties dated as of December 15, 1999, as amended (the "Joint Services Agreement"); and

WHEREAS, the eSpeed Parties and the Cantor Parties wish to amend and restate the Joint Services Agreement;

NOW, THEREFORE, in consideration of the premises contained herein, it is agreed as follows:

1. Defined Terms. For purposes of this Agreement, the following terms have the meanings specified or referred to in this Section 1:

"Ancillary IT Services" means technology support services (other than in respect of the Electronic Energy Marketplace), including, but not limited to, (i) systems administration, (ii) internal network support, (iii) support and procurement for desktops of Cantor Party end-user equipment, (iv) operations and disaster recovery services, (v) voice communications, (vi) support and development of systems for Clearance, Settlement and Fulfillment Services, (vii) systems support for Cantor Party brokers, and (viii) electronic applications systems and network support

and development for Unrelated Dealer Businesses; provided that Ancillary IT Services does not include the provision of desktop hardware for use by Cantor Party employees.

"Baseline Gaming Budget" means $750,000 for each calendar quarter, which shall be the minimum amount of costs required to be incurred by the eSpeed Parties with respect to any quarter for Gaming Development Services and Ancillary IT Services in connection with a Gaming Business, as requested by the Cantor Parties.

"Cantor Exchange" means Cantor Financial Futures Exchange, Inc. and any successor thereto or to the operations thereof.

"Cantor Services" means any one of, or any combination of, Voice Assisted Brokerage Services, Clearance, Settlement and Fulfillment Services and Related Services.

"Clearance, Settlement and Fulfillment Services" means all such services as are necessary to clear, settle and fulfill, or arrange settlement or fulfillment as a name give-up or other intermediary of, in accordance with customary market practice and taking into account applicable regulatory requirements, a purchase and sale of a particular Product, including, but not limited to, collection of money; arrangement of delivery of Products; receipt, delivery and maintenance of margin and collateral, if appropriate; dealing with issues relating to failures to receive or deliver payments or Products; and collection and payment of transfer or similar taxes, to the extent applicable to such Product. Clearance, Settlement and Fulfillment Services may include, but are not limited to, acting as a riskless principal or other intermediary between the buyer and the seller of a Product.

"Collaborative Marketplace" means an Electronic Marketplace that is operated by a Cantor Party and an eSpeed Party in collaboration pursuant to
Section 3 of this Agreement. All Marketplaces shall be Collaborative Marketplaces, unless otherwise determined in accordance with this Agreement. In no event shall the Electronic Energy Marketplace or a marketplace involved in a Gaming Business or an Unrelated Dealer Business be deemed to be a Collaborative Marketplace for purposes of this Agreement.

"Electronic Brokerage Services" means the effecting of transactions in, and purchases and sales of, a Product on an Electronic Marketplace in and through the operation of an Electronic Trading System. Electronic Brokerage Services include, but are not limited to, the provision and operation of network distribution systems, transaction processing systems and customer interface systems, in each case that are related to the effecting of transactions in, and purchases and sales of, a Product on an Electronic Marketplace. Electronic Brokerage Services do not include Voice Assisted Brokerage Services, Clearance, Settlement and Fulfillment Services, Information Services or Related Services.

"Electronic Gaming Marketplace" means a marketplace in which transactions constituting all or a portion of a Gaming Business may be effected in whole or in part electronically, but does not include a marketplace involving a Gaming Business that is merely electronically assisted, such as screen assisted phone betting.

"Electronic Marketplace" means a Marketplace on which transactions in, and purchases and sales of, Products may be effected in whole or in part electronically, but does not

include a Marketplace that is merely electronically assisted, such as screen assisted open outcry. In no event shall the Electronic Energy Marketplace or a marketplace involved in a Gaming Business or an Unrelated Dealer Business be deemed to be an Electronic Marketplace for purposes of this Agreement.

"Electronic Energy Marketplace" means the marketplace and affiliated web portal sponsored by TradeSpark on or through which North American wholesale transactions in, and purchases and sales of, Energy Products and derivatives thereof, including futures contracts and options on futures contracts involving Energy Products (and related services) may be effected in whole or in part electronically. Only transactions that are to be executed, settled and delivered in North America shall be effected on or through the Electronic Energy Marketplace.

"Electronic Trading System" means, as to any Electronic Marketplace, the hardware, software, network infrastructure and other similar assets that are used to effect purchases and sales in that Electronic Marketplace.

"Energy Products" means natural gas, electricity, coal, sulphur dioxide and nitrogen oxides emissions allowances, and weather financial products.

"eSpeed Marketplace" means a Marketplace (i) in which an eSpeed Party renders Electronic Brokerage Services and (ii) that is not a Collaborative Marketplace. In no event shall a marketplace involved in a Gaming Business or an Unrelated Dealer Business be deemed an eSpeed Marketplace for the purposes of this Agreement.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Financial Product" means any financial asset or financial instrument, any intangible commodity or any tangible fungible commodity, including, but not limited to, any security, futures contract, foreign exchange transaction, swap transaction, credit derivative, repurchase or reverse repurchase obligation, currency or swap (as currently defined in the Federal Bankruptcy Code of 1978) or any option or derivative on any of the foregoing; provided that in no event shall any Energy Product traded on the Electronic Energy Marketplace or any derivative thereof, including futures contracts and options on futures contracts involving Energy Products traded on the Electronic Energy Marketplace, be considered a Financial Product, nor shall any product traded in a marketplace involving a Gaming Business or an Unrelated Dealer Business be considered a Financial Product.

"Gaming Business" means the current business conducted by Cantor Index Holdings, L.P. ("CIH") or a subsidiary thereof, which consists of financial spread betting and equity contracts for difference, and those activities described in clauses (i) through (iv) below that shall be conducted from time to time in the future by CIH or any of its subsidiaries controlled by CIH, directly or through its subsidiaries. Gaming Business shall also mean activities that the Cantor Parties may irrevocably designate in writing from time to time, primarily with individual customers, directly or indirectly, wherever located and however conducted, currently and in the future, that involve (i) receiving or negotiating bets or conducting pool betting operations or the provision of services in connection therewith; (ii) organizing or conducting gaming or the provision of services in connection therewith; (iii) organizing or

conducting the distribution of prizes by lot or chance or the provision of services in connection therewith; and (iv) activities similar or related to the foregoing activities, including without limitation activities commonly known as fantasy games, hypothetical or virtual betting and spread betting, contracts for differences, gambling, odds making, lotteries, gaming, wagering, staking, drawing or casting lots; provided, however, that Gaming Business shall also include, to the extent and only to the extent designated by the Cantor Parties separately and in writing, those activities that would be gaming activities except for the fact that they are not conducted with individual customers, directly or indirectly, to the extent to which they are part of, ancillary to or substantially connected with the activities described in clauses (i) and/or (ii) above; provided, further, that Gaming Business does not include a Multi-dealer Futures Business. For the purposes of this definition, "bet" means entering into a contract by which each party undertakes to pay or forfeit to the other money or other value if an issue, in doubt at the time of the contract, is determined in accordance with the other party's forecast; "gaming" means the playing of a game of chance for winnings in money or other value; and "game of chance" includes a game of chance and skill combined and a pretended "game of chance."

"Gaming Development Services" means the services provided by the eSpeed Parties in connection with developing or otherwise acquiring technology in connection with a Gaming Business for the Cantor Parties; provided that Gaming Development Services does not include the provision of desktop hardware for use by Cantor Party employees.

"Gaming Product" means any intangible asset, good or interest that can be bought or sold or otherwise is the subject of an activity constituting a Gaming Business.

"Gaming Revenue Share" means 25% of Gaming Transaction Revenues.

"Gaming Transaction Revenues" means the net trading revenues (as determined by the Cantor Parties in a manner consistent with their customary business practices) and all other net fees (including without limitation participation fees, commissions, spreads, markups or other similar amounts) received from a customer in connection with participation by such customer in activities constituting a Gaming Business.

"Information" means information relating to bids, offers or trades, or any other information, that is input into, created by or otherwise resides on an Electronic Trading System or is created in connection with a Gaming Business or an Unrelated Dealer Business.

"Information Services" means the provision of Information to a Person with respect to a Marketplace, a Gaming Business or an Unrelated Dealer Business as a separate service not in connection with transactions by such Person on such Marketplace or in connection with a Gaming Business or an Unrelated Dealer Business. Information Services shall not include the provision of Information to purchasers and sellers of a Product incident to the provision of Electronic Brokerage Services and/or Voice Assisted Brokerage Services to such customers.

"Marketplace" means a marketplace operated or to be operated by the Cantor Parties and/or the eSpeed Parties in and through which buyers and sellers of a Product may effect transactions in the Product. In no event shall the Electronic Energy Marketplace or a

marketplace involved in a Gaming Business or an Unrelated Dealer Business be deemed to be a Marketplace for purposes of this Agreement.

"Multi-dealer Futures Business" means activities with respect to futures contracts and options on futures contracts in marketplaces which, with respect to activities in such futures contracts and options on futures contracts, permit prices to be regularly offered by more than four market making entities ("dealers") that trade such futures contracts or options on futures contracts with multiple buyers and sellers.

"New Market Notice" means, with respect to a Marketplace, a written notice describing with reasonable specificity the anticipated nature, general level of volume and trading needs of that Marketplace.

"North America" means the United States, Canada and Mexico.

"Person" means any corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization or other entity or governmental or regulatory authority or agency.

"Product" means any tangible or intangible asset or good, other than an Energy Product traded on the Electronic Energy Marketplace or any derivative thereof, including futures contracts and options on futures contracts involving Energy Products traded on the Electronic Energy Marketplace, and other than a product traded in a marketplace involving a Gaming Business or an Unrelated Dealer Business.

"Product or Pricing Decisions" means, as to an Electronic Marketplace for a particular Product, (i) the definition of the Product, (ii) the hours of operation of the Marketplace, (iii) the rules relating to trading priority, incentives and other trading related issues and (iv) the rates and schedules of commissions and other Transaction Revenues for the Marketplace, including any variation thereof for particular customers or classes of customers.

"Related Services" includes (i) credit and risk management services,
(ii) services related to sales positioning of Products, (iii) oversight of customer suitability and regulatory compliance and (iv) such other services customary to brokerage operations as are agreed to by CFLP and eSpeed.

"Transaction Revenues" means the standard fees, commissions, spreads, markups or other similar standard amounts received from a customer in connection with effecting transactions in a Marketplace.

"Unrelated Dealer Businesses" means (i) the equity businesses of the Cantor Parties as they may exist from time to time, (ii) the money market instruments and securities lending divisions of the Cantor Parties as they may exist from time to time, (iii) any business or portion thereof or activity in which a Cantor Party acts as a dealer or otherwise takes market risk or positions, including in the process of executing matched principal transactions, providing the services of a specialist or market maker or providing trading or arbitrage operations, (iv) any activities that are not within the definition of Gaming Business but would be if so designated by

a Cantor Party, as set forth in the definition of Gaming Business herein, and
(v) any business not involving operating a Marketplace, other than a Gaming Business.

"Voice Assisted Brokerage Services" means the effecting of transactions in, and purchases and sales of, a Product on an Electronic Marketplace in and through a broker or other human intermediary, in each case who is an employee of, or providing services to, a Cantor Party. Voice Assisted Brokerage Services include the entry of an order by a broker or other human intermediary into the Electronic Trading System.

2. Term. The term of this Agreement shall be in effect perpetually, unless sooner ended by the mutual agreement, in writing, of CFLP and eSpeed (the "Term").

3. Joint Services in Collaborative Marketplaces.

(a) Subject to the terms and conditions stated herein, the Cantor Parties and the eSpeed Parties intend to collaborate in providing brokerage services to customers in and through Electronic Marketplaces. In any case in which the Cantor Parties and the eSpeed Parties do so collaborate, the Marketplace shall be a Collaborative Marketplace and the respective authority, responsibilities and obligations of the parties shall be governed by this Section 3.

(b) In the case of each Collaborative Marketplace, any Product or Pricing Decision shall be made jointly by the Cantor Parties and the eSpeed Parties. If the parties are unable to agree on a particular Product or Pricing Decision after good faith efforts to do so, then the final Product or Pricing Decision shall be made by (i) a Cantor Party, in the case of a Marketplace or the portion thereof in which or for which a Cantor Party provides any Voice Assisted Brokerage Services, and
(ii) an eSpeed Party, in the case of a fully electronic Marketplace (that is, a Marketplace in which no Cantor Party provides Voice Assisted Brokerage Services) or the portion of a Marketplace that is fully electronic; provided, however, that no Product and Pricing Decision made by an eSpeed Party with respect to a fully electronic Marketplace shall result in the Cantor Party's share of Transaction Revenues for the transactions effected in the Marketplace being less than the amount necessary to cover the Cantor Party's actual costs of providing Cantor Services in connection with such Marketplace.

(c) In the case of each Collaborative Marketplace, the applicable eSpeed Party (i) shall own and operate the Electronic Trading System associated with the Electronic Marketplace, (ii) shall be responsible, as between the parties, for the provision of Electronic Brokerage Services to customers and (iii) except as provided above with respect to Product or Pricing Decisions, shall have reasonable discretion as to the manner and means of operating the Electronic Trading System and providing Electronic Brokerage Services to customers and Cantor brokers in connection therewith.

(d) In the case of each Collaborative Marketplace, the applicable Cantor Party (i) shall be responsible, as between the parties, for the provision of Cantor Services to customers and (ii) except as provided above with respect to Product or Pricing Decisions, shall have reasonable discretion as to the manner and means of providing the Cantor

Services. The applicable Cantor Party shall be responsible for maintenance of books and records and compliance with applicable securities laws, rules and regulations, as determined by the applicable Cantor Party. Cantor Parties that are U.S. registered broker-dealers pursuant to the Exchange Act shall be responsible for compliance with the reporting requirements under Regulation ATS and related provisions of the Exchange Act. In that regard, such Cantor Parties that are U.S. registered broker-dealers each will be the broker for all transactions in the systems, and each will determine the various non-discretionary parameters under which transactions are executed in their respective systems. eSpeed Parties that are U.S. registered broker-dealers pursuant to the Exchange Act shall cooperate with the Cantor Parties that are U.S. registered broker-dealers in all regulatory compliance matters and, if applicable, in complying with Regulation ATS.

(e) Without limiting the authority of the parties in their respective areas of responsibility pursuant to paragraphs (c) and (d), the parties recognize the importance of providing an integrated and seamless service to customers. Accordingly, the parties shall consult diligently and in good faith, as and as often as necessary, to ensure that their respective services are properly integrated.

(f) All information and data, other than Information, created, developed, used in connection with or relating to the operation of and effecting of transactions in any Marketplace or in connection with a Gaming Business or an Unrelated Dealer Business ("Data") shall constitute the sole property of the Cantor Parties or the eSpeed Parties, as applicable, on the following basis: (i) if the Data relate to Financial Products, a Gaming Business or an Unrelated Dealer Business, the Data shall belong solely to the Cantor Parties, (ii) if the Data relate to a Collaborative Marketplace in which only Products that are not Financial Products are traded, the ownership of the Data shall be determined by the Cantor Parties and the eSpeed Parties on a case-by-case basis based on good faith negotiations, (iii) if the Data relate to an eSpeed Marketplace in which only Products that are not Financial Products are traded, the Data shall belong solely to the eSpeed Parties and (iv) if the Data relate to a non-Collaborative Marketplace that is not an eSpeed Marketplace and in which Financial Products are traded, the Data shall belong solely to the Cantor Parties. All Information relating to Financial Products transmitted and disseminated on or through the Electronic Marketplace or relating to a Gaming Business or an Unrelated Dealer Business shall be the sole property of the Cantor Parties and, as between the parties, the Cantor Parties shall have the sole and exclusive right to use, publish and be compensated for Information Services in connection with or relating to such Information; provided, however, in the case of each Collaborative Marketplace, that the eSpeed Parties shall have the right (without any obligation to pay the Cantor Parties therefor) to use such Information in connection with the execution of transactions in the applicable Collaborative Marketplace.

(g) To such extent as is consistent with the Cantor Parties' own businesses of providing Electronic Brokerage Services in Marketplaces that are not Collaborative Marketplaces, the Cantor Parties shall promote and market eSpeed Marketplaces for effecting transactions in Financial Products, and shall refer customers and prospective customers to the applicable eSpeed Parties in an effort to cause such customers to effect transactions in Financial Products in eSpeed Marketplaces.

4. Sharing of Transaction Revenues. (A) The Cantor Parties and the eSpeed Parties agree to share Transaction Revenues with regard to transactions effected through Collaborative Marketplaces in the following manner:

(a) If (i) the Electronic Marketplace is a Collaborative Marketplace, (ii) the transaction relates to a Financial Product (other than a Financial Product that is traded on the Cantor Exchange) and
(iii) no Cantor Party provides Voice Assisted Brokerage Services in connection with the transaction to which the Transaction Revenues relate (that is, the transaction is fully electronic), then the applicable eSpeed Party will receive the aggregate Transaction Revenues and will pay to the applicable Cantor Party a service fee equal to 35% of the Transaction Revenues.

(b) If (i) the Electronic Marketplace is a Collaborative Marketplace, (ii) the transaction relates to U.S. Treasury securities and U.S. federally-sponsored agency securities involving that certain eSpeed business unit generally known as eSpeed Online, or any successor thereof, and (iii) a Cantor Party provides Voice Assisted Brokerage Services through any of the employees of such eSpeed Online business unit or successor thereof in connection with the transaction to which the Transaction Revenues relate, then the applicable eSpeed Party will receive the aggregate Transaction Revenues and will pay to the applicable Cantor Party a service fee equal to 35% of the Transaction Revenues.

(c) If (i) the Electronic Marketplace is a Collaborative Marketplace, (ii) the transaction relates to a Financial Product (other than a Financial Product that is traded on the Cantor Exchange) and
(iii) a Cantor Party provides Voice Assisted Brokerage Services in connection with the transaction to which the Transaction Revenues relate, then the applicable Cantor Party will receive the aggregate Transaction Revenues and will pay to the applicable eSpeed Party a service fee equal to 7% of the Transaction Revenues.

(d) If (i) the Electronic Marketplace is a Collaborative Marketplace, (ii) the transaction relates to a Product that is traded on the Cantor Exchange and (iii) no Cantor Party provides Voice Assisted Brokerage Services in connection with the transaction to which the Transaction Revenues relate (that is, the transaction is fully electronic), then the applicable eSpeed Party will receive the aggregate Transaction Revenues and will pay to the applicable Cantor Party a service fee equal to 20% of the Transaction Revenues.

(e) If (i) the Electronic Marketplace is a Collaborative Marketplace, (ii) the transaction relates to a Product that is traded on the Cantor Exchange and (iii) a Cantor Party provides Voice Assisted Brokerage Services in connection with the transaction to which the Transaction Revenues relate, then the applicable eSpeed Party will receive the aggregate Transaction Revenues and will pay to the applicable Cantor Party a service fee equal to 55% of the Transaction Revenues.

(f) If (i) the Electronic Marketplace is a Collaborative Marketplace and (ii) the transaction relates to a Product that (x) is not a Financial Product and (y) is not traded on the Cantor Exchange, then the applicable Cantor Party and the applicable eSpeed Party will share Transaction Revenues in such manner as they shall agree.

(B) The Cantor Parties and the eSpeed Parties agree to share Transaction Revenues with regard to transactions effected through eSpeed Marketplaces in the following manner:

(a) If (i) the Electronic Marketplace is an eSpeed Marketplace and (ii) the transaction relates to a Financial Product, then the applicable eSpeed Party will receive the aggregate Transaction Revenues and will pay to CFLP a service fee equal to 20% of the Transaction Revenues.

(b) If (i) the Electronic Marketplace is an eSpeed Marketplace and (ii) the transaction relates to a Product other than a Financial Product, then the applicable eSpeed Party will receive and retain all of the Transaction Revenues.

(C) The Cantor Parties and the eSpeed Parties agree to share Transaction Revenues with regard to transactions effected through other Marketplaces, other than in connection with a Gaming Business or an Unrelated Dealer Business, in the following manner:

(a) If (i) a transaction is effected in an Electronic Marketplace that is not a Collaborative Marketplace and is not an eSpeed Marketplace, but that is a Marketplace in which Cantor provides Electronic Brokerage Services, and (ii) the transaction relates to a Financial Product, then the applicable Cantor Party will receive the aggregate Transaction Revenues and pay to eSpeed a service fee equal to 30% of the amount eSpeed would have received pursuant to Section 4(a) or 4(c) of this Agreement if the Marketplace had been a Collaborative Marketplace. For purposes of this paragraph (i), the Transaction Revenues shall be reduced by the costs incurred or paid by a Cantor Party to a third party to provide or arrange for the provision of Electronic Brokerage Services.

(b) If a transaction (i) is not effected through an Electronic Marketplace, but (ii) is electronically assisted (by way of example, but not limited to, a screen-assisted open outcry transaction), then the applicable Cantor Party will receive the aggregate Transaction Revenues and will pay to the applicable eSpeed Party 2.5% of the Transaction Revenues.

(D) Each of the Cantor Parties and the eSpeed Parties agree to share Gaming Transaction Revenues in connection with Gaming Businesses in the following manner, such amount to be determined on a quarterly basis as provided in Section 12 hereof. The applicable Cantor Party shall be responsible for and shall collect 100% of all Gaming Transaction Revenues and shall pay over to eSpeed with respect to any applicable calendar quarter as follows: eSpeed shall receive the Gaming Revenue Share plus the excess, if any, of (i) the actual costs in such calendar quarter of Gaming Development Services and Ancillary IT Services incurred by the eSpeed Parties in connection with Gaming Businesses, as requested by the Cantor Parties in writing, less the Baseline Gaming Budget, over (ii) one-half of the difference of (x) the Gaming Revenue Share minus (y) 133% of the Baseline Gaming Budget, provided that, if (x) minus (y) is a negative number, then it shall be considered zero for the purpose of calculating the foregoing formula. All amounts due and payable pursuant to this Section 4(D) shall be paid in the manner specified in Section 12 of this Agreement.

(E) Notwithstanding the foregoing, in the event that a Cantor Party's direct costs payable to third parties (other than the Cantor Parties and their affiliates) for providing Clearance, Settlement and Fulfillment Services with respect to transactions in a Collaborative Marketplace with respect to any Financial Product for any month exceed the direct costs incurred by the Cantor Parties to clear and settle cash transactions in United States Treasury securities for such month, the cost of such excess shall be borne pro rata by the applicable Cantor Party and the applicable eSpeed Party in the same proportion as the Transaction Revenues and service fees for such transactions are to be shared.

(F) For any month, for any Product for which sales and purchases during such month are effected both through fully electronic transactions and through voice-brokered transactions, Transaction Revenues earned with respect to such Product shall be allocated between fully electronic transactions and voice-brokered transactions as follows: the amount of Transaction Revenues attributable to fully electronic transactions or voice-brokered transactions, as the case may be, for such Product during such month in a Marketplace shall be equal to (x) total Transaction Revenues for such Product for such month in such Marketplace multiplied by (y) a fraction, the numerator of which is the notional volume (by currency) of all transactions in such specific Product type for such month in such Marketplace effected by fully electronic transactions or voice-brokered transactions, as the case may be, and the denominator of which is the notional volume (by currency) of all transactions in such specific Product type for such month in such Marketplace.

(G) In the event that a customer does not pay, or pays only a portion of, the Transaction Revenues relating to a transaction described in paragraphs
(a) through (i) above (a "Loss Event"), then the relevant Cantor Party and the relevant eSpeed Party each shall bear its respective share of the loss arising from the Loss Event in the same proportion as the Transaction Revenues and service fees for such transaction are to be shared.

(H) All amounts due and payable to a Cantor Party or an eSpeed Party by the other pursuant to this Section 4 shall be paid in the manner specified in
Section 12 of this Agreement.

(I) In the event that any tax is imposed on Transaction Revenues with respect to a transaction (other than a Tax on net income), the cost of such tax will be borne by the applicable eSpeed Party and the applicable Cantor Party in the same proportion as the Transaction Revenues and service fees for such transaction are to be shared.

5. Ancillary IT Services and Gaming Development Services.

(a) During the Term, the eSpeed Parties shall provide Ancillary IT Services to the Cantor Parties.

(b) CFLP shall pay to eSpeed in consideration for the Ancillary IT Services an amount equal to the direct and indirect costs, including overhead, that the eSpeed Parties incur in performing those services other than in connection with a Gaming Business.

(c) The eSpeed Parties shall provide Gaming Development Services and Ancillary IT Services to the Cantor Parties with respect to Gaming Businesses and shall incur costs in each calendar quarter in respect of such services in an amount equal to the

Baseline Gaming Budget for such quarter or, at the election of and in the sole discretion of the Cantor Parties, such larger amount as may be requested by the Cantor Parties in writing. For the avoidance of doubt, Gaming Development Services and Ancillary IT Services do not include the provision of desktop hardware for use by Cantor Party employees.

(d) The Cantor Parties shall not be required to reimburse eSpeed for any amounts expended for the Ancillary IT Services for any Gaming Business or Gaming Development Services pursuant to this Section 5, it being understood that the eSpeed Parties are being compensated for such services and expenses solely by the amounts earned by the eSpeed Parties hereunder pursuant to Section 4(D).

(e) Notwithstanding any prior agreement or arrangement between or among the parties hereto, the eSpeed Parties and the Cantor Parties agree that they do not owe any monies to each other for the provisions of Ancillary IT Services, Gaming Development Services, Gaming Revenue Share or otherwise with respect to any Gaming Business prior to the date of this Agreement.

(f) If any direct or indirect subsidiary, division or business unit of a Cantor Party becomes no longer controlled by CFLP or one of its direct or indirect subsidiaries (including any successors or assigns of such direct or indirect subsidiary, division or business unit, the "Separating Business"), contemporaneously with such change of control any such Separating Business shall have the right, in its sole discretion, to agree in writing to be governed by this Agreement; provided, however, that in the event that the Separating Business does not choose to be governed by this Agreement, the eSpeed Parties agree, if requested by CFLP, to (i) provide reasonable transition services for a reasonable period of time to the Separating Business and (ii) (x) transfer (at cost) or (y) license on a non-exclusive basis (for a fee that, in the discretion of eSpeed, reasonably approximates cost), at eSpeed's option, any assets (or their functional equivalent, at eSpeed's discretion) that may be reasonably requested by the Separating Business in order for it to continue operating its business without the benefit of the services contemplated by this Agreement.

6. Representations and Warranties.

(a) Organization and Good Standing.

(i) CFLP is duly organized, validly existing and in good standing under the laws of the state of Delaware and has the requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(ii) eSpeed is duly organized, validly existing and in good standing under the laws of Delaware and has the requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(b) Authority; Binding Effect; No Conflicts.

(i) CFLP has taken all necessary actions to authorize the execution and delivery of this Agreement and to perform all of its obligations under, and to consummate the transactions contemplated by, this Agreement. This Agreement has been duly and validly executed by CFLP. This Agreement constitutes the valid and binding obligation of CFLP enforceable against CFLP in accordance with its terms, subject to the effect of reorganization, bankruptcy, insolvency, moratorium, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally and court decisions with respect thereto, and subject to the application of equitable principles and the discretion of the court (regardless of whether the enforceability is considered in a proceeding in equity or at law). The execution, delivery and performance by CFLP of this Agreement shall not, with or without the giving of notice or the lapse of time or both, (x) violate any provision of any federal, state, local or foreign law, statute, rule or regulation to which CFLP is subject, (y) violate any injunction, order, judgment, ruling, decree or settlement applicable to CFLP or (z) conflict with, or result in a breach or violation of, any provision of the certificate of incorporation, by-laws, partnership agreement or similar governing document of CFLP or any lease, contract, agreement, instrument, undertaking or covenant by which CFLP is bound.

(ii) eSpeed has taken all necessary corporate actions to authorize, execute and deliver this Agreement and to perform all of its obligations under, and to consummate the transactions contemplated by, this Agreement. This Agreement has been duly and validly executed by eSpeed. This Agreement constitutes the valid and binding obligation of eSpeed enforceable against eSpeed in accordance with its terms, subject to the effect of reorganization, bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally and court decisions with respect thereto, and subject to the application of equitable principles and the discretion of the court (regardless of whether the enforceability is considered in a proceeding in equity or at law). The execution, delivery and performance by eSpeed of this Agreement will not, with or without the giving of notice or the lapse of time or both, (x) violate any provision of any federal, state or local law, statute, rule or regulation to which eSpeed is subject, (y) violate any injunction, order, judgment, ruling, decree or settlement applicable to eSpeed, or (z) conflict with, or result in a breach or violation of, any provision of the certificate of incorporation or by-laws of eSpeed or any lease, contract, agreement, instrument, undertaking or covenant by which eSpeed is bound.

(c) Litigation; No Undisclosed Liabilities. Except as disclosed in the documents filed by eSpeed with the Securities and Exchange Commission pursuant to the Exchange Act, there is no litigation pending or, to eSpeed's or CFLP's knowledge, threatened, which questions the validity or enforceability of this Agreement or seeks to enjoin the consummation of any of the transactions contemplated hereby.

7. New Marketplaces; Non-competition; Strategic Alliances.

(a) If a Cantor Party wishes to create a new Marketplace for a Financial Product, then such Cantor Party may, by providing a New Market Notice to eSpeed, require eSpeed to provide, or cause another eSpeed Party to provide, Electronic Brokerage Services with respect to that Marketplace. In such a case, eSpeed shall use commercially reasonable efforts to develop an Electronic Trading System for, and to render Electronic Brokerage Services with respect to, that Marketplace under the terms of this Agreement. If eSpeed is able to develop and put into operation an Electronic Trading System for the Marketplace within 180 days, then the Marketplace shall be a Collaborative Marketplace and the operation thereof shall be subject to the provisions of Section 3 of this Agreement. If, after diligent effort, eSpeed is unable to develop and put into operation an Electronic Trading System for the Marketplace within 180 days, then (i) eSpeed shall have no liability to any Cantor Party for its failure to provide an Electronic Trading System, (ii) the Cantor Party may create and operate the Marketplace in any manner that the Cantor Party deems to be acceptable and (iii) the Marketplace shall not be a Collaborative Marketplace. CFLP agrees that its proposal to create a new Marketplace and the requirements relating thereto will be commercially reasonable in scope and that CFLP or another Cantor Party will diligently pursue the development of such Marketplace in a meaningful way and that failure to do so within two years of the provision of the New Market Notice will cause any rights of the eSpeed Parties and the Cantor Parties in this Section 7 and Section 8 of this Agreement to revert to their original status.

(b) If a Cantor Party wishes to create a new Marketplace for a Financial Product that will involve the provision of Electronic Brokerage Services and the Cantor Party does not require eSpeed to operate an Electronic Trading System and to provide Electronic Brokerage Services for that Marketplace pursuant to paragraph (a) of this Section 7, then the Cantor Party shall provide to eSpeed a New Market Notice relating thereto and eSpeed shall have a right of first refusal to provide Electronic Brokerage Services with respect to that Marketplace under the terms of this Agreement. If eSpeed notifies the Cantor Party that it wishes to provide Electronic Brokerage Services with respect to the new Marketplace, then eSpeed shall use commercially reasonable efforts to develop and put into operation an Electronic Trading System for the Marketplace within 180 days. If eSpeed is able to develop and put into operation an Electronic Trading System for the Marketplace within 180 days, then the Marketplace shall be a Collaborative Marketplace and the operation thereof shall be subject to Section 3 of this Agreement. If, after diligent effort, eSpeed is unable to develop and put into operation an Electronic Trading System for the Marketplace within 180 days, or eSpeed notifies the Cantor Party that it does not wish to provide Electronic Brokerage Services with respect to the new Marketplace, then (i) the applicable Cantor Party may provide or obtain from a third party Electronic Brokerage Services for that Marketplace in any manner that the Cantor Party deems to be acceptable and (ii) the Marketplace shall not be a Collaborative Marketplace. CFLP agrees that its proposal to create a new Marketplace and the requirements relating thereto will be commercially reasonable in scope and that CFLP or another Cantor Party will diligently pursue the development of such Marketplace in a meaningful way and that failure to do so within two years of the provision of the New

Market Notice will cause any rights of the eSpeed Parties and the Cantor Parties in this Section 7 and Section 8 of this Agreement to revert to their original status.

(c) If a Cantor Party wishes to create a new Electronic Marketplace for a Product that is not a Financial Product, then the Cantor Party shall provide to eSpeed a New Market Notice relating thereto. eSpeed or another eSpeed Party shall have the opportunity to offer to provide Electronic Brokerage Services with respect to the new Marketplace, which offer the Cantor Party shall review and negotiate in good faith, but may accept or reject in its reasonable discretion. If the Cantor Party accepts the eSpeed Party's negotiated terms of proposed offer to provide Electronic Brokerage Services, then the Marketplace shall be a Collaborative Marketplace and the operation thereof shall be subject to Section 3 of this Agreement on such terms as the applicable Cantor Party and the applicable eSpeed Party shall agree. If the Cantor Party rejects the eSpeed Party's negotiated terms of proposed offer to provide Electronic Brokerage Services, then (i) the Marketplace shall not be a Collaborative Marketplace and (ii) the Cantor Party may create and operate the Marketplace in any manner that the Cantor Party deems to be acceptable.

(d) If an eSpeed Party wishes to create a new Electronic Marketplace for a Financial Product, then the eSpeed Party shall provide to CFLP a New Market Notice relating thereto and CFLP or another Cantor Party shall have a right of first refusal to provide the applicable Cantor Services with respect to that Marketplace under the terms of this Agreement. If, within 30 days of receiving the New Market Notice, CFLP or another Cantor Party notifies the eSpeed Party that it wishes to provide such Cantor Services with respect to the new Marketplace, then the Marketplace shall be a Collaborative Marketplace and the operation thereof shall be subject to Section 3 of this Agreement. If (i) CFLP notifies the eSpeed Party that it does not wish to provide such Cantor Services or (ii) CFLP fails to notify the eSpeed Party within the 30-day time period that it wishes to provide such Cantor Services with respect to the new Marketplace, then the eSpeed Party may provide or obtain from a third party those services for that Marketplace in any manner that the eSpeed Party deems to be acceptable, and the Marketplace shall be an eSpeed Marketplace for purposes of this Agreement.

(e) If an eSpeed Party wishes to create a new Electronic Marketplace for a Product that is not a Financial Product, then the eSpeed Party shall provide to CFLP a New Market Notice relating thereto. CFLP or another Cantor Party shall have the opportunity to offer to provide Cantor Services with respect to the new Marketplace if, within 30 days of receiving the New Market Notice, CFLP or another Cantor Party notifies the eSpeed Party that it wishes to provide such Cantor Services with respect to the new Marketplace. The eSpeed Party shall review and negotiate the offer of CFLP or the other CFLP Party in good faith, but may accept or reject that offer in its reasonable discretion. If the eSpeed Party accepts a Cantor Party's negotiated terms of proposed offer to provide Cantor Services, then the Marketplace shall be a Collaborative Marketplace and the operation thereof shall be subject to
Section 3 of this Agreement on such terms as the applicable Cantor Party and the applicable eSpeed Party shall agree. If the eSpeed Party rejects the Cantor Party's negotiated terms of proposed offer to provide

Cantor Services, then (i) the Marketplace shall not be a Collaborative Marketplace and (ii) the eSpeed Party may create and operate the Marketplace in any manner that the eSpeed Party deems to be acceptable.

(f) No eSpeed Party shall, directly, indirectly or in connection with a third Person, engage in any activities competitive with a business activity now or hereafter conducted by a Cantor Party or provide or assist any other Person in providing any Cantor Service, other than (i) in collaboration with a Cantor Party pursuant to Section 3 of this Agreement, (ii) with respect to a new Marketplace involving a Financial Product, after CFLP (x) has indicated that it is unable or unwilling to provide such Cantor Service or (y) fails to indicate to the eSpeed Party within the prescribed 30-day period that it does wish to provide such Cantor Service with respect to that Marketplace in accordance with paragraph (d) of this Section 7, (iii) with respect to a new Marketplace involving a Product that is not a Financial Product or an Energy Product traded on the Electronic Energy Marketplace in accordance with paragraph (c) or paragraph (e) of this Section 7, (iv) with respect to an Unrelated Dealer Business in which an eSpeed Party develops and operates a fully electronic Marketplace, or (v) with respect to the Electronic Energy Marketplace. No eSpeed Party shall, directly, indirectly or in connection with a third Person, engage in or otherwise provide services for any Gaming Business, or engage in or otherwise provide services for any activities that are not within the definition of Gaming Business but would be if so designated by a Cantor Party, as set forth in the definition of Gaming Business herein, without the prior written consent of CFLP.

(g) No Cantor Party shall, directly, indirectly or in connection with a third Person, provide or assist any other Person in providing Electronic Brokerage Services, other than (i) in collaboration with eSpeed pursuant to Section 3 of this Agreement, (ii) with respect to a new Marketplace, after eSpeed (x) has indicated that it is unable to develop and put into operation an Electronic Trading System with respect to that new Marketplace in accordance with paragraph (a) of this Section 7 or (y) has declined to exercise its right of first refusal or is unable to develop and put into operation an Electronic Trading System with respect to that new Marketplace in accordance with paragraph (b) of this Section 7, including, without limitation, the time period specified therein, (iii) with respect to an Unrelated Dealer Business, (iv) with respect to the Electronic Energy Marketplace or (v) with respect to a Gaming Business.

(h) Notwithstanding the foregoing and anything to the contrary in this Section 7, the Unrelated Dealer Businesses and Gaming Businesses are expressly excluded from eSpeed's rights of first refusal under paragraph (b) and the conduct by any Cantor Party either directly, or indirectly with or through another Person, of any of the Unrelated Dealer Businesses and Gaming Businesses shall not be deemed to be a violation of this Section 7.

(i) The Cantor Parties and the eSpeed Parties shall be entitled to and may enter into strategic alliances, joint ventures, partnerships or similar arrangements with Persons and consummate Business Combinations with Persons (all of the foregoing, collectively, "Alliance Opportunities") on the following basis only. If an Alliance Opportunity
(i) relates to a Person that directly or indirectly provides Cantor Services and

engages in business operations that do not involve Electronic Brokerage Services, then any Cantor Party shall be entitled to consummate a transaction with respect to such an Alliance Opportunity, (ii) relates to a Person that directly or indirectly provides Electronic Brokerage Services and engages in business operations that do not involve any Cantor Service, then any eSpeed Party shall be entitled to consummate a transaction with respect to such an Alliance Opportunity and (iii) is an Alliance Opportunity with respect to a Person other than those described in clauses (i) and (ii) above, then the Cantor Parties and the eSpeed Parties shall cooperate to jointly pursue and consummate a transaction with respect to such Alliance Opportunity on mutually agreeable terms, provided, however that any Alliance Opportunity with TradeSpark with respect to the Electronic Energy Marketplace shall not be considered an Alliance Opportunity and any such Alliance Opportunity with TradeSpark with respect to the Electronic Energy Marketplace shall be specifically permitted in accordance with the terms and conditions agreed to by any eSpeed Party or any Cantor Party. For purposes of this paragraph, a "Business Combination" shall mean, with respect to any Person(other than TradeSpark with respect to the Electronic Energy Marketplace), a transaction initiated by and/or in which a Cantor Party or an eSpeed Party is the acquiror involving (i) a merger, consolidation, amalgamation or combination, (ii) any sale, dividend, split or other disposition of any capital stock or other equity interests (or securities convertible into or exchangeable for or options or warrants to purchase any capital stock or other equity equivalents) of the Person, (iii) any tender offer (including without limitation a self-tender), exchange offer, recapitalization, liquidation, dissolution or similar transaction, (iv) any sale, dividend or other disposition of a significant portion of the assets and properties of the Person (even if less than all or substantially all of such assets or properties), and
(v) entering into of any agreement or understanding, or the granting of any rights or options, with respect to any of the foregoing.

8. Exclusive Patent Licenses.

(a) Subject to the second following sentence, the Cantor Parties hereby grant to the eSpeed Parties an exclusive, perpetual, irrevocable, worldwide, royalty-free right and license, with the right to sublicense to its subsidiaries, under all patents, patent applications and inventions of the Cantor Parties related to Electronic Marketplaces and Electronic Gaming Marketplaces, now known and existing, including all provisionals, divisionals, continuations, continuations-in-part, reissues and extensions derived therefrom, as well as all foreign patents and patent applications now known or pending and other counterparts thereof (the "Patent Rights"). The Cantor Parties agree to take all commercially reasonable actions requested by the eSpeed Parties, at the sole expense of the eSpeed Parties, to cause the Patent Rights to remain in full force and effect to the extent permitted by law. In the event that eSpeed (x) has indicated that it is unable to develop and put into operation an Electronic Trading System with respect to a new Marketplace in accordance with paragraph (a) of Section 7 or
(y) has declined to exercise its right of first refusal with respect to a new Marketplace in accordance with paragraph (b) of Section 7, then the Cantor Parties shall have a limited right to use the Patent Rights solely in connection with the operation of that new Marketplace. The Cantor Parties shall cooperate with the eSpeed Parties, at the eSpeed Parties' sole expense, in any attempt by the eSpeed Parties to prevent or otherwise seek remedies or damages which, in any case,

shall inure to the eSpeed Parties for any third party infringement of the Patent Rights that are the subject of the license granted to the eSpeed Parties pursuant to this Section 8 or to defend against any third party claim relating to the Patent Rights.

(b) The Cantor Parties hereby grant to the eSpeed Parties a non-exclusive, perpetual, irrevocable, worldwide, royalty-free right and license, with the right to sublicense to its subsidiaries and affiliates, to use such trademarks and servicemarks as now or hereinafter may be used (collectively, the "Trademark Rights"), in all media now known or hereinafter developed, in connection with Electronic Marketplaces and Electronic Gaming Marketplaces. The Cantor Parties agree to take all commercially reasonable actions requested by the eSpeed Parties, at the sole expense of the eSpeed Parties, to cause the Trademark Rights to remain in full force and effect to the extent permitted by law. The eSpeed Parties acknowledge that the applicable Cantor Parties own the Trademark Rights, including all goodwill now or hereafter associated therewith, and that all goodwill and improved reputation generated by the eSpeed Parties' use of the Trademark Rights shall inure to the benefit of the applicable Cantor Parties. In order to preserve the inherent value of the Trademark Rights, the eSpeed Parties agree to use reasonable efforts to ensure that the products and services in connection with which the eSpeed Parties use the Trademark Rights shall be at least equal to the standard prevailing in the operation of the Electronic Marketplaces and in connection with Gaming Businesses immediately prior to the date of the Agreement.

9. Indemnification.

(a) CFLP's Indemnification Obligations. Subject to the terms and conditions of this Section 9, CFLP agrees to defend, indemnify and hold eSpeed, the other eSpeed Parties and their respective officers, directors, affiliates, agents, attorneys, employees and representatives harmless from and against any and all liabilities, losses, costs, damages, expenses, penalties, fines and taxes, including, without limitation, reasonable legal and other expenses (collectively, "Damages"), directly or indirectly arising out of, resulting from or relating to:

(i) any breach of any covenant, agreement or obligation of any Cantor Party contained in this Agreement; and

(ii) any liability resulting from CFLP broker errors and errors arising in connection with the provision by any Cantor Party of Clearance, Settlement and Fulfillment Services.

(b) eSpeed's Indemnification Obligations. Subject to the terms and conditions of this Section 9, eSpeed agrees to defend, indemnify and hold CFLP, the other Cantor Parties and their respective officers, directors, affiliates, agents, attorneys, employees and representatives harmless from and against any and all Damages directly or indirectly arising out of, resulting from or relating to:

(i) any breach of any covenant, agreement or obligation of any eSpeed Party contained in this Agreement;

(ii) any liability resulting from failures of eSpeed's technology and errors caused by the technology of the Electronic Marketplaces; and

(iii) any liability resulting from any claims asserted against Cantor with respect to an eSpeed Party's exercise of its Patent Rights.

(c) Claims for Indemnification; Defense of Indemnified Claims. For purposes of this Section, the party entitled to indemnification shall be referred to as the "Indemnified Party" and the party required to indemnify shall be referred to as the "Indemnifying Party." In the event that the Indemnifying Party shall be obligated to the Indemnified Party pursuant to this Section 9 or in the event that a suit, action, investigation, claim or proceeding is begun, made or instituted as a result of which the Indemnifying Party may become obligated to the Indemnified Party hereunder, the Indemnified Party shall give prompt written notice to the Indemnifying Party of the occurrence of such event, specifying the basis for such claim or demand, and the amount or estimated amount thereof to the extent then determinable (which estimate shall not be conclusive of the final amount of such claim or demand); provided, however, that the failure to give such notice shall not constitute a waiver of the right to indemnification hereunder unless the Indemnifying Party is actually prejudiced in a material respect thereby. The Indemnifying Party agrees to defend, contest or otherwise protect the Indemnified Party against any such suit, action, investigation, claim or proceeding at the Indemnifying Party's own cost and expense with counsel of its own choice, who shall be, however, reasonably acceptable to the Indemnified Party. The Indemnifying Party may not make any compromise or settlement without the prior written consent of the Indemnified Party (which will not be unreasonably withheld or delayed) and the Indemnified Party shall receive a full and unconditional release reasonably satisfactory to it pursuant to such compromise or settlement. The Indemnified Party shall have the right but not the obligation to participate at its own expense in the defense thereof by counsel of its own choice. If requested by the Indemnifying Party, the Indemnified Party shall (at the Indemnifying Party's expense) (i) cooperate with the Indemnifying Party and its counsel in contesting any claim or demand which the Indemnifying Party defends, (ii) provide the Indemnifying Party with reasonable access during normal business hours to its books and records to the extent they relate to the condition or operation of a Marketplace and are requested by the Indemnifying Party to perform its indemnification obligations hereunder, and to make copies of such books and records, and (iii) make personnel available to assist in locating any books and records relating to a Marketplace or whose assistance, participation or testimony is reasonably required in anticipation of, preparation for or the prosecution and defense of, any claim subject to this Section 9. In the event that the Indemnifying Party fails timely to defend, contest or otherwise protect the Indemnified Party against any such suit, action, investigation, claim or proceeding, the Indemnified Party shall have the right to defend, contest or otherwise protect the Indemnified Party against the same and may make any compromise or settlement thereof and recover the entire cost thereof from the Indemnifying Party, including, without limitation, reasonable attorneys' fees, disbursements and all amounts paid as a result of such suit, action, investigation, claim or proceeding or compromise or settlement thereof.

(d) Payments; Non-Exclusivity. Any amounts due an Indemnified Party under this Section 9 shall be due and payable by the Indemnifying Party within fifteen (15) business days after (x) in the case of a claim which does not involve any third party, receipt of written demand therefor and
(y) in the case of a claim which involves a third party, the final disposition of such claim or demand, provided that reasonable legal and other out-of-pocket costs and expenses are reimbursed currently within 15 business days after demand therefor. The remedies conferred in this Section 9 are intended to be without prejudice to any other rights or remedies available at law or equity to the Indemnified Parties, now or hereafter.

10. Relationship of the Parties.

(a) The relationship of the Cantor Parties on the one hand and the eSpeed Parties on the other hand is that of independent contractors. Pursuant to this Agreement, the Cantor Parties and the eSpeed Parties intend to render separate but related services to customers and to divide certain of the revenues arising from those services, but the parties do not intend to share profits or losses or to enter into or create any partnership, and no partnership or other like arrangement shall be deemed to be created hereby. None of the Cantor Parties or eSpeed Parties shall have any claim against the others or right of contribution with respect to any uninsured loss incurred by any of them nor shall any of them have a claim or right against the others with respect to any loss that is deemed to be included within the deductible, retention or self-insured portion of any insured risk.

(b) eSpeed agrees to execute a separate agreement that is substantially identical to this Agreement with respect to any discrete line of business or businesses and/or with any company or companies that are Cantor Parties at CFLP's request.

11. Audit. eSpeed may request a review, by those certified public accountants who examine CFLP's books and records, of CFLP's allocation of Transaction Revenues and Gaming Transaction Revenues to eSpeed to determine whether such allocation was based upon the procedures set forth herein. Such a review is to be conducted at eSpeed's expense. CFLP may request a review, by those certified public accountants who examine eSpeed's books and records, of eSpeed's allocation of Transaction Revenues to CFLP to determine whether such allocation was based upon the procedures set forth herein. Such a review is to be conducted at CFLP's expense.

12. Invoicing and Billing; Payment of Service Fees.

(a) Except with respect to a Gaming Business, the eSpeed Parties and the Cantor Parties shall pay to the other, within 30 days of the end of each calendar month, the amounts owed to the Cantor Parties or the eSpeed Parties, as the case may be (determined in the manner provided in Section 4 of this Agreement), during that calendar month. The eSpeed Parties shall invoice the Cantor Parties for charges for Ancillary IT Services provided pursuant hereto on a monthly basis as incurred, such invoices to be delivered to CFLP by eSpeed within 15 days after the end of each calendar month. The Cantor Parties shall pay to the eSpeed Parties the aggregate charge for Ancillary IT

Services provided under this Agreement in arrears within 30 days after the end of each calendar month.

(b) Each of the Cantor Parties shall pay to the eSpeed Parties, within 30 days of the end of each calendar quarter, the amounts due to the eSpeed Parties with respect to Gaming Businesses (determined in the manner provided in Section 4(D) of this Agreement) during that calendar quarter.

(c) Amounts due by one party to another under this Agreement shall be settled against amounts due by the second party to the first under this or any other agreement. All payments to be made pursuant to this Agreement shall be exclusive of United Kingdom Value Added Tax which, if applicable to any payments hereunder, shall be added to the amount of, and be paid in addition to, such payments.

(d) Amounts paid to eSpeed in respect of any Transaction Revenues or Gaming Transaction Revenues for which the payments by a customer to a Cantor Party under applicable bankruptcy or insolvency laws are deemed voidable preference payment or similar voidable payment, and for which a Cantor Party has been required to refund or pay-over to such bankrupt or insolvent customer or debtor's estate, may be deducted by the Cantor Parties from the amounts otherwise due to an eSpeed Party in the month following the month in which such amounts are returned to the customer or the debtor's estate.

13. Documentation. All Transaction Revenues, Gaming Transaction Revenues, service fees, costs of Ancillary IT Services, Gaming Development Services and other benefits hereunder shall be substantiated by and payments thereof shall be preceded or accompanied by, as applicable, appropriate schedules, invoices or other documentation.

14. Force Majeure. Any failure or omission by a party in the performance of any obligation under this Agreement shall not be deemed a breach of this Agreement or create any liability if the same arises from any cause or causes beyond the control of such party, including, but not limited to, the following, which, for purposes of this Agreement shall be regarded as beyond the control of each of the parties hereto: acts of God, fire, storm, flood, earthquake, governmental regulation or direction, acts of the public enemy, war, rebellion, insurrection, riot, invasion, strike or lockout; provided, however, that such party shall resume the performance whenever such causes are removed.

15. Post-Termination Payments. Notwithstanding any provision herein to the contrary, all payment obligations hereof shall survive the happening of any termination of this Agreement until all amounts due hereunder have been paid.

16. Confidentiality.

(a) CFLP and its affiliates agree to treat as confidential and not to disclose to any person (other than to CFLP employees who have a need to know the same for purposes of CFLP's performing its obligations hereunder) or use the same for its own benefit or for any purpose other than performing its obligations hereunder, all confidential or proprietary information, trade secrets, information related to, and all

subject matter covered by, any pending patent applications, data, plans, strategies, projections, budgets, reports, research, financial information, files, reports, software, agreements and other materials and information (individually and collectively, "Confidential Information") it receives, obtains or learns about eSpeed and its affiliates, an Electronic Marketplace or any other program, service, software or system eSpeed and/or CFLP develops in connection with this Agreement. CFLP shall notify those of its employees who perform services for eSpeed and its affiliates of this covenant and shall, to the extent practical, secure their agreement to abide by its terms.

(b) eSpeed and its affiliates agree, during the term of this Agreement, to treat as confidential and not to disclose to any person (other than to eSpeed employees who have a need to know the same for purposes of eSpeed's performing its obligations hereunder) or use the same for its own benefit or for any purpose other than performing its obligations hereunder, all Confidential Information it receives, obtains or learns about CFLP and its affiliates or any other program, service, software or system CFLP and/or eSpeed develops in connection with this Agreement. eSpeed shall notify those of its employees who perform services under this Agreement of this covenant and shall, to the extent practical, secure their agreement to abide by its terms.

(c) Notwithstanding the foregoing, neither party shall be obligated with respect to confidential or proprietary information that it can document: (i) is or has become readily publicly available through no fault of its own or that of its affiliates, employees or agents; or (ii) is received from a third party lawfully in possession of such information and lawfully empowered to freely disclose such information to it; or (iii) was lawfully in its possession, without restriction, after the date hereof.

17. Miscellaneous.

(a) This Agreement and all the covenants herein contained shall be binding upon the parties hereto, their respective heirs, successors, legal representatives and assigns. No party shall have the right to assign all or any portion of its rights, obligations or interests in this Agreement or any monies which may be due pursuant hereto without the prior written consent of the other affected parties and which consent may not be unreasonably withheld, provided, however, that CFLP may make such assignment to any of its direct or indirect, current or future, subsidiaries, other than eSpeed and its direct or indirect, current or future subsidiaries, such assignment shall relieve CFLP of its obligations hereunder with respect to such assignment and following such assignment the eSpeed Parties shall not have recourse to CFLP with respect to such assignment.

(b) No waiver by any party hereto of any of its rights under this Agreement shall be effective unless in writing and signed by an officer of the party waiving such right. No waiver of any breach of this Agreement shall constitute a waiver of any subsequent breach, whether or not of the same nature. This Agreement may not be modified except by a writing signed by officers of each of the parties hereto; provided, however, that each amendment, modification and/or waiver hereof or hereunder must be approved by a majority of the outside directors of eSpeed or the applicable eSpeed Party. For purposes of this Agreement, an outside director shall mean a director who is not an

employee, partner or affiliate (other than solely by reason of being an eSpeed director) of eSpeed, CFLP or any of their respective affiliates.

(c) This Agreement constitutes the entire Agreement of the parties with respect to the services and benefits described herein, and cancels and supersedes any and all prior written or oral contracts or negotiations between the parties with respect to the subject matter hereof.

(d) This Agreement shall be strictly construed as independent from any other agreement or relationship between the parties.

(e) This Agreement is made pursuant to and shall be governed and construed in accordance with the laws of the State of New York, without regard to the principles of conflict of laws thereof.

(f) The descriptive headings of the several sections hereof are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

(g) Any notice, request or other communication required or permitted in this Agreement shall be in writing and shall be sufficiently given if personally delivered or if sent by registered or certified mail, postage prepaid, addressed as follows:

(i) If to a Cantor Party:

One World Trade Center, 105th Floor New York, NY 10048 Attention: General Counsel Facsimile: (212) 938-3620

(ii) If to an eSpeed Party:

One World Trade Center, 103rd Floor New York, NY 10048 Attention: General Counsel Facsimile: (212) 938-3620

The address of any party hereto may be changed on notice to the other parties hereto duly served in accordance with the foregoing provisions.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have executed or caused this Joint Services Agreement to be executed in their respective names by their respective officers thereunto duly authorized, as of the date first written above.

CANTOR FITZGERALD, L.P., on behalf of itself and its direct and indirect, current and future, subsidiaries, other than eSpeed, Inc. and its direct and indirect, current and future, subsidiaries By: CF Group Management, Inc. its Managing General Partner

By: /s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: President

ESPEED, INC., on behalf of itself and its direct and indirect, current and future, subsidiaries

By: /s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: Chairman and Chief Executive Officer

[Signature Page for Joint Services Agreement]

WARRANT AGREEMENT

among

eSpeed, Inc.,

and

The Freedom Participants Identified Herein

Dated as of April 4, 2001

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WARRANT AGREEMENT

This Warrant Agreement (this "Agreement") is entered into as of April 4, 2001 among eSpeed, Inc., a Delaware corporation ("eSpeed"), Merrill Lynch Canada Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., and CIBC World Markets Inc. (collectively the "Freedom Participants" and individually, a "Freedom Participant").

W I T N E S S E T H

WHEREAS eSpeed has entered into a Share Purchase Agreement, dated as of January 29, 2001, with, among others, Freedom International Brokerage Inc., an Ontario corporation ("Freedom"), the Freedom Participants and Freedom International Holding, L.P. ("Holdings') (the "Share Purchase Agreement"), providing for the purchase by Holdings of shares of Freedom International Brokerage Company, a Nova Scotia unlimited liability company ("New Freedom"), which will be formed from the amalgamation of Freedom and a company with no assets or liabilities and which will continue with the current business of Freedom, subject to a new shareholders' agreements and technology arrangements; and

WHEREAS the Share Purchase Agreement provides that eSpeed will issue on the Closing Date to Royal Bank of Canada ("Royal Bank") or its nominee, Roytor & Co. ("Nominee"), 400,000 warrants (the "Warrants"), each Warrant entitling the holder to purchase one share of eSpeed Class A Common Stock (as hereinafter defined) subject to adjustment, upon the terms and subject to the conditions hereinafter set forth;

WHEREAS eSpeed is duly authorized to create and issue the Warrants as herein provided;

WHEREAS all things have been done and performed to make the Warrants, when certified and issued by eSpeed, legal, valid, and binding upon eSpeed with the benefits of and subject to the terms of this Agreement;

WHEREAS the foregoing two recitals are made as representations and warranties by eSpeed;

NOW THEREFORE, in consideration of the premises and the mutual agreements hereinafter set forth, the parties hereby agree as follows:

Section 1 Certain Definitions

For purposes of this Agreement, the following terms have the meanings indicated. Capitalized terms used and not defined herein have the meanings ascribed thereto in the Share Purchase Agreement.

(a) "Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with, such Person at the time at which the determination of affiliation is made. For purposes of this Agreement, neither New Freedom nor any of its subsidiaries shall be considered an Affiliate of any Person.

(b) "Allocation Date" means one of the days that is 30 days after one of the first, second or third anniversaries of the Closing Date.

(c) "Business Day" means any day other than a Saturday, Sunday or a day on which banks are generally not open for business in the City of Toronto or New York.

(d) "Close of Business" on any given date shall mean 5:00 P.M., New York City time, on such date; provided, however, that if such date is not a Business Day, it shall mean 5:00 P.M., New York City time, on the next succeeding Business Day.

(e) "Closing Date" means the date hereof.

(f) "Closing Price" with respect to a share of eSpeed Class A Common Stock on any day means the last reported sale price on that day during regular trading hours or, in case no reported sale takes place on such day, the average of the last reported bid and asked prices, regular way, on that day during regular trading hours, in either case, as reported in the consolidated transaction reporting system with respect to securities reported on Nasdaq or, if the shares of eSpeed Class A Common Stock are not then quoted on Nasdaq, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of eSpeed Class A Common Stock are then listed or admitted to trading or, if the shares of eSpeed Class A Common Stock are not quoted on Nasdaq and then not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices during regular trading hours on such other nationally recognized quotation system then in use, or, if on any such day the shares of eSpeed Class A Common Stock are not quoted on any such quotation system, the average of the closing bid and asked prices as furnished by a professional market maker selected by the Board of Directors of eSpeed making a market in the shares of eSpeed Class A Common Stock. If the shares of eSpeed Class A Common Stock are not then publicly held or so listed, quoted or publicly traded, the term "Closing Price" means the fair market value of a share of eSpeed Class A Common Stock, as determined in good faith by the Board of Directors of eSpeed.

(g) "Commercial Contribution" means, with respect to a Freedom Participant, (i) the aggregate electronic trading volume generated by such Freedom Participant through trades of any product made over an eSpeed platform or trading system, times the average commission rate received by eSpeed or New Freedom, as applicable, for such transactions plus (ii) the aggregate amount of commissions actually paid by such Freedom Participant to eSpeed or New Freedom, as applicable, with respect to such transactions. Amounts in currencies other than Dollars calculated pursuant to this definition shall be converted into Dollars in accordance with the standard currency conversion method used by eSpeed at the time of such conversion.

(h) "Current Market Price" has the meaning set forth in Section 14(a).

(i) "Distribution" has the meaning set forth in Section 5(a).

(j) "Dollars" and "$" mean U.S. dollars.

(k) "eSpeed Class A Common Stock" means the Class A common stock, par value $0.01 per share, of eSpeed.

(l) "eSpeed Commercial Contribution Statement" has the meaning set forth in Section 5(f).

(m) "Equity Securities" of any Person means any and all common stock, preferred stock, any other class of capital stock and partnership or limited liability company interests in such Person or any other similar interests in any such Person that is not a corporation, partnership or limited liability company.

(n) "Exercise Period" means the period beginning 45 Business Days after the second anniversary of the Closing Date and ending at the Close of Business on the fifth anniversary of the Closing Date.

(o) "Exercise Price" has the meaning set forth in Section 2, which the Parties agree to be $22.43125 per share as of the Closing Date.

(p) "Freedom Registrable Shares" means at any particular time shares of eSpeed Class A Common Stock held by a Freedom Participant that (i) were issued to Freedom Participants as a result of the exercise of the Warrants and (ii) may not at such time be resold by such Freedom Participant pursuant to Rule 144 or Rule 145 under the Securities Act.

(q) "Hedging Activities" means any transactions intended to reduce the economic risk of ownership of the Warrants (including, without limitation, the sale of any option or contract to purchase or the purchase of any option or contract to sell or any other derivative) or that would, directly or indirectly, have the effect (or substantially the economic equivalent effect) of selling short the eSpeed Class A Common Stock or the Warrants.

(r) "Share Purchase Agreement" has the meaning set forth in the recitals hereto.

(s) "Nasdaq" means The Nasdaq Stock Market.

(t) "Offer Time" has the meaning set forth in Section 11(e).

(u) "Person" means any corporation (including a limited or unlimited liability company), general or limited partnership, joint venture, estate, trust, association, organization or other entity or governmental or regulatory authority or agency.

(v) "Purchased Shares" has the meaning set forth in
Section 11(e).

(w) "Securities Act" means the U.S. Securities Act of 1933 or any successor U.S. federal statute, and the rules and regulations of the U.S.

Securities Exchange Commission or any successor authority promulgated thereunder, all as the same shall be in effect from time to time.

(x) "Share Rate" has the meaning set forth in Section 2.

(y) "Trading Day " has the meaning set forth in Section 13.

(z) "Trigger Event" has the meaning set forth in Section 11(c).

(aa) "Warrant Amount" has the meaning set forth in Section 5(a).

(bb) "Warrant Certificates" has the meaning set forth in Section 2.

(cc) "Warrant Percentage" has the meaning set forth in Section 5(a).

(dd) "Warrantholder" means a holder of a Warrant Certificate.

(ee) "Warrants" has the meaning set forth in the recitals hereto.

Section 2. Issue of Warrants and Form of Warrant Certificates

(a) A total of 400,000 Warrants are hereby created and authorized to be issued hereunder upon the terms and conditions herein set forth, and shall be executed by eSpeed, each Warrant entitling the registered holders thereof to acquire a number of shares of eSpeed Class A Common Stock for each such Warrant (the "Share Rate"), subject to adjustment as provided herein, at an initial Share Rate of one share of eSpeed Class A Common Stock for each Warrant.

(b) The certificates representing Warrants, including the form of election to purchase eSpeed Class A Common Stock (collectively, the "Warrant Certificates") shall be substantially in the form of Exhibit I hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as eSpeed may deem appropriate and as are not inconsistent with the provisions of this Agreement or as may be required to comply with any law or with any rule or regulation made pursuant thereto, or to conform to usage. Subject to the provisions of Section 18, the Warrant Certificates, when issued, shall be dated the Closing Date and on their face shall entitle the holders thereof to purchase such number of shares of eSpeed Class A Common Stock as shall be set forth therein at the Current Market Price per share determined as at the last Business Day before the date of the Share Purchase Agreement (the "Exercise Price"), payable in cash; provided that such number of shares and the Exercise Price shall be subject to the adjustments provided in this Agreement.

Section 3. Signature and Registration

Each Warrant Certificate shall be executed on behalf of eSpeed by its Chief Executive Officer, Vice Chairman or President, either manually or by facsimile signature, and have affixed thereto eSpeed's seal or a facsimile thereof which shall be attested by the Secretary or an Assistant Secretary of eSpeed, either manually or by facsimile signature.

Section 4. Transfer, Split-Up, Combination and Exchange of Warrant Certificates; Mutilated, Destroyed, Lost or Stolen Warrant Certificates

(a) The Freedom Participants and their respective nominees shall not, and shall use their best efforts to ensure that Royal Bank shall not, sell, transfer, assign, hypothecate, pledge, hedge or otherwise convey the Warrants or any portion thereof issued, whether by dividend, distribution or otherwise, except for transfers by Royal Bank of Warrant Certificates to the Freedom Participants or their respective nominees on an Allocation Date and in accordance with the terms hereof.

(b) At any time on an Allocation Date or during the Exercise Period a Warrant Certificate may be, at the option of the registered holder thereof, subject to any restrictions on transferability provided by U.S. Federal or state securities laws, split up, combined or exchanged for another Warrant Certificate or Warrant Certificates entitling Freedom Participants to purchase a like aggregate number of shares of eSpeed Class A Common Stock as the Warrant Certificate or Warrant Certificates surrendered shall have entitled the registered holder thereof to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Warrant Certificate shall make such request in writing delivered to eSpeed, and shall surrender the Warrant Certificate or Warrant Certificates to be transferred, split up, combined or exchanged at the principal office of eSpeed. Thereupon eSpeed shall sign and deliver to the Person entitled thereto a Warrant Certificate or Warrant Certificates, as the case may be, as so requested. eSpeed may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split-up, combination or exchange of Warrant Certificates, together with reimbursement to eSpeed of all reasonable expenses incidental thereto.

(c) Upon receipt by eSpeed of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of a Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security satisfactory to eSpeed, and reimbursement to eSpeed of all reasonable expenses incidental thereto, and upon surrender to eSpeed and cancellation of the Warrant Certificate if mutilated, eSpeed shall make and deliver a new Warrant Certificate of like tenor to the registered holder in lieu of the Warrant Certificate so lost, stolen, destroyed or mutilated.

Section 5. Exercise of Warrants; Exercise Price; Expiration Date of Warrants

(a) On the Closing Date, 400,000 Warrants represented by a Warrant Certificate will be issued to Royal Bank and registered in the name of the Nominee. Royal Bank will initially hold all of the Warrants. The Freedom Participants shall use their best efforts to ensure that Royal Bank shall not transfer any Warrant to any entity other than a Freedom Participant or its nominee and then only in accordance with this Section 5(a). Royal Bank may arrange for the subdivision and distribution of the Warrants only with respect to the Distribution of Warrants to a Freedom Participant or its nominee on an Allocation Date. On the Allocation Dates in 2002 and 2003, the Freedom Participants shall use their best efforts to cause Royal Bank, subject to paragraphs (f) and (g) hereof, to distribute 133,333 Warrants to the Freedom Participants or their respective nominees and on the Allocation Date in 2004, subject to paragraphs (f) and (g) hereof, to distribute 133,334 Warrants to the

Freedom Participants or their respective nominees so that on each such Allocation Date, each Freedom Participant or its nominee receives a portion of such Warrants distributed on that date equal to its respective Warrant Amount (each such distribution, a "Distribution"). The "Warrant Amount" for each Freedom Participant or its nominee with respect to a Distribution on an Allocation Date shall be equal to its Warrant Percentage multiplied by the number of Warrants to be distributed on such Distribution Date. The "Warrant Percentage" for such Freedom Participant or its nominee with respect to a Distribution shall be equal to the Commercial Contribution of such Freedom Participant, in the case of the Distribution on the first Allocation Date, for the period from and including the date of the Share Purchase Agreement to and excluding the first anniversary of the Closing Date, in the case of the Distribution on the second Allocation Date, for the period from and including the first anniversary of the Closing Date to and excluding the second anniversary of the Closing Date, and in the case of the Distribution on the third Allocation Date, for the period from and including the second anniversary of the Closing Date to and excluding the third anniversary of the Closing Date, expressed as a percentage of the sum of all Commercial Contributions of all Freedom Participants during the applicable period, as set out in the eSpeed Commercial Contribution Statement.

(b) A Warrant may be exercised only during the Exercise Period.

(c) During the Exercise Period and subject to paragraph (d) below, the registered holder of any Warrant Certificate may exercise the Warrants evidenced thereby in whole or in part upon surrender of the Warrant Certificate, with the form of election to purchase on the reverse side thereof duly executed, to eSpeed at its principal office, together with payment of the Exercise Price in immediately available funds for each share of eSpeed Class A Common Stock for which the Warrants are exercised. Each Warrant not exercised during the Exercise Period shall become void, and all rights under the applicable unexercised Warrant Certificates and all rights under this Agreement shall cease as of such time.

(d) Upon receipt of a Warrant Certificate, with the form of election to purchase duly executed, accompanied by payment of the Exercise Price for the shares of eSpeed Class A Common Stock to be purchased and an amount equal to any applicable tax or governmental charge referred to in Section 7 in cash, or by certified check or bank draft payable to the order of eSpeed, eSpeed shall thereupon promptly (i) requisition from any transfer agent of the eSpeed Class A Common Stock certificates for the number of whole shares of eSpeed Class A Common Stock to be purchased, (ii) pay an amount of cash required to be paid in lieu of the issuance of fractional shares and (iii) after receipt of such certificates, cause the same to be delivered to or upon the order of the registered Warrantholder, registered in such name or names as may be designated by such Warrantholder, and when appropriate, after receipt promptly deliver such cash to or upon the order of the registered Warrantholder.

(e) In case any registered Warrantholder exercises less than all Warrants evidenced by a Warrant Certificate, a new Warrant Certificate evidencing the Warrants equivalent to the Warrants remaining unexercised shall be issued by eSpeed to such registered Warrantholder or to his or her duly authorized assigns, subject to the provisions of Section 14.

(f) eSpeed shall give to Royal Bank and to each Freedom Participant prior to each Allocation Date a written statement (the "eSpeed Commercial Contribution Statement") setting forth the Warrant Amount and the

Warrant Percentage of each Freedom Participant for the period in respect of which Warrants will be allocated on such Allocation Date, together with the calculation of each such Warrant Percentage. Such statement shall be delivered in accordance with Section 23. Absent manifest error, none of the Freedom Participants shall dispute the eSpeed Commercial Contribution Statements and the calculations therein if eSpeed has made such calculations in good faith.

(g) If, in the eSpeed Commercial Contribution Statement, eSpeed states that:

(i) a Freedom Participant has failed to deliver to eSpeed, with a copy to New Freedom, a certificate, executed by a senior officer of the Freedom Participant for and on behalf of the Freedom Participant and not in his personal capacity, to the effect that the Freedom Participant has not breached any of its obligations under Section 9 hereof during the Allocation Period for which the Warrants are being distributed, within 30 days of a written request for such certificate having been made to the Freedom Participant, with a copy to New Freedom, by eSpeed in accordance with Section 9 hereof, and

(ii) accordingly, eSpeed shall state in the eSpeed Commercial Contribution Statement that such Freedom Participant shall not be entitled to receive any further Warrants on any Distribution made under the Warrant Agreement and that any Warrants previously delivered to the Freedom Participant under the Warrant Agreement and hereunder are required to be redelivered to Royal Bank for redistribution by Royal Bank to the other Freedom Participants in the same proportions that such other Freedom Participants will receive Warrants for the Allocation Period for which the Warrants are being distributed;

then the Freedom Participant that failed to deliver such certificate and its nominee shall not be entitled to receive any further Distributions of Warrants and the Warrants redelivered to Royal Bank by such Freedom Participant shall be redistributed to the other Freedom Participants in the same proportions that such other Freedom Participants will receive Warrants for the Allocation Period for which the Warrants are being distributed in accordance with the procedures set out in the eSpeed Commercial Contribution Statement. Such Freedom Participant shall redeliver any Warrants previously delivered to it to Royal Bank, which shall redistribute them to the other Freedom Participants in the same proportions that such other Freedom Participants had received Warrants for the Allocation Period for which the Warrants are being distributed.

Section 6. Cancellation and Destruction of Warrant Certificates

All Warrant Certificates surrendered for the purpose of exercise, split-up, combination or exchange shall be cancelled by eSpeed, and no Warrant Certificates shall be issued in lieu thereof except as expressly permitted by the provisions of this Agreement.

Section 7. Reservation and Availability of Shares of eSpeed Class A Common Stock or Cash; Taxes

(a) eSpeed hereby covenants and agrees that, from and after the Closing Date until the termination of the Exercise Period, it shall cause to be reserved and kept available out of its authorized and unissued shares of eSpeed Class A Common Stock or its authorized and issued shares of eSpeed Class A Common Stock held in its treasury, free from preemptive rights, the number of shares of eSpeed Class A Common Stock that will be sufficient to permit the exercise in full of all outstanding Warrants.

(b) eSpeed shall not be responsible for any tax or governmental charge that may be payable in connection with the issuance or delivery of the Warrant Certificates, the transfer of Warrant Certificates or the issuance or delivery of certificates for eSpeed Class A Common Stock to Warrantholders. In addition, eSpeed shall not be required to issue or deliver any certificate for shares of eSpeed Class A Common Stock upon the exercise of any Warrant until any such tax or governmental charge shall have been paid (any such tax or governmental charge being payable by the holder of such Warrant Certificate at the time of surrender) or until it has been established to eSpeed's satisfaction that no such tax or governmental charge is due.

Section 8. Representations and Warranties of the Freedom Participants

Each Freedom Participant hereby represents and warrants to eSpeed as follows:

(a) Organization, Good Standing and Qualification. It will obtain a representation and warranty from Royal Bank to eSpeed that as at the Closing Date:

(i) Royal Bank is a bank, duly organized, validly existing and in good standing under the Bank Act (Canada) and that it has all requisite power and authority to own and operate its properties and assets (including to hold the Warrants as registered owner thereof) and to carry on its business as presently conducted and is qualified to do business and is in good standing in Canada; and

(ii) the Nominee is a limited partnership, duly organized, validly existing and in good standing under the laws of Ontario and that it has all requisite power and authority to own and operate its properties and assets (including to hold the Warrants as registered owner thereof) and to carry on its business as presently conducted and is qualified to do business and is in good standing in Canada.

(b) Corporate Authority. Each Freedom Participant has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver, and perform its respective obligations under, this Agreement and to consummate the transactions contemplated hereby. This Agreement is a valid and binding agreement of each Freedom Participant, enforceable against each Freedom Participant in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. The execution, delivery and performance of this Agreement by each Freedom Participant do not, and the consummation of transactions contemplated hereby will not, constitute or result

in a breach or violation of, or a default under, the organizational documents of any Freedom Participant.

Section 9. Certain Agreements of the Freedom Participants

From the date hereof until the date on which all of the Warrants become exercisable pursuant to the terms of this Agreement, the Freedom Participants shall not, and shall use their best efforts to ensure that Royal Bank does not, effect any Hedging Activities with respect to the Warrants, including, without limitation, short sales against the box or any other derivative transaction.

Section 10. eSpeed Class A Common Stock Record Date

Each Person in whose name any certificate for shares of eSpeed Class A Common Stock is issued upon the exercise of Warrants shall for all purposes be deemed to have become the holder of record for the eSpeed Class A Common Stock represented thereby on, and such certificate shall be dated the date upon which the Warrant Certificate evidencing such Warrants was duly surrendered and payment of the Exercise Price (and any applicable transfer taxes) was made; provided, however, that if the date of such surrender and payment is a date upon which the eSpeed Class A Common Stock transfer books of eSpeed are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the eSpeed Class A Common Stock transfer books of eSpeed are open.

Section 11. Adjustments

The number and kind of securities purchasable upon the exercise of the Warrants and the Exercise Price thereof shall be subject to adjustment from time to time after the date hereof as follows:

(a) Stock Dividends. In case eSpeed after the date hereof shall pay a dividend or make a distribution to all holders of shares of eSpeed Class A Common Stock in shares of eSpeed Class A Common Stock, then in any such case the Share Rate in effect at the opening of business on the day following the record date for the determination of stockholders entitled to receive such dividend or distribution shall be increased to a Share Rate obtained by multiplying such Share Rate by a fraction of which (i) the numerator shall be the number of shares of eSpeed Class A Common Stock outstanding at the close of business after such dividend or distribution and (ii) the denominator shall be the sum of such number of shares of eSpeed Class A Common Stock outstanding prior to such dividend or distribution, and the Exercise Price in effect at the opening of business on the day following the record date for the determination of stockholders entitled to receive such dividend or distribution shall be reduced to a price obtained by multiplying such Exercise Price by a fraction of which (i) the numerator shall be the number of shares of eSpeed Class A Common Stock outstanding at the close of business on such record date and (ii) the denominator shall be the sum of such number of shares of eSpeed Class A Common Stock outstanding and the total number of shares of eSpeed Class A Common Stock constituting such dividend or distribution, and such increase and reduction shall become effective immediately after the opening of business on the day

following such record date. For purposes of this subsection (a), the number of shares of eSpeed Class A Common Stock at any time outstanding shall not include shares held in eSpeed's treasury but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of eSpeed Class A Common Stock. eSpeed will not pay any dividend or make any distribution on shares of eSpeed Class A Common Stock held in eSpeed's treasury.

(b) Stock Splits and Reverse Splits. In case after the date hereof outstanding shares of eSpeed Class A Common Stock shall be subdivided or redivided by a stock split (or other similar event of general applicability to the eSpeed Class A Common Stock) ("Stock Split") into a greater number of shares of eSpeed Class A Common Stock, the Share Rate shall be adjusted by multiplying such Share Rate by a fraction of which (i) the numerator shall be the number of shares of eSpeed Class A Common Stock outstanding at the close of business after such Stock Split and (ii) the denominator shall be the sum of such number of shares of eSpeed Class A Common Stock outstanding prior to such Stock Split, and the Exercise Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced, and, conversely, in case after the date hereof outstanding shares of eSpeed Class A Common Stock shall be combined by a reverse Stock Split (or other similar event of general applicability to the eSpeed Class A Common) into a smaller number of shares of eSpeed Class A Common Stock, the Share Rate shall be adjusted by multiplying such Share Rate by a fraction of which (i) the numerator shall be the number of shares of eSpeed Class A Common Stock outstanding at the close of business after such reverse Stock Split and (ii) the denominator shall be the sum of such number of shares of eSpeed Class A Common Stock outstanding prior to such reverse Stock Split, and the Exercise Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) Other Issuances. In case eSpeed after the date hereof shall issue rights, options or warrants to holders of shares of eSpeed Class A Common Stock entitling them to subscribe for or purchase shares of eSpeed Class A Common Stock at a price per share less than the Closing Price per share on the record date for the determination of stockholders entitled to receive such rights, options or warrants, the Share Rate in effect at the opening of business on the day following such record date shall be adjusted to a Share Rate obtained by multiplying such Share Rate by a fraction of which (i) the numerator shall be the number of shares of eSpeed Class A Common Stock outstanding at the close of business on such record date plus the number of additional shares of eSpeed Class A Common Stock so to be offered for subscription or purchase, and (ii) the denominator shall be the number of shares of eSpeed Class A Common Stock outstanding at the close of business on such record date plus the number of shares of eSpeed Class A Common Stock that the aggregate offering price of the total number of shares so to be offered would purchase at the Closing Price on such record date, such adjustment to become effective immediately after the opening of business on the day following such record date, and the Exercise Price in effect at the opening of business on the day following such record date shall be adjusted to an Exercise Price obtained by multiplying such Exercise Price by a fraction of which (i) the numerator shall be the number of shares of eSpeed Class A Common Stock outstanding at the close of business on such record date plus the number of shares of eSpeed Class A Common Stock that the aggregate

offering price of the total number of shares so to be offered would purchase at the Closing Price on such record date and (ii) the denominator shall be the number of shares of eSpeed Class A Common Stock outstanding at the close of business on such record date plus the number of additional shares of eSpeed Class A Common Stock so to be offered for subscription or purchase, such adjustment to become effective immediately after the opening of business on the day following such record date; provided, however, that no adjustment shall be made if eSpeed issues or distributes to each Warrantholder the right to receive, upon the exercise of the Warrants held by such Warrantholder after such Warrants become exercisable, the rights, options or warrants that such Warrantholder would have been entitled to receive had the Warrants held by such Warrantholder been exercised prior to such record date. For purposes of this subsection (c), the number of shares of eSpeed Class A Common Stock at any time outstanding shall not include shares held in eSpeed's treasury but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of eSpeed Class A Common Stock. Rights or warrants issued by eSpeed to all holders of eSpeed Class A Common Stock entitling the holders thereof to subscribe for or purchase Equity Securities, which rights or warrants (i) are deemed to be transferred with such shares of eSpeed Class A Common Stock, (ii) are not exercisable or (iii) are issued in respect of future issuances of eSpeed Class A Common Stock, including shares of eSpeed Class A Common Stock issued upon exercise of the Warrants evidenced by a Warrant Certificate, in each of cases (i) through (iii) until the occurrence of a specified event or events (a "Trigger Event"), shall for purposes of this subsection (c) not be deemed issued until the occurrence of the earliest Trigger Event.

(d) Special Dividends. In case eSpeed, after the date hereof, shall distribute to all holders of shares of eSpeed Class A Common Stock evidence of its indebtedness, cash, property or assets (excluding any regular periodic cash dividend), Equity Securities (other than eSpeed Class A Common Stock) or rights, options or warrants to subscribe (excluding those referred to in subsection (c) above) for Equity Securities, in each such case the Share Rate will be adjusted by multiplying the Share Rate in effect on such record date by a fraction of which (i) the numerator of which shall be the total number of eSpeed Class A Shares outstanding on such record date multiplied by such Closing Price, and (ii) the denominator of which shall be the total number of Class A Shares outstanding on such record date multiplied by the Closing Price on the earlier of the record date and the date on which eSpeed announces its intention to make such distribution, less the aggregate fair market value (as determined by the Board of Directors of eSpeed at the time such distribution is authorized) of such shares or rights, options or warrants or evidences of indebtedness or cash, securities or other property or assets so distributed, and the Exercise Price in effect immediately prior to the close of business on the record date for the determination of stockholders entitled to receive such distribution shall be adjusted to a price obtained by multiplying such Exercise Price by a fraction of which (i) the numerator shall be the Closing Price per share of eSpeed Class A Common Stock on such record date, less the then-current fair market value as of such record date (as determined by the Board of Directors of eSpeed in its good faith judgment) of the portion that such shares or rights, options or warrants or evidences of indebtedness or cash, securities or other property or assets so distributed represent of the value of one share of eSpeed Class A Common Stock, and (ii) the denominator shall be such Closing Price, such adjustment to become effective immediately prior to the opening of business on the day following such record date; provided, however, that no adjustment shall be made if eSpeed grants to each Warrantholder the right to receive, upon the

exercise of the Warrants held by such Warrantholder after such Warrants become exercisable, such shares or rights, options or warrants or evidences of indebtedness or cash, securities or other property or assets that such Warrantholder would have been entitled to receive had such Warrants been exercised prior to such record date. eSpeed shall provide any Warrantholder, upon receipt of a written request therefor, with any indenture or other instrument defining the rights of the holders of shares or rights, options or warrants or evidences of indebtedness or cash, securities or other property or assets so distributed referred to in this subsection (d). Rights or warrants issued by eSpeed to all holders of eSpeed Class A Common Stock entitling the holders thereof to subscribe for or purchase Equity Securities, which rights or warrants (i) are deemed to be transferred with such shares of eSpeed Class A Common Stock, (ii) are not exercisable or (iii) are issued in respect of future issuances of eSpeed Class A Common Stock, including shares of eSpeed Class A Common Stock issued upon exercise of the Warrants evidenced by the Warrant Certificate, in each of cases (i) through (iii) until the occurrence of a Trigger Event, shall for purposes of this subsection (d) not be deemed issued until the occurrence of the earliest Trigger Event.

(e) Tender or Exchange Offer. In case after the date hereof a tender or exchange offer made by eSpeed or any Affiliate of eSpeed for all or any portion of the eSpeed Class A Common Stock shall be consummated and such tender offer shall involve an aggregate consideration having a fair market value
(as determined by the Board of Directors of eSpeed in its good faith judgment) at the last time (the "Offer Time") tenders may be made pursuant to such tender or exchange offer (as it may be amended) that, together with the aggregate of the cash plus the fair market value (as determined by the Board of Directors of eSpeed in its good faith judgment), as of the Offer Time, of consideration payable in respect of any tender or exchange offer previously consummated by eSpeed or any such subsidiary for all or any portion of the eSpeed Class A Common Stock and in respect of which no Exercise Price adjustment pursuant to this subsection (e) has been made, exceeds 5% of the product of the Closing Price of the eSpeed Class A Common Stock at the Offer Time multiplied by the number of shares of eSpeed Class A Common Stock outstanding (including any tendered shares) at the Offer Time, the Exercise Price shall be reduced so that the same shall equal the price determined by multiplying the Exercise Price in effect immediately prior to the Offer Time by a fraction of which (i) the numerator shall be (A) the product of the Closing Price of the eSpeed Class A Common Stock at the Offer Time multiplied by the number of shares of eSpeed Class A Common Stock outstanding (including any tendered shares) at the Offer Time minus (B) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered and not withdrawn as of the Offer Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (ii) the denominator shall be the product of (A) such Closing Price at the Offer Time multiplied by (B) such number of outstanding shares at the Offer Time minus the number of Purchased Shares, such reduction to become effective immediately prior to the opening of business on the day following the Offer Time. For purposes of this subsection (e), the number of shares of eSpeed Class A Common Stock at any time outstanding shall not include shares held in the treasury of eSpeed but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of eSpeed Class A Common Stock.

(f) Notwithstanding anything in this Section 11 to the contrary, no adjustment in the Exercise Price or number of shares of eSpeed Class A Common Stock issuable upon exercise of a Warrant shall be required unless such adjustment would require an increase or decrease in the Exercise Price of at least $0.25 or in the number of shares of eSpeed Class A Common Stock issuable upon exercise of a Warrant of at least 1%; provided, however, that any adjustments which by reason of this paragraph (f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or the nearest ten-thousandth of a share, as the case may be.

(g) All Warrants originally issued by eSpeed prior to any adjustment made to the Exercise Price pursuant to this Section 11 shall evidence the right to purchase, at the adjusted Exercise Price, the number of shares of eSpeed Class A Common Stock purchasable from time to time hereunder upon exercise of the Warrants, all subject to further adjustment as provided herein.

(h) Irrespective of any adjustment or change in the Exercise Price or the number of shares of eSpeed Class A Common Stock issuable upon the exercise of the Warrants, the Warrant Certificates theretofore and thereafter issued may continue to express the Exercise Price per share and the number of shares which were expressed upon the initial Warrant Certificates issued under this Agreement.

(i) eSpeed hereby agrees that it shall not, by amendment of its certificate of incorporation or through reorganization, consolidation, merger, dissolution or sale of assets, or by any other voluntary act, avoid or seek to avoid the observance or performance of any of the covenants, stipulations or conditions to be observed or performed by it under this Agreement.

(j) In any case in which this Section 11 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, eSpeed may elect to defer until the occurrence of such event the issuance to the holder of any Warrant exercised after such record date of the shares of eSpeed Class A Common Stock; provided, however, that eSpeed shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(k) eSpeed shall be entitled, but not required, to make such reductions in the Exercise Price, in addition to those expressly required by this Section 11, as and to the extent that it in its sole discretion may determine to be advisable in order that any event treated for Federal income tax purposes as a distribution of stock or stock rights shall not be taxable to the recipients.

(l) eSpeed shall be entitled, but not required, to make such reductions in the Exercise Price, in addition to those expressly required by this Section 11, as and to the extent that it in its sole discretion shall determine to be advisable, including, without limitation, in order that any dividend in or distribution of shares of eSpeed Class A Common Stock or shares of capital stock of any class other than eSpeed Class A Common Stock, subdivision, reclassification or combination of shares of eSpeed Class A Common Stock, issuance of rights or warrants, or any other transaction having a similar

effect, shall not be treated as a distribution of property by eSpeed to its stockholders under Section 305 of the Internal Revenue Code of 1986, as amended, or any successor provision and shall not be taxable to them.

Section 12. Adjusted Exercise Price or Share Rate

With respect to adjustments in the Exercise Price or the Share Rate as provided in Sections 11 or 13:

(a) eSpeed shall (i) promptly prepare a certificate setting forth the Exercise Price as so adjusted or the number of shares of eSpeed Class A Common Stock issuable upon exercise of each Warrant as so adjusted, and a brief statement of the facts accounting for such adjustment and (ii) mail a brief summary thereof to each holder of Warrants.

(b) The adjustments shall, in the case of any adjustment to the Share Rate, be computed to the nearest one one-hundredth of a share of eSpeed Class A Common Stock, and in the case of any adjustments in the Share Rate and/or Exercise Price, apply cumulatively to successive subdivisions, consolidations, distributions, issuances or other events resulting in any adjustment.

(c) In the event of any question arising with respect to adjustments to the number and kind of securities purchasable upon the exercise of the Warrants or the Exercise Price, or any other adjustments applicable to the Warrants contemplated by the Warrant Agreement, such question shall be conclusively determined by eSpeed's auditors or, if they are unable or unwilling to act, by such firm of chartered accountants as is appointed by eSpeed and acceptable to the Freedom Participants. Such accountants shall have access to all necessary records of eSpeed and such determination shall be binding upon eSpeed and the Warrantholders absent manifest error.

(d) If and whenever eSpeed shall take any action affecting or relating to the eSpeed Class A Shares, other than any action described in Section 11 or Section 13, which in the opinion of the directors would prejudicially affect the rights of any holders of Warrants, the Share Rate and/or Exercise Price will be adjusted by the Board of Directors in such manner, if any, and at such time, as the Board of Directors may in their sole discretion determine to be equitable in the circumstances to such holders.

Section 13. Reclassification, Consolidation, Merger, Combination, Sale or Conveyance

In case any of the following occurs while any Warrants are valid and outstanding: (a) any reclassification or change of the outstanding shares of eSpeed Class A Common Stock (other than a change in par value, or from par value to no par value, or as covered by Section 11(a) or (b)), (b) any consolidation, merger or combination of eSpeed with or into another corporation as a result of which holders of eSpeed Class A Common Stock are entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such eSpeed Class A Common Stock or (c) any sale or conveyance of the property or assets of eSpeed as, or substantially as, an entirety to any other entity as a result of which holders of eSpeed Class A

Common Stock are entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such eSpeed Class A Common Stock, then eSpeed, or any successor corporation or transferee, as the case may be, shall make appropriate provision by amendment of this Agreement or by the successor corporation or transferee executing with eSpeed an agreement so that the holders of Warrants then outstanding shall have the right, upon exercise of such Warrants, to receive the kind and amount of securities, cash and other property receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance as would be received by a holder of the number of shares of eSpeed Class A Common Stock issuable upon exercise of such Warrant immediately prior to such reclassification, change, consolidation, merger, sale or conveyance.

If the holders of eSpeed Class A Common Stock may elect from choices the kind or amount of securities, cash and other property receivable upon any reclassification, consolidation, merger, combination, sale or conveyance, then for purposes of this Section 13 the kind and amount of securities, cash and other property receivable upon such reclassification, consolidation, merger, combination, sale or conveyance shall be deemed to be the choice specified by a Warrantholder, which specification shall be made by such Warrantholder within the same time period as is allotted to holders of eSpeed Class A Common Stock. If a Warrantholder fails to make any specification, such Warrantholder's choice shall be deemed to be whatever choice is made by a majority of holders of eSpeed Class A Common Stock not affiliated with eSpeed or any other party to the reclassification, consolidation, merger, combination, sale or conveyance. Such new Warrants shall provide for adjustments which, for events subsequent to the effective date of such new Warrants, shall be as nearly equivalent as may be practicable to the adjustments provided for in Section 11 and this Section 13. The above provisions of this Section 13 shall similarly apply to successive reclassifications, consolidations, mergers, combinations, sales or conveyances. The term "Trading Day" shall mean a day on which Nasdaq is open for the transaction of business.

eSpeed shall mail by first-class mail, postage prepaid, to each registered Warrantholder, written notice of the execution of any amendment or agreement referred to in this Section 13 and all other documents provided to holders of eSpeed Class A Common Stock. Any new agreement entered into by the successor corporation or transferee shall provide for adjustments, which shall be as nearly equivalent as may be practicable to the adjustments provided for in
Section 11. The provisions of this Section 13 shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales and conveyances of any kind described above.

Section 14. Fractional Warrants and Fractional Shares of eSpeed Class A Common Stock

(a) eSpeed shall not be required to issue fractions of Warrants or to distribute Warrant Certificates which evidence fractional Warrants. In lieu of such fractional Warrants, there shall be paid to the Persons to whom Warrant Certificates representing such fractional Warrants would otherwise be issuable an amount in cash (without interest) equal to the product of such fraction of a Warrant multiplied by the Current Market Price per whole Warrant. The "Current Market Price" per share of eSpeed Class A Common Stock (or per Warrant) on any date shall be deemed to be the average of the daily Closing

Prices per share of eSpeed Class A Common Stock for the 10 consecutive Trading Days immediately prior to such date.

(b) eSpeed shall not be required to issue fractions of shares of eSpeed Class A Common Stock upon exercise of Warrants or to distribute stock certificates that evidence fractional shares of eSpeed Class A Common Stock. In lieu of fractional shares, there shall be paid to the registered holders of Warrant Certificates at the time such Warrant Certificates are exercised as herein provided an amount in cash (without interest) equal to the product of such fractional part of a share of eSpeed Class A Common Stock multiplied by the Current Market Price per share of eSpeed Class A Common Stock.

(c) Each holder of a Warrant Certificate by accepting the same shall be deemed to waive his or her right to receive any fractional Warrant or any fractional share of eSpeed Class A Common Stock upon exercise of a Warrant.

Section 15. Right of Action

Rights of action in respect of the Warrant Agreement are vested in any registered Warrantholder, and any registered Warrantholder, including Royal Bank, or any group of registered Warrantholders, including Royal Bank, may enforce, and may institute and maintain any suit, action or proceeding against eSpeed to enforce, or otherwise act in respect of, such rights of such Warrantholders.

Section 16. Agreement of Warrant Certificate Holders

Each holder of a Warrant Certificate by accepting the same shall be deemed to consent and agree with eSpeed and with every other Warrantholder that:

(a) the Warrant Certificates are not transferable without the consent of eSpeed or pursuant to Section 5; with eSpeed's consent, the Warrant Certificates are transferable only on the registry books of eSpeed if surrendered at the principal office of eSpeed, duly endorsed or accompanied by a proper instrument of transfer, and only in accordance with this Agreement; and

(b) eSpeed may deem and treat the Person in whose name the Warrant Certificate is registered as the absolute owner thereof and of the Warrants evidenced thereby (notwithstanding any notations of ownership or writing on the Warrant Certificates made by anyone other than eSpeed) for all purposes whatsoever, and eSpeed shall not be affected by any notice to the contrary.

Section 17. Warrant Certificate Holder Not Deemed a Stockholder

No holder, as such, of any Warrant Certificate shall be entitled to vote, receive dividends or distributions on, or be deemed for any purpose the holder of, eSpeed Class A Common Stock or any other securities of eSpeed which may at any time be issuable on the exercise or conversion of the Warrants represented thereby, nor shall anything contained in this Agreement or in any Warrant Certificate be construed to confer upon the holder of any Warrant

Certificate, as such, any of the rights of a stockholder of eSpeed or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 20), or to receive dividends or distributions or subscription rights, or otherwise, until the Warrant or Warrants evidenced by such Warrant Certificate shall have been exercised in accordance with the provisions of this Agreement.

Section 18. Issuance of New Warrant Certificates

Notwithstanding any of the provisions of this Agreement or of the Warrants to the contrary, eSpeed may, at its option, issue new Warrant Certificates evidencing Warrants in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Exercise Price in accordance with this Agreement and the number or kind or class of shares of stock or other securities or property purchasable under the several Warrant Certificates made in accordance with the provisions of this Agreement.

Section 19. Purchase of Warrants

eSpeed shall have the right, except as limited by applicable law or other agreements, to negotiate the purchase of Warrants from one or more Warrantholders at such time, in such manner and for such consideration as may be agreed.

Section 20. Notice of Proposed Actions

In case eSpeed shall propose (a) to declare a dividend on shares of eSpeed Class A Common Stock payable in shares of capital stock of any class or to make any other distribution (other than aggregate cash dividends and distributions not in excess of $1.00 for the fiscal year ending December 31, 2001, $1.50 for the fiscal year ending December 31, 2002, $2.00 for the fiscal year ending December 31, 2003, $2.50 for the fiscal year ending December 31, 2004 and $3.00 for the fiscal year ending December 31, 2005, payable out of retained earnings or earned surplus) to all holders of eSpeed Class A Common Stock (including any distribution made in connection with a consolidation or merger in which eSpeed is the continuing corporation), (b) to offer rights, options or warrants to all holders of eSpeed Class A Common Stock entitling them to subscribe for or purchase eSpeed Class A Common Stock (or securities convertible into or exercisable or exchangeable for eSpeed Class A Common Stock or any other securities), (c) to offer any shares of capital stock in a reclassification of shares of eSpeed Class A Common Stock (including any such reclassification in connection with a consolidation or merger in which eSpeed is the continuing corporation), (d) to effect any consolidation or merger into or with, or to effect any sale or other transfer (or to permit one or more of its subsidiaries to effect any sale or other transfer), in one or more transactions, of more than 75% of the assets or net income of eSpeed and its subsidiaries (taken as a whole) to, any other Person, or (e) to effect the liquidation, dissolution or winding-up of eSpeed, then, in each such case, eSpeed shall give to each registered Warrantholder, in accordance with Section 23, a notice of such proposed action, which shall specify the record date for the purpose of such stock dividend, distribution of rights or warrants, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, or winding-up is to take place and the date of participation therein by the holders of eSpeed Class A Common Stock, if any such date is to be

fixed, and such notice shall be so given in the case of any action covered by clause (a) and (b) above at least 10 days prior to the record date for determining holders of eSpeed Class A Common Stock for purposes of such action, and in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of eSpeed Class A Common Stock, whichever may be earlier. The failure to give any notice as and when required by this Section 20 or any defect therein shall not affect the legality or validity of the action taken by eSpeed or the vote upon any such action. Unless specifically required by Section 11, the Exercise Price, the number of shares of eSpeed Class A Common Stock covered by each Warrant and the number of Warrants outstanding shall not be subject to adjustment as a result of eSpeed being required to give notice pursuant to this
Section 20.

Section 21. General Covenants of eSpeed

eSpeed covenants that so long as any Warrants remain outstanding:

(a) It will at all times maintain its corporate existence and will carry on and conduct its business in accordance with good business practice.

(b) It will reserve and there will remain unissued out of its authorized capital a sufficient number of shares in eSpeed Class A Common Stock to satisfy the rights of acquisition on the exercise of the Warrants as provided for herein.

(c) It will cause the shares in eSpeed Class A Common Stock from time to time subscribed for or deemed to have been subscribed for pursuant to the exercise of the Warrants in the manner herein provided to be duly issued and delivered in accordance with the Warrants and the terms hereof.

(d) It will use its reasonable best efforts to maintain the listing of the shares in eSpeed Class A Common Stock which are outstanding on NASDAQ and to complete all necessary requirements in connection with the listing and posting for trading of the shares in eSpeed Class A Common Stock issuable on the exercise of the Warrants on such exchange as soon as practicable following the issue of such shares in eSpeed Class A Common Stock.

(e) All of the shares in eSpeed Class A Common Stock which are issued on the exercise of the Warrants shall be issued as fully paid and non-assessable and the holders thereof shall not be liable to eSpeed or its creditors in respect of the issue of such shares in eSpeed Class A Common Stock.

(f) It will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as a Warrantholder may reasonably require for the better accomplishing and effecting the intentions and provisions of this Agreement.

(g) If, in the opinion of a Warrantholder, acting reasonably, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from, any securities regulator in Canada or the United States or any other step is required under any federal or provincial law

of Canada or under any federal or state law of the United States before any eSpeed Class A Common Stock may be issued or delivered to a Warrantholder upon exercise of its Warrants, eSpeed covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as may be required or appropriate in the circumstances.

(h) eSpeed will give written notice of the issue of the eSpeed Class A Common Stock pursuant to the exercise of Warrants, in such detail as may be required, to NASDAQ and to each securities regulator in Canada and the United States where there is legislation requiring the giving of any such notice.

Section 22. Piggyback Registration

(a) Subject to the terms and conditions set forth in this
Section 22, if eSpeed proposes for any reason to register shares of eSpeed Class A Common Stock under the Securities Act (other than on Form S-4 or Form S-8 promulgated under the Securities Act or any successor forms thereto, or in connection with a registration primarily for the benefit of employees) at any time during the one-year period beginning on the date that is 45 Business Days after the third anniversary of the Closing Date, it shall promptly give written notice to each of the Freedom Participants of its intention to so register such shares and, upon the written request, given within 15 days after delivery of such notice by eSpeed, of any Freedom Participant to include in such registration Freedom Registrable Shares held by such Freedom Participant (which request shall specify the number of Freedom Registrable Shares proposed to be included in such registration by such Freedom Participant and shall state the intended method of disposition of such Freedom Registrable Shares by such Freedom Participant), eSpeed shall use commercially reasonable efforts to cause all such Freedom Registrable Shares to be included in such registration on the same terms and conditions as the securities otherwise being sold in such registration. In the event that the proposed registration by eSpeed is an underwritten public offering of shares of eSpeed Class A Common Stock, any request pursuant to this Section 22 to register Freedom Registrable Shares shall specify that such Freedom Registrable Shares are to be included in the underwriting on the same terms and conditions as the shares of eSpeed Class A Common Stock, if any, otherwise being sold through underwriters under such registration.

(b) If the managing underwriter advises eSpeed that the inclusion of all Freedom Registrable Shares, together with all other shares of eSpeed Class A Common Stock proposed to be included in such registration would interfere materially with the successful marketing (including pricing) of any of such other shares of eSpeed Class A Common Stock proposed to be registered by eSpeed, then eSpeed may in its sole discretion exclude all such Freedom Registrable Shares (or any portion thereof) from such registration and any offering related thereto.

(c) In the event that less than all of the Freedom Registrable Shares requested to be included in a registered offering are included in such offering by operation of paragraph (b) above, the number of Freedom Registrable Shares to be included in such offering shall be allocated among the selling Freedom Participants on a pro rata basis corresponding, with respect to each selling Freedom Participant, to the ratio that the number of Freedom Registrable

Shares requested by such selling Freedom Participant to be included bears to the aggregate number of Freedom Registrable Shares requested to be included by all such selling Freedom Participants.

(d) eSpeed shall not be obligated to effect the registration of any Freedom Registrable Shares pursuant to this Section 22 unless the Freedom Participants electing to participate consent to customary conditions of a reasonable nature that are imposed by eSpeed. Without limiting the generality of the foregoing, whenever Freedom Registrable Shares are registered pursuant to this Section 22, each Freedom Participant participating in such registration shall, as a condition to the including of Freedom Registrable Shares held by such Freedom Participant in such registration, provide eSpeed on a timely basis with such information and materials as eSpeed may reasonably request in order to effect the registration of the Freedom Registrable Shares.

(e) Notwithstanding anything in this Section 22 to the contrary, eSpeed shall have no obligation to include any Freedom Registrable Shares proposed to be included in any registration relating to a secondary offering of such of eSpeed Class A Common Stock by one or more third parties if
(i) the terms of any agreement providing for such secondary offering do not provide for the inclusion of the Freedom Registrable Share pursuant to piggyback registration rights and (ii) such third parties do not consent to the inclusion of such Freedom Registrable Shares.

(f) All expenses incurred by eSpeed in effecting a registration and sale of Freedom Registrable Shares under this Section 22, including, without limitation, all registration and filing fees (including all expenses incident to filing with Nasdaq), fees and expenses of complying with securities and "blue-sky" laws, printing expenses, expenses incurred in composing the registration statement and all amendments, supplements and exhibits thereto, expenses incurred by eSpeed in marketing and assisting in the marketing of such Freedom Registrable Shares, the fees, disbursements and expenses of managing underwriter or underwriters, the fees and expenses of counsel and independent auditors including fees of counsel and accountants incurred in connection with the preparation of customary opinions of counsel and independent auditors shall be borne by the selling Freedom Participants on a pro rata basis corresponding, with respect to each selling Freedom Participant, to the ratio that the number of Freedom Registrable Shares requested by such selling Freedom Participant to be included bears to the aggregate number of eSpeed Class A Common Stock to be included in such registration; provided, however, that under all circumstances, all underwriting discounts, income and transfer taxes, if any, selling commissions and legal fees and expenses of counsel to the Freedom Participants participating in any registration under this
Section 22 shall not be borne by eSpeed but shall be borne solely by such participating Freedom Participants in respect of their Freedom Registrable Shares.

Section 23. Notices

Notices or demands authorized by this Agreement to be given or made (a) by any Warrantholder to or on eSpeed, or (b) by eSpeed to any Warrantholder, shall be deemed given (x) on the date delivered, if delivered personally, (y) on the second Trading Day following the deposit thereof with Federal Express or another recognized overnight courier, if sent by Federal Express or another recognized overnight courier, and (z) on the sixth Trading

Day following the mailing thereof with postage prepaid, if mailed by registered or certified mail (return receipt requested), in each case to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(i) If to eSpeed, to:

eSpeed, Inc.
One World Trade Center New York, NY 10048

Attention: President fax: (212) 938-4116

and to

Attention: General Counsel fax: (212) 938-3620

(ii) If to any Warrantholder, to the address of such holder as shown on the registry books of eSpeed.

Section 24. Supplements and Amendments

(a) eSpeed may from time to time supplement or amend this Agreement without the approval of any Warrantholders in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, or to make any other provisions with regard to matters or questions arising hereunder which eSpeed may deem necessary or desirable all of which shall not adversely affect the interests of the holders of Warrant Certificates.

(b) In addition to the foregoing, with the consent of holders of not less than a majority in number of the then outstanding Warrants, eSpeed may modify this Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or modifying in any manner the rights of the Warrantholders; provided, however, that no modification of the terms (including but not limited to the adjustments described in Section 10) upon which the Warrants are exercisable or reducing the percentage required for consent to modification of this Agreement may be made without the consent of the holder of each outstanding Warrant affected thereby.

Section 25. Successors

All covenants and provisions of this Agreement by or for the benefit of eSpeed shall bind and inure to the benefit of their respective successors and assigns.

Section 26. Benefits of this Agreement

Nothing in this Agreement shall be construed to give any Person other than eSpeed and the registered Warrantholders any legal or equitable right, remedy or claim under this Agreement.

Section 27. Governing Law

This Agreement and each Warrant Certificate issued hereunder shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 28. Captions

The captions of the sections of this Agreement have been inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 29. Termination

(a) This Agreement shall terminate on the fifteenth day following the earlier to occur of (i) the end of the Exercise Period and (ii) the date on which there remains no Warrant outstanding.

(b) Following the termination of this Agreement, this Agreement shall cease to be of further effect except to the extent Royal Bank or eSpeed have not performed any of their obligations hereunder and Royal Bank, on demand of eSpeed and upon delivery to Royal Bank of a certificate of eSpeed stating that all conditions precedent to the satisfaction and discharge of this Agreement have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Agreement.

Section 30. Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

eSPEED, INC.

By: /s/ Frederic T. Varacchi
Authorized Officer

By:

Authorized Officer

MERRILL LYNCH CANADA INC.

By: /s/ Vikram Rao
Authorized Officer

By: /s/ Loretta Marcoccia
Authorized Officer

BMO NESBITT BURNS, INC.

By: /s/ J.S. Cunningham
Authorized Officer

By: /s/ A.J. Stoddart
Authorized Officer

RBC DOMINION SECURITIES INC.

By: /s/ James D. McGivern
Authorized Officer

By: /s/ Jonathan W. Hunter
Authorized Officer

SCOTIA CAPITAL INC.

By: /s/ Russell A. Morgan
Authorized Officer

By: /s/ John Madden
Authorized Officer

TD SECURITIES INC.

By: /s/ Donald A. Wright

Authorized Officer

By: /s/ Michael W. McBain

Authorized Officer

CIBC WORLD MARKETS INC.

By: /s/ Brian R. Thibideau

Authorized Officer

By: /s/ Phipps Lounsbery

Authorized Officer

WARRANT CERTIFICATE

Certificate No. 1 400,000 Warrants

NOT EXERCISABLE AFTER APRIL 3, 2006

Warrant Certificate

eSPEED, INC.

NEITHER THIS WARRANT NOR THE SHARES OF CLASS A COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND NEITHER THIS WARRANT NOR SUCH SHARES MAY BE SOLD, ENCUMBERED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENT, AND, IF AN EXEMPTION SHALL BE APPLICABLE, THE HOLDER SHALL HAVE DELIVERED AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

This certifies that Roytor & Co. ("Holdco") or its registered assigns, is the registered owner of the number of Warrants set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Warrant Agreement, dated as of April 4, 2001 (the "Warrant Agreement"), among eSpeed, Inc., a Delaware corporation ("eSpeed") and the Freedom Participants identified therein to purchase from eSpeed during the Exercise Period at the principal office of eSpeed in New York City, during regular business hours, the number of shares of common stock, par value $0.01 per share, of eSpeed ("eSpeed Class A Common Stock") represented hereby at a price per share of eSpeed Class A Common Stock, payable in cash only, equal to the Current Market Price per share as at the last Business Day before the date of the Share Purchase Agreement (as defined in the Warrant Agreement) (the "Exercise Price"), in each case upon presentation and surrender of this Warrant Certificate with the Form of Election to Purchase duly executed. The number of Warrants evidenced by this Warrant Certificate (and the number of shares of eSpeed Class A Common Stock which may be purchased upon exercise thereof) set forth above and the Exercise Price set forth above are the number and Exercise Price as of January 26, 2001, based on the shares of eSpeed Class A Common Stock as constituted at such date. As provided in the Warrant Agreement, the Exercise Price and the number of shares of eSpeed Class A Common Stock which may be purchased upon the exercise of the Warrants evidenced by this Warrant Certificate are subject to modification and adjustment upon the occurrence of certain events.

Terms defined in the Warrant Agreement, and not otherwise defined herein, shall have, for the purposes of this Warrant Certificate, the

meaning ascribed to them in the Warrant Agreement. This Warrant Certificate is subject to all of the terms, provisions and conditions of the Warrant Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Warrant Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of eSpeed and the holders of the Warrant Certificates. Copies of the Warrant Agreement are on file at the above-mentioned office of eSpeed. After 5:00 P.M., New York City time, on the last Business Day (as defined in the Warrant Agreement) of the Exercise Period, all Warrants evidenced by this Warrant Certificate shall become null and void and of no value.

Holdco or its registered assigns may allocate and transfer the Warrants represented by this Warrant Certificate to the Freedom Participants in accordance with Section 5 of the Warrant Agreement. Neither this Warrant Certificate nor any of the Warrants represented by this Warrant Certificate may be sold, transferred, assigned, hypothecated, pledged or otherwise conveyed by Holdco or its registered assigns, except as expressly permitted by Section 4(a) of the Warrant Agreement.

At any time during the Exercise Period, this Warrant Certificate, with or without other Warrant Certificates, upon surrender at the principal office of eSpeed, may be exchanged for another Warrant Certificate or Warrant Certificates of like tenor and date evidencing Warrants entitling the holder to purchase a like aggregate number of shares of eSpeed Class A Common Stock, in each case as the Warrants evidenced by the Warrant Certificate or Warrant Certificates surrendered shall have entitled such holder to purchase or receive. If this Warrant Certificate shall be exercised in part, the holder hereof shall be entitled to receive upon surrender hereof another Warrant Certificate or Warrant Certificates for the number of Warrants not exercised.

eSpeed shall make a cash payment in lieu of issuing fractional Warrants or fractional shares of eSpeed Class A Common Stock, as provided in the Warrant Agreement.

No holder of this Warrant Certificate, as such, shall be entitled to vote, receive dividends or distributions on, or be deemed for any purpose the holder of, eSpeed Class A Common Stock or of any other securities of eSpeed which may at any time be issuable on the exercise hereof, nor shall anything contained in the Warrant Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of eSpeed or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as expressly provided in the Warrant Agreement), or to receive dividends or subscription rights, or otherwise, until the Warrant or Warrants evidenced by this Warrant Certificate shall have been exercised as provided in the Warrant Agreement.

WITNESS the facsimile signature of the proper officers of eSpeed. Dated as of April 4, 2001.

ATTEST:	ESPEED, INC.
	By:
----------	----------
Secretary	Authorized Officer

Exhibit II

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to
exercise the Warrant Certificate.)

To: eSpeed, Inc.,

The undersigned hereby irrevocably elects to exercise _____ Warrants represented by this Warrant Certificate to purchase the shares of eSpeed Class A Common Stock issuable upon the exercise of such Warrants and requests that Certificates for such shares of eSpeed Class A Common Stock be issued in the name of and delivered to:

Please insert Social Security
or other identifying number

(Please print name and address)

If such number of Warrants shall not be all the Warrants evidenced by this Warrant Certificate, a new Warrant Certificate for the balance remaining of such Warrants shall be registered in the name of and delivered to:

(Please print name and address)

Dated:

Signature
(Signature must conform in all
respects to name of holder as
specified on the face of this
Warrant Certificate)

Signature Guaranteed: