ESPEED INC

FORM 10-Q
(Quarterly Report)

Filed 11/13/2000 For Period Ending 9/30/2000

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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 September 30, 2000

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 periods 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 October 25, 2000
Class A common stock, par value $.01 per share	16,177,101
Class B common stock, par value $.01 per share	35,685,581

Part I-FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

eSpeed, Inc. and Subsidiaries CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
As of September 30, 2000 and December 31, 1999

Assets

	September 30, 2000 (unaudited)	December 31, 1999
Cash	$ 463,842	$ 201,001
Securities purchased under agreements to resell	133,399,985	134,644,521
Fixed assets, net	20,482,906	9,470,072
Investments	5,858,815	---
Other assets	3,259,071	11,495
Total assets	$ 163,464,619	$ 144,327,089
Liabilities and Stockholders' Equity		
Liabilities:		
Payable to affiliates, net	$ 7,972,100	$ 6,743,929
Accounts payable and accrued liabilities	18,412,387	2,071,347
Total liabilities	26,384,487	8,815,276
Stockholders' Equity:		
Preferred stock, par value $.01 per share; 50,000,000 shares authorized, 8,000,000 and 0 shares issued and outstanding	80,000	---
Class A common stock, par value $.01 per share; 200,000,000 shares authorized; 16,177,101 and 10,350,000 shares issued and outstanding	161,771	103,500
Class B common stock, par value $.01 per share; 100,000,000 shares authorized; 35,685,581 and 40,650,000 shares issued and outstanding	356,856	406,500
Additional paid in capital	205,558,275	147,588,726
Subscription receivable	(1,250,000)	---
Accumulated deficit	(67,826,770)	(12,586,913)
Total stockholder's equity	137,080,132	135,511,813
Total liabilities and stockholder's equity	$ 163,464,619	$ 144,327,089

See notes to consolidated financial statements

eSpeed, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

for the three months ended September 30, 2000 and September 24, 1999 (unaudited)

	For the three months ended September 30, 2000	For the three months ended September 24, 1999
Revenues:		
Transaction revenues	$ 23,956,402	$ 7,483,285
Interest income	2,316,025	---
System services fees from affiliates	3,101,169	4,138,578
Total revenues	29,373,596	11,621,863
Expenses:		
Compensation and employee benefits	14,003,834	7,033,656
Occupancy and equipment	5,789,997	3,102,063
Professional and consulting fees	2,814,761	1,833,266
Communications and client networks	1,209,473	1,121,552
Fulfillment service fees	6,882,000	906,750
Administrative fees paid to affiliates	1,526,963	512,233
Marketing	2,105,587	---
Non-cash business partner securities	3,585,200	---
Other	2,654,452	606,850
Total expenses	40,572,267	15,116,370
Loss before provision (benefit) for income taxes	(11,198,671)	(3,494,507)
Provision (benefit) for income taxes:		
Federal	---	---
State and local	88,125	(89,488)
Total tax provision/(benefit)	88,125	(89,488)
Net loss	$ (11,286,796)	$(3,405,019)
Per share data		
Basic and diluted net loss per share	$ (.22)	$ (.08)
Weighted average shares of common stock outstanding	51,833,849	44,000,000

See notes to consolidated financial statements

eSpeed, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

for the nine months ended September 30, 2000 (unaudited) and the period from March 10, 1999 (date of commencement of operations) to September 24, 1999

	For the nine months ended September 30, 2000	For the period ended September 24, 1999
Revenues:		
Transaction revenues	$ 67,674,766	$ 15,034,597
Interest income	6,244,549	--
System services fees from affiliates	9,363,222	9,104,872
Total revenues	83,282,537	24,139,469
Expenses:		
Compensation and employee benefits	39,782,281	14,704,940
Occupancy and equipment	15,445,236	6,632,436
Professional and consulting fees	8,573,454	3,615,348
Communications and client networks	3,058,804	2,445,792
Fulfillment service fees	19,114,756	1,337,282
Administrative fees paid to affiliates	4,839,542	1,067,200
Marketing	6,905,152	--
Non-cash business partner securities	33,390,505	--
Other	7,124,539	1,122,119
Total expenses	138,234,269	30,925,117
Loss before provision (benefit) for income taxes	(54,951,732)	(6,785,648)
Provision (benefit) for income taxes:		
Federal	--	--
State and local	288,125	(171,807)
Total tax provision/(benefit)	288,125	(171,807)
Net loss	$ (55,239,857)	$ (6,613,841)
Per share data		
Basic and diluted net loss per share	$ (1.08)	$ (.15)
Weighted average shares of common stock outstanding	51,354,854	44,000,000

See notes to consolidated financial statements

eSpeed, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the nine months ended September 30, 2000 (unaudited) and the period from March 10, 1999 (date of commencement of operations) to September 24, 1999

	For the nine months ended September 30, 2000	For the period ended September 24, 1999
Cash flows from operating activities:		
Net loss	$(55,239,857)	$ (6,613,841)
Non-cash items included in net loss:		
Depreciation and amortization	3,525,119	2,021,726
Issuance of non-cash business partner securities	33,390,505	--
Increase in operating assets:		
Other assets	(3,247,576)	(444,643)
Increase in operating liabilities:		
Payable to affiliates, net	1,228,171	5,097,480
Accounts payable and accrued liabilities	16,341,040	3,541,842
Cash (used in) provided by operating activities	(4,002,598)	3,602,564
Cash flows from investing activities:		
Decrease in securities purchased under agreements to resell	1,244,536	--
Purchases of fixed assets	(14,537,953)	(3,602,564)
Purchases of investments	(5,858,815)	--
Cash used in investing activities	(19,152,232)	(3,602,564)
Cash flows from financing activities:		
Issuance of common stock under ESPP	370,880	--
Proceeds from issuances of securities	25,000,000	--
Payments for issuance related expenses	(1,953,209)	--
Proceeds from capital contributions	--	200,000
Cash provided by financing activities	23,417,671	200,000
Net increase in cash	262,841	200,000
Cash balance, beginning of period	201,001	--
Cash balance, end of period	$ 463,842	200,000

See notes to consolidated financial statements

(unaudited)

1. Introduction and Basis of Presentation

eSpeed, Inc. ("eSpeed" or, together with its direct and indirect wholly owned subsidiaries, the "Company") is a leading provider of interactive business-to-business electronic marketplace solutions designed to enable market participants to trade financial and non-financial products more efficiently and at a lower cost than traditional trading environments permit. eSpeed commenced operations on March 10, 1999 as a division of Cantor Fitzgerald Securities ("CFS"). eSpeed is a Delaware corporation that was incorporated on June 3, 1999. In December 1999, the Company completed its initial public offering (the "Offering"). eSpeed is a majority owned subsidiary of CFS, which in turn is a 99.5% owned subsidiary of Cantor Fitzgerald, L.P. ("CFLP", or together with its subsidiaries, "Cantor"). The accompanying financial statements include activities of the Company while operating as a division of CFS from March 10, 1999 to the date of the Offering.

The Company's financial statements have been prepared in accordance with generally accepted accounting principles ("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 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 for the period ended December 31, 1999. The Consolidated Statement of Financial Condition at December 31, 1999 was derived from audited financial statements. The results of operations for any interim period are not necessarily indicative of results for the full year.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 101, as amended, summarizes certain of the SEC's views in applying GAAP to revenue recognition in financial statements. At this time, management does not expect the adoption of SAB 101 to have a material effect on the Company's operations or financial position. The Company is required to adopt SAB 101 in the quarter ended December 31, 2000.

Certain reclassifications of assets as of December 31, 1999 have been made to conform to the current presentation within the consolidated statement of financial condition. These reclassifications have no effect on total assets.

2. Fixed Assets

Fixed assets consist of the following:	September 30, 2000	December 31, 1999
Computer and communication equipment	$ 18,741,239	$ 9,544,265
Software, including software development costs	8,631,025	3,012,362
	27,372,264	12,556,627
Less accumulated depreciation and amortization	(6,889,358)	(3,086,555)
Fixed assets, net	$ 20,482,906	$ 9,470,072

(unaudited)

3. Income Taxes

Since the date of the Offering, the Company has been subject to income tax as a corporation. The Company has available approximately $13,000,000 of United States net operating losses to offset future United States source income. This net operating loss can be carried forward through 2015. In addition, the Company, through its wholly-owned subsidiary, eSpeed International Limited, has net operating losses of approximately $13,700,000 which will be available on an indefinite carry-forward basis to offset future income in the United Kingdom.

4. Commitments and Contingencies

Legal Matters: In February 1998, Market Data Corporation contracted with Chicago Board Brokerage (a company controlled by the Chicago Board of Trade and Prebon Yamane) to provide the technology for an electronic trading system to compete with Cantor's United States Treasury brokerage business. Market Data Corporation is controlled by Iris Cantor and Rodney Fisher, her nephew-in-law. Iris Cantor, a company under the control of Iris Cantor referred to herein as Cantor Fitzgerald Incorporated ("CFI") and Rodney Fisher are limited partners of CFLP.

In April 1998, CFLP filed a complaint in the Delaware Court of Chancery against Market Data Corporation, Iris Cantor, CFI, Rodney Fisher and Chicago Board Brokerage seeking an injunction and other remedies. The complaint alleges that Iris Cantor, CFI and Rodney Fisher violated certain duties, including fiduciary duties under Cantor's partnership agreement, due to their competition with CFLP with respect to the electronic trading system mentioned above. CFLP believes Market Data Corporation's technology for electronic trading systems would be of substantial assistance to competitors in the wholesale market if provided to them. The complaint further alleges that Market Data Corporation and Chicago Board Brokerage tortiously interfered with Cantor's partnership agreement and aided and abetted Iris Cantor's, CFI's and Rodney Fisher's breaches of fiduciary duty. Iris Cantor, CFI and Rodney Fisher counterclaimed seeking, among other things, (1) to reform agreements they have with CFLP and
(2) a declaration that CFLP breached the implied covenant of good faith and fair dealing. Cantor has agreed to indemnify the Company for any liabilities that are incurred with respect to any current or future litigation involving Market Data Corporation, Iris Cantor, CFI or Rodney Fisher.

CFLP settled its dispute with Chicago Board Brokerage in April 1999, and Chicago Board Brokerage subsequently announced it was disbanding its operations. On March 13, 2000, the Delaware Court of Chancery ruled in favor of CFLP, finding that Iris Cantor, CFI and Rodney Fisher had breached the Partnership Agreement of CFLP, and that Market Data Corporation had aided and abetted that breach. The court awarded CFLP declaratory judgment relief and court costs and attorneys' fees. The defendants moved for reargument with respect to the award of fees and costs. A hearing on those issues took place on June 14, 2000. The parties are awaiting the entry by the Court of a final declaratory judgment and/or award of monetary damages.

Two related actions are pending in New York. In a case pending in the Supreme Court of New York, plaintiff CFLP alleges, among other things, that defendants Market Data Corporation, CFI, Iris Cantor and Rodney Fisher misused confidential information of CFLP in connection with the above-mentioned provision of technology to Chicago Board Brokerage. In a case pending in the United States

District Court for the Southern District of New York, CFI and Iris Cantor allege, among other things, that certain senior officers of CFLP breached fiduciary duties they owed to CFI. The allegations in this lawsuit relate to several of the same events underlying the court proceedings in Delaware.

Neither of these two cases had been pursued prior to the March 13, 2000 decision in the court proceedings in Delaware. On May 15, 2000, the senior officers of CFLP who are defendants in the federal action in New York moved to dismiss the complaint against them on several grounds, including inter alia that the March 13, 2000 decision from the Delaware Court of Chancery prevents Iris Cantor and CFI from relitigating matters that were adjudicated against them in Delaware. Iris Cantor and CFI filed papers opposing the motion to dismiss on June 5, 2000, and the defendants filed a reply on June 15, 2000.

On May 16, 2000, CFI filed an action in Delaware Superior Court against CFLP and CF Group Management, Inc. ("CFGM") seeking payment of $40 million allegedly due pursuant to a settlement agreement in an earlier litigation between the parties. The complaint alleges that CFI is entitled to a one-time $40 million payment upon "an initial public offering of CFLP or of a successor to a material portion of the assets and business of CFLP..." CFI alleges that the Company's initial public offering on December 10, 1999 triggers the payment obligation under the settlement agreement. CFLP and CFGM filed an answer on September 26, 2000 denying the material allegations of the complaint.

On June 12, 2000, CFLP and CFGM filed a lawsuit in the Delaware Court of Chancery against Iris Cantor, CFI and Rodney Fisher, seeking a declaratory judgment that an Offer to Exchange, dated May 8, 2000 (the "Exchange Offer"), pursuant to which certain partnership units in CFLP could be exchanged for "e-units" that are entitled to receive distributions of the Company's stock from CFLP on certain future dates subject to certain conditions, did not breach any fiduciary duty or otherwise violate Delaware law. On July 18, 2000, CFI, Iris Cantor and Rod Fisher filed their respective answers, affirmative defenses, counterclaims and third-party claims, in which they claim that certain special conditions imposed upon them in connection with the Exchange Offer and not upon other partners effectively precluded their participation in the Exchange Offer, violated the Partnership Agreement of CFLP and constituted a breach of fiduciary duty, and that accepting those conditions would conflict with their fiduciary duties to Market Data Corporation. CFI, Iris Cantor and Rod Fisher claim that CFGM and Howard Lutnick, the Chairman and Chief Executive Officer of the Company and sole shareholder of CFGM, the Managing General Partner of CFLP, breached their fiduciary duties and engaged in self-dealing in allegedly structuring the formation of the Company, the transfer of assets to the Company, the receipt of stock options, salaries and other compensation by Howard Lutnick and other Company executives from the Company, and the initial public offering of the Company's shares. They further allege that CFGM and Howard Lutnick converted Partnership assets (CFLP's technology assets) and intend to migrate CFLP's brokerage business to the Company without sharing the value of the Company with CFI, Iris Cantor and Rod Fisher. Rod Fisher also contends that the Company, which he has named as a third-party defendant, aided and abetted these alleged breaches of fiduciary duties. Among other things, CFI, Iris Cantor and Rod Fisher have requested the removal of CFGM as the managing general partner of CFLP, a declaration that CFGM and Howard Lutnick have breached their fiduciary duties to CFI, Iris Cantor and Rod Fisher and have breached the settlement agreement in an earlier litigation and the partnership agreement of CFLP, a declaration that the Exchange Offer and all or certain of the amendments to the partnership agreement are null and void, unspecified damages and a constructive trust

on any proceeds derived from the challenged conduct. On September 15, 2000, CFLP, CFGM, Howard Lutnick and the Company responded to the counterclaims by answering certain counterclaims and moving for dismissal and for judgment on the pleadings with respect to the counterclaims.

Although the Company does not expect to incur any losses with respect to the pending lawsuits or supplemental allegations surrounding Cantor's partnership agreement, Cantor has agreed to indemnify the Company with respect to any liabilities the Company incurs as a result of such lawsuits or allegations.

Although the ultimate outcome of these actions cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Company.

5. Related Party Transactions

The Company had overnight securities purchased under agreements to resell ("Resale Agreements", or "Reverse Repurchase Agreements") with CFS totaling $133,399,985 and $134,644,521, including accrued interest, at September 30, 2000 and December 31, 1999, respectively. Under the terms of the agreement, the securities collateralizing the Resale Agreements are held under a custodial arrangement with a third party bank.

Under a Joint Services Agreement between the Company and Cantor, the Company earns transaction revenues equal to a percentage of Cantor's commission revenues on customer transactions for services provided by the Company. The percentage of the transaction revenues ranges from 2.5% to 100%, depending on the type of electronic services provided for the transaction. Revenues from such transactions during the three months ended September 30, 2000 and September 24, 1999 totaled $23,956,402 and $7,483,285, respectively. Revenues from such transactions for the nine months ended September 30, 2000 and for the period March 10, 1999 to September 24, 1999 totaled $67,674,766 and $15,034,597, respectively.

On certain transactions (those in which the Company receives 100% of the commission revenue share), Cantor provides the Company with fulfillment services for which Cantor is paid a fee of 20% or 35% of the transaction revenues earned on the transaction. Charges to the Company from Cantor for such fulfillment services during the three months ended September 30, 2000 and September 24, 1999 totaled $6,882,000 and $906,750, respectively. Charges to the Company from Cantor for such fulfillment services during the nine months ended September 30, 2000 and for the period March 10, 1999 to September 24, 1999 totaled $19,114,756 and $1,337,282, respectively.

The Company also provides network, data center and server administration support and other technology services to Cantor. The Company charges Cantor for these services commensurate with its costs of providing these services. System services fees earned during the three months ended September 30, 2000 and September 24, 1999 totaled $3,101,169 and $4,138,578, respectively. System services fees earned during the nine months ended September 30, 2000 and for the period March 31, 1999 to September 24, 1999 totaled $9,363,222 and $9,104,872, respectively.

(unaudited)

Under an Administrative Services Agreement, Cantor provides various administrative services to the Company, including accounting, tax, sales and marketing, 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. The Company incurred administrative fees for such services during the three months ended September 30, 2000 and September 24, 1999 totaling $1,526,963 and $512,233, respectively. The Company incurred administrative fees for such services during the nine months ended September 30, 2000 and during the period from March 10, 1999 to September 24, 1999 totaling $4,839,542 and $1,067,200, respectively.

6. 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 September 30, 2000, eSpeed Government Securities, Inc.'s liquid capital of $20,653,392 was in excess of minimum requirements by $20,628,392.

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 8 to 1. At September 30, 2000, eSpeed Securities, Inc. had net capital of $2,930,438, which was $2,710,030 in excess of its required net capital, and eSpeed Securities, Inc.'s net capital ratio was .60 to 1.

(unaudited)

7. Employee Stock Purchase Plan

The Employee Stock Purchase Plan ("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 a price determined by a Stock Purchase Plan Administrative Committee, which will be 85% of the lowest market price at various defined dates during the purchase period. The Company issued 16,863 shares with a value of $370,880 under the ESPP for the quarter ended September 30, 2000.

8. Segment and Geographic Data

Segment Information: The Company currently operates its business in one segment, that of operating interactive electronic business-to-business vertical marketplaces for the trading of financial and non-financial products. This segment comprised approximately 82% of revenues for the three months ended September 30, 2000 and 64% of revenues for the three months ended September 24, 1999. This segment comprised approximately 81% of revenues for the nine months ended September 30, 2000 and 62% of revenues for the period from March 10, 1999 to September 24, 1999. The remainder of the Company's revenues was derived from system services fees from Cantor and interest income.

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.

(unaudited)

Transaction Revenues:	Three months ended September 30, 2000	Three months ended September 24, 1999	Nine months ended September 30, 2000	Period from March 10, 1999 to September 24, 1999
Europe	$ 4,222,102	$ 1,987,426	$ 11,349,082	$ 4,210,154
Asia	347,377	149,173	1,023,162	333,695
Total Non-Americas	4,569,479	2,136,599	12,372,244	4,543,849
Americas	19,386,923	5,346,686	55,302,522	10,490,748
Total	$ 23,956,402	$ 7,483,285	$ 67,674,766	$ 15,034,597

Average long-lived assets	September 30, 2000	December 31, 1999
Europe	$2,062,361	$ 2,257,914
Asia	832,057	925,790
Total Non-Americas	2,894,418	3,183,704
Americas	12,082,072	5,236,613
Total	$ 14,976,490	$ 8,420,317

9. Subscription Agreement

On April 26, 2000, the Company entered into a Subscription Agreement (each a "Subscription Agreement" and together, the "Subscription Agreements") with each of The Williams Companies, Inc. ("Williams") and Dynegy, Inc. ("Dynegy") for the purchase by each of a Unit consisting of (i) 789,071 shares (the "Shares") of the Company's Class A common stock and (ii) warrants (the "Warrants") exercisable for the purchase of up to 666,666 shares of Class A common stock, for an aggregate purchase price for each Unit of $25,000,000. The Warrants have a per share exercise price of $35.20, a ten year term and are exercisable during the last 4 1/2 years of the term, subject to acceleration under certain prescribed circumstances intended to provide incentives to Williams and Dynegy to invest in four Qualified Verticals as described below. The purchase and sale of the Units was consummated (the "Closing") in June 2000. The Shares will not be transferable prior to the first anniversary of the Closing. As required by Generally Accepted Accounting Principles, the Company recorded a one-time, non-cash charge of $29,805,305 at the time of the Closing to reflect the value of the Warrants.

Each of Williams and Dynegy agreed in its Subscription Agreement that, subject to the

satisfaction of certain conditions, it will invest $2,500,000 in at least four entities (the "Qualified Verticals") to be formed by the Company and Cantor within 12 months of the Closing (subject to extension for a period not to exceed six months under certain prescribed circumstances, the "Investment Period"). It is expected that each Qualified Vertical will be jointly owned by industry market participants, the Company, and Cantor; and will establish a new vertical electronic and telephonic marketplace with the Company in which such Qualified Vertical will broker and possibly clear transactions for the industry market participants and other clients. The first Qualified Vertical was established in September 2000 (see Note 10). Products that may be traded on other Qualified Verticals include natural gas liquids, petrochemicals, crude oil and bandwidth. Each of Williams and Dynegy will not necessarily invest in the same Qualified Verticals as the other. Pursuant to the Subscription Agreements, in connection with up to four additional Qualified Verticals, Williams and, subject to certain limitations, Dynegy, will be entitled to invest $25,000,000 in shares of Class A common stock (the "Additional Investment Right"). Such right provides for investment at a 10% discount to the average trading price for the 10 trading days preceding the date of such party's investment in such new Qualified Vertical, or, under certain circumstances, the public announcement of the formation of such Qualified Vertical. The Additional Investment Right was approved by stockholders at the Company's 2000 Annual Meeting of Stockholders on October 26, 2000. Any shares of Class A common stock purchased pursuant to the Additional Investment Right will not be transferable prior to the first anniversary of issuance.

Contemporaneously with the execution of the Subscription Agreements, the Company entered into a stock purchase agreement with Cantor providing, as amended, for the purchase by the Company from Cantor (i) at the Closing, of 789,071 shares of Class A common stock of the Company, representing half of the number of shares of the Class A common stock being sold by the Company to Williams and Dynegy pursuant to the Subscription Agreements, for a purchase price of $25,000,000 and (ii) of half of the number of shares purchased by Williams and Dynegy, in the aggregate, each time an Additional Investment Right is exercised for the same purchase price per share as is paid by Williams and Dynegy at the time.

10. TradeSpark, L.P. Qualified Vertical

On September 25, 2000, the Company and Cantor, in conjunction with Williams and other participants in the energy market, formed TradeSpark, LP ("TradeSpark") to operate a wholesale electronic and telephonic marketplace in North America for natural gas, electricity, coal, sulfur dioxide and nitrogen dioxide emissions allowances, and weather financial products.

The Company invested $2 million for a 5% interest in TradeSpark and Cantor invested $4.25 million and contributed certain assets in exchange for a 28.33% interest. The remaining 66.67% interest was purchased by energy industry market participants ("EIPs"). The Company has also entered into a technology services agreement with TradeSpark pursuant to which the Company will provide the technology infrastructure for the transactional and technology related elements of the TradeSpark marketplace as well as certain other services in exchange for specified percentages of transaction revenues from the marketplace.

In order to provide incentives to the EIPs to trade on the TradeSpark electronic marketplace, the Company issued 5.5 million shares of Series A Redeemable Convertible Preferred Stock ("Series A

Preferred Stock") and 2.5 million shares of Series B Redeemable Convertible Preferred Stock ("Series B Preferred Stock") to a limited liability company newly-formed by the EIPs. Upon the satisfaction of certain revenue thresholds and other conditions, principally related to the volume of transactions executed through the TradeSpark marketplace, the Series A Preferred Stock and Series B Preferred Stock are convertible into Series A and B Warrants, respectively, to collectively purchase up to 8 million shares of the Company's Class A common stock at an exercise price of $27.94 per share. To the extent that the conditions to full conversion are not satisfied, each share of unconverted Series A and B Preferred Stock may be redeemed at the Company's option, or may be converted into 1/100th of a share of the Company's Class A common stock. The Company has recognized a non-cash charge of $2,235,200, equal to the fair value of the 80,000 shares of Class A common stock issuable upon conversion of the preferred stock, if none of the conditions are met. The Company will recognize additional non-cash accounting charges related to the issuance of these shares of preferred stock if and when they are converted over the next six years, which non-cash charges could aggregate $53,644,800 if all conditions (including but not limited to TradeSpark annual transaction revenues of at least $250 million) are met and all shares of preferred stock are converted.

11. Capital Transaction

On July 21, 2000, Cantor Fitzgerald Partners, an affiliate of eSpeed, purchased the U.S. municipal bond brokerage business and certain other assets of Municipal Partners, Inc. ("MPI") for approximately $1,500,000 and eSpeed issued to MPI's shareholders 28,374 shares of the Company's Class A common stock having a value, as defined, at the date of issuance of $1,250,000. Although the purchased assets are owned by Cantor Fitzgerald Partners, eSpeed is entitled to 100% of the revenues generated from any fully electronic transaction effected in a marketplace utilizing the eSpeed(sm) system by its affiliates pursuant to a Joint Services Agreement, as amended, among eSpeed and its affiliates, including Cantor Fitzgerald Partners. In addition, in order to provide incentives to promote the use of the eSpeed(sm) trading platform in connection with the purchased business, eSpeed granted an aggregate of 28,374 restricted shares of its Class A common stock to certain employees and shareholders of MPI in exchange for interest-bearing promissory notes that are due July 21, 2010 (the "Pledged Shares"). The Pledged Shares may be redeemed, at the option of eSpeed, by cancellation of the related note(s) if eSpeed does not receive $3 million in electronic transaction revenues generated by Cantor's municipal bond brokerage business for any consecutive 12-month period within three years of July 21, 2000. The promissory notes are reflected in the consolidated statement of financial condition as Subscription Receivable within stockholders' equity.

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, our expected incurrence of future losses and negative cash flow from operations, our ability to enter into marketing and strategic alliances, to effectively manage our growth, to expand the use of our electronic systems and to induce customers to use our marketplaces and services, and other factors that are discussed under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 1999. 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.

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 (Hong Kong) Holdings I, Inc., eSpeed (Hong Kong) Holdings II, Inc. and eSpeed (Hong Kong) Limited. Prior to our initial public offering, 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(sm) 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(sm) 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(sm) system.

Results of Operations

For the Three Months Ended September 30, 2000 and September 24, 1999

Revenues	Three months ended	
	September 30, 2000	September 24, 1999
Transaction Revenues:		
Fully electronic transactions	$ 19,988,847	$ 2,590,715
Voice-assisted brokerage transactions	3,480,895	3,817,144
Screen assisted open outcry transactions	486,660	1,075,426
Total transaction revenues	23,956,402	7,483,285
Interest income	2,316,025	---
System services fees	3,101,169	4,138,578
Total revenues	$ 29,373,596	$ 11,621,863

Transaction Revenues

We operate interactive electronic marketplaces. We have entered into a Joint Services Agreement with Cantor under which we and Cantor have agreed to collaborate to provide brokerage and related services to clients in multiple electronic markets for transactions in securities and other financial products. In addition, we may, in our discretion, collaborate on operating markets for non-financial products. Under the Joint Services Agreement, we own and operate the electronic trading systems and are responsible for providing electronic brokerage services, and Cantor 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. Under this agreement, Cantor and we have agreed to share revenues derived from transactions effected in the marketplaces in which we collaborate and other specified markets.

Generally, if the transactions:

o are effected in a marketplace in which we collaborate with Cantor, are fully electronic transactions and relate to financial products, such as fixed income securities, futures contracts, derivatives and commodities, that are not traded on the Cantor Exchange(sm), or products that are traded on the Cantor Exchange(sm), then we receive the aggregate transaction revenues and pay to Cantor service fees equal to 35% and 20% of the transaction revenues, respectively.

o are effected in a marketplace in which we collaborate with Cantor, involve voice-assisted brokerage services that Cantor provides and the transactions relate to (1) financial products that are not traded

on the Cantor Exchange(sm), or (2) products that are traded on the Cantor Exchange(sm), then, in the case of a transaction described in (1), Cantor receives the aggregate transaction revenues and pays to us a service fee equal to 7% of the transaction revenues, and, in the case of a transaction described in (2), we receive the aggregate transaction revenues and pay to Cantor a service fee equal to 55% of the transaction revenues.

o are effected in a marketplace in which we do not collaborate with Cantor, but in which we do provide electronic brokerage services, and (1) the transaction relates to a financial product, then we will receive the aggregate transaction revenues and pay to Cantor a fulfillment service fee equal to 20% of the transaction and data revenues paid to or received by us or (2) the transaction relates to a non-financial product, then we will receive all of the transaction revenues.

o are not effected through an electronic marketplace, but are electronically assisted, such as screen-assisted open outcry transactions, then Cantor receives the aggregate transaction revenues and pays to us a service fee equal to 2.5% of the transaction revenues.

In addition, if the electronic marketplace is collaborative with Cantor and the transactions relate to a gaming business, we receive a service fee equal to 25% of the net trading revenues.

We are pursuing an aggressive strategy to convert most of Cantor's financial marketplace products to our eSpeed(sm) system and, with the assistance of Cantor, to continue to create new markets and convert new clients to our eSpeed(sm) system. The process of converting these marketplaces includes modifying existing Cantor trading systems to allow for transactions to be entered directly from a client location, signing an agreement with the client, installing the hardware and software at the client location and establishing lines between us and the client. Other than Cantor, no client of ours accounted for more than 10% of our transaction revenues for the three and nine months ended September 30, 2000.

For the three months ended September 30, 2000, we earned transaction revenues of $23,956,402 as compared to $7,483,285 for the three months ended September 24, 1999, an increase of 220%. The growth in revenues for the three-month period was attributable to the continued roll out of electronic marketplaces and an increase in the number of clients electronically trading through our eSpeed(sm) system. As of September 30, 2000, we had converted 43 out of 49 marketplaces to our eSpeed(sm) system.

It is anticipated that as new marketplaces are converted to our eSpeed(sm) system and additional clients utilize our eSpeed(sm) system, we will increase income generated outside of fixed income and other financial service marketplaces. Our revenues are currently highly dependent on transaction volume in the fixed income markets globally. Accordingly, among other things, equity market volatility, economic and political conditions in the United States and elsewhere in the world, concerns over inflation and wavering institutional/consumer confidence levels, the availability of cash for investment by mutual funds and other wholesale and retail investors, rising interest rates, fluctuating exchange rates, legislative and regulatory changes and currency values may have an impact on our volume of transactions.

The financial markets in which we operate are generally affected by seasonality. Traditionally, the financial markets around the world experience lower volume during the summer and at the end of the year due to a general slow down in the business environment, and therefore, transaction volume levels may decrease during those periods.

Interest Income

The net proceeds of our initial public offering on December 10, 1999 and the net proceeds received from the sale of Class A common stock to Dynegy and Williams, net of operating expenses paid, have been invested by us in reverse repurchase agreements which are fully collateralized by U.S. Government securities held in a custodial account at The Chase Manhattan Bank. For the three months ended September 30, 2000, these investments generated interest income of $2,316,025, at an average interest rate of 6.5%. We had no interest income for the three months ended September 24, 1999.

System Services Fees

We have agreed to provide to Cantor technology support services at cost, including (1) systems administration, (2) internal network support, (3) support and procurement for desktops of end-user equipment, (4) operations and disaster recovery services, (5) voice and data communications, (6) support and development of systems for clearance and settlement services, (7) systems support for Cantor brokers, (8) electronic applications systems and network support for Cantor's unrelated dealer businesses with respect to which we will not collaborate with Cantor and (9) provision and/or implementation of existing electronic applications systems, including improvements and upgrades thereto, and use of the related intellectual property rights, having potential application in a business. System services fees from Cantor for the three months ended September 30, 2000 were $3,101,169, and represented 11% of total revenues for the period. This compares with system services fees for the three months ended September 24, 1999 of $4,138,578, which represented 36% of total revenues for the period. System services fees have decreased 25% for the period, primarily as a result of a decrease in Cantor's brokerage personnel. As a percentage of revenues, the fees have decreased as a result of our increased transaction revenues in the three months ended September 30, 2000.

Expenses	Three months ended	
	September 30, 2000	September 24, 1999
Compensation and employee benefits	$ 14,003,834	$ 7,033,656
Occupancy and equipment	5,789,997	3,102,063
Professional and consulting fees	2,814,761	1,833,266
Communications and client networks	1,209,473	1,121,552
Fulfillment services fees	6,882,000	906,750
Administrative fees	1,526,963	512,233
Marketing	2,105,587	---
Non-cash business partner securities	3,585,200	---
Other	2,654,452	606,850
Total expenses	$ 40,572,267	$15,116,370

Compensation and employee benefits

At September 30, 2000, we had approximately 480 professionals, as compared to approximately 300 employees at September 24, 1999. 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 medical benefits for our employees. For the quarter ended September 30, 2000, we had compensation costs of $14,003,834 as compared to $7,033,656 for the three months ended September 24, 1999, an increase of 99%. This increase in compensation expense was attributable to the increased number of professionals we employed during the period ended September 30, 2000. During the quarter ended September 30, 2000, we continued to hire additional technical, sales and marketing, product development and administrative personnel, including personnel from Cantor, in order to expand our business. We continue to believe that we have established a core level of personnel to develop new electronic marketplaces and maintain the existing infrastructure we have established. Accordingly, while we will continue to add personnel, we estimate our compensation costs will increase at more modest rates.

Occupancy and equipment

Occupancy and equipment costs were $5,789,997 for the three months ended September 30, 2000 as compared to $3,102,063 for the three months ended September 24, 1999, an increase of 87%. The increase resulted principally from the continued growth in scope of our business and increased personnel. Occupancy and equipment costs included depreciation on computer and communications equipment and amortization of software owned by us, lease costs of other fixed assets leased by us from Cantor and a charge for premises costs from Cantor. Cantor leases from third parties under operating lease arrangements certain computer-related fixed assets that we have the right to use at rates intended to equal costs incurred by Cantor. Our equipment expenses should increase as we continue to invest in technology and related equipment. Occupancy expenditures are comprised principally of our rent and facilities costs of our New York and London offices and are expected to increase to the extent we acquire more space from Cantor and others to accommodate our growth in headcount and technology.

Professional and consulting fees

Professional and consulting fees were $2,814,761 for the three months ended September 30, 2000 as compared to $1,833,266 for the three months ended September 24, 1999, an increase of 54%. This increase resulted principally from fees related to new business development and strategic initiatives. Professional and consulting fees consisted primarily of legal fees and consultant costs paid to outside computer professionals who performed specialized enhancement activities for us. We currently have approximately 25 contracted consultants and additional outside services providers working under short-term contracts costing approximately $600,000 per month in the aggregate.

Communications and client networks

Communications costs were $1,209,473 for the three months ended September 30, 2000, an 8% increase over communication costs of $1,121,552 for the three months ended September 24, 1999. Communications costs included 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.

Fulfillment services fees

Under the Joint Services Agreement, we are required to pay to Cantor a fulfillment services fee of 20%, 35% or 55%, depending on the type of transaction, of commissions paid by clients related to fully electronic transactions. Such costs were $6,882,000 for the three months ended September 30, 2000, an increase of 659% as compared to $906,750 for the three months ended September 24, 1999, principally as a result of our increased fully electronic revenues. As we continue to sign up new clients, in conjunction with Cantor, and the volume of business processed in the fully electronic brokerage channel increases, this expense will likely increase commensurately with our revenues.

Administrative fees

Under an Administrative Services Agreement with Cantor, Cantor has agreed to provide various administrative services to us, including, but not limited to, accounting, tax, legal and human resources and we have agreed to provide marketing services at cost to Cantor. We are required to reimburse Cantor for its costs of providing these services plus allocation of overhead. We have provided for the cost of such services in our financial statements under the terms set forth in the Administrative Services Agreement as if it was effective March 10, 1999. Administrative fees were $1,526,963 for the three months ended September 30, 2000 as compared to administrative fees of $512,233 for the three months ended September 24, 1999, an increase of 198%, principally as a result of our increased business activity. As we expand our business, the services provided by Cantor, and accordingly the expense, will likely also increase. As circumstances warrant, we will consider adding employees to take over these services from Cantor.

Marketing expenses

We incurred marketing expenses of $2,105,587 during the quarter, as compared to nominal marketing expenses during the three-month period ended September 24, 1999. Although we do not anticipate that our marketing expenses will significantly change over the foreseeable future with respect to our current operations, as we expand the scope of our business marketing expenses may increase.

Other expenses

Other expenses for the three months ended September 30, 2000 were $2,654,452 as compared to other expenses of $606,850 for the three months ended September 24, 1999, an increase of 337%, principally as a result of our increased business activity. These expenses consisted primarily of recruitment fees, travel, promotional and entertainment expenditures. We do not expect that these expenses will significantly change over the foreseeable future.

Non-cash Business Partner Securities

In July 2000, we issued 28,374 shares of Class A common stock to the shareholders of Municipal Partners, Inc. ("MPI") in connection with Cantor's acquisition of MPI's brokerage business. Although the acquired line of business is owned by Cantor, we are entitled to 100% of such business' revenues generated from any fully electronic transaction. As a result of the issuance of the Class A common stock, we recorded a non-cash charge against earnings of $1,350,000 to reflect the cost of the stock.

In September 2000, we obtained a 5% interest in TradeSpark, LP ("TradeSpark"), which was formed to operate an electronic and telephonic marketplace for North American wholesale energy products. In conjunction with our investment, we issued 5.5 million shares of our Series A Redeemable Convertible Preferred Stock and 2.5 million shares of our Series B Redeemable Convertible Preferred Stock (collectively, the "Preferred Stock") to encourage the majority owners of TradeSpark to electronically trade energy products through our eSpeed(sm) system. We will earn a percentage of the revenues resulting from transactions executed through TradeSpark utilizing our trading platform. If certain revenue targets are met, the Preferred Stock is convertible at the holders' option into warrants to purchase up to 8 million shares of our Class A common stock. To the extent that the revenue targets are not met, each share of the Preferred Stock is convertible into 1/100th of a share of our Class A common stock. As a result of such issuance of the Preferred Stock, we recorded a non-cash charge against earnings of $2,235,200 to reflect the cost of 80,000 shares of our Class A common stock issuable upon conversion of the Preferred Stock if none of the targets are met. We will recognize additional non-cash accounting charges related to the issuance of these business partner warrants and will take such charges if and when they are converted over the next six years.

Net Loss

Excluding a non-cash charge for business partner securities issued to MPI shareholders in July 2000 and to the TradeSpark majority interest owners in September 2000, our net loss was $7,701,596 for the three months ended September 30, 2000. Including the non-cash charges, we incurred a net loss of $11,286,796 for the three months ended September 30, 2000. The business partner securities are discussed in more detail in Notes 9, 10 and 11 to the Notes to Consolidated Financial Statements (unaudited) contained elsewhere in this report. Other than the non-cash charge, the losses primarily resulted from expenditures on our technology and infrastructure incurred in building our revenue base. We expect that we will continue to incur losses and generate negative cash flow from operations for the foreseeable future as we continue to develop our systems and infrastructure and expand our brand recognition and client base through increased marketing efforts. In light of the rapidly changing nature of our business and our limited operating history, we believe that period-to-period comparisons of our operating results will not necessarily be meaningful and should not be relied upon as an indication of future performance.

For the Nine Months ended September 30, 2000 and the Period From March 10, 1999 to September 24, 1999

Revenues	Nine months ended September 30, 2000	Period March 10, 1999 to September 24, 1999
Transaction Revenues:		
Fully electronic transactions	$ 54,904,144	$ 3,820,807
Voice-assisted brokerage transactions	10,712,251	8,382,086
Screen-assisted open outcry transactions	2,058,371	2,831,704
Total transaction revenues	67,674,766	15,034,597
Interest income	6,244,549	---
System services fees	9,363,222	9,104,872
Total revenues	$ 83,282,537	$ 24,139,469

Transaction Revenues

For the nine months ended September 30, 2000, we earned $67,674,766 in transaction revenues as compared to $15,034,597 for the period from March 10, 1999 to September 24, 1999, a 350% increase. The growth in these revenues was attributable to the continued roll out of electronic marketplaces and an increase in the number of clients electronically trading through our eSpeed(sm) system. As of September 30, 2000, we had converted 43 out of 49 marketplaces to our eSpeed(sm) system.

Interest Income

The net proceeds of our initial public offering on December 10, 1999 and the net proceeds received from the sale of Class A common stock to Dynegy and Williams, net of operating expenses paid, have been invested by us in reverse repurchase agreements which are fully collateralized by U.S. Government securities held in a custodial account at The Chase Manhattan Bank. For the nine months ended September 30, 2000, these investments generated interest income of $6,244,549, at an average interest rate of 6.05%. We had no interest income for the period from March 10, 1999 to September 24, 1999.

System Services Fees

System services fees from Cantor for the nine months ended September 30, 2000 were $9,363,222, and represented 11% of total revenues for the period. This compares with system services fees for the period from March 10, 1999 to September 24, 1999 of $9,104,872, which represented 38% of total revenues for the period. This increase of 3% in system services fees reflects the fact that the 1999

period was shorter than the current period. As a percent of revenues, the system services fees decreased as a result of our increased transaction revenues for the nine months ended September 30, 2000.

Expenses	Nine months ended September 30, 2000	Period March 10, 1999 to September 24, 1999
Compensation and employee benefits	$ 39,782,281	$ 14,704,940
Occupancy and equipment	15,445,236	6,632,436
Professional and consulting fees	8,573,454	3,615,348
Communications and client networks	3,058,804	2,445,792
Fulfillment services fees	19,114,756	1,337,282
Administrative fees	4,839,542	1,067,200
Marketing	6,905,152	---
Non-cash business partner securities	33,390,505	---
Other	7,124,539	1,122,119
Total expenses	$ 138,234,269	$ 30,925,117

Compensation and employee benefits

At September 30, 2000, we had approximately 480 professionals, as compared to approximately 300 employees at September 24, 1999. 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 medical benefits for our employees. For the nine months ended September 30, 2000, our compensation costs were $39,782,281 as compared to compensation costs of $14,704,940 for the period from March 10, 1999 to September 24, 1999, a 171% increase. This increase in compensation expense was attributable to the increased number of professionals we employed during the nine-month period ended September 30, 2000. During the nine months ended September 30, 2000, we continued to hire additional technical, sales and marketing, product development and administrative personnel, including personnel from Cantor, in order to expand our business.

Occupancy and equipment

Occupancy and equipment costs were $15,445,236 for the nine months ended September 30, 2000 as compared to occupancy and equipment of $6,632,436 for the period from March 10, 1999 to September 24, 1999, an increase of 133%. This increase resulted principally from the continued growth in scope of our business and increased personnel. Occupancy and equipment costs included depreciation on computer and communications equipment and amortization of software owned by us, lease costs of other fixed assets leased by us from Cantor and a charge for premises costs from Cantor. Cantor leases from third parties under operating lease arrangements certain computer-related fixed assets that we have the right to use at rates intended to equal costs incurred by Cantor. Our equipment expenses should increase as we continue to invest in technology and related equipment.

Professional and consulting fees

Professional and consulting fees were $8,573,454 for the nine months ended September 30, 2000 as compared to professional and consulting fees of $3,615,348 for the period from March 10, 1999 to September 24, 1999, an increase of 137%. This increase resulted principally from fees related to new business development and strategic initiatives. Professional and consulting fees consisted primarily of legal fees and consultant costs paid to outside computer professionals who performed specialized enhancement activities for us.

Communications and client networks

Communications costs were $3,058,804 for the nine months ended September 30, 2000 as compared to $2,445,792 for the period from March 10, 1999 to September 24, 1999, an increase of 25%. Communications costs included 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 generally attributable to the continuing expansion of our globally managed digital network.

Fulfillment services fees

Under the Joint Services Agreement, we are required to pay to Cantor a fulfillment services fee of 20%, 35%, or 55%, depending on the type of transaction, of commissions paid by clients related to fully electronic transactions. For the nine months ended September 30, 2000, these costs were $19,114,756 as compared to $1,337,282 for the period from March 10, 1999 to September 24, 1999, an increase of 1329%, principally as a result of our increased fully electronic revenues.

Administrative fees

Under an Administrative Services Agreement with Cantor, Cantor has agreed to provide various administrative services to us, including, but not limited to, accounting, tax, legal and human resources and we have agreed to provide marketing services at cost to Cantor. We are required to reimburse Cantor for its costs of providing these services plus allocation of overhead. We have provided for the cost of such services in our financial statements under the terms set forth in the Administrative Services Agreement as if it was effective March 10, 1999. Administrative fees amounted to $4,839,542 for the nine months ended September 30, 2000 as compared to administrative fees of $1,067,200 for the period from March 10, 1999 to September 24, 1999, an increase of 353%, principally as a result of our increased business activity.

Marketing expenses

We incurred marketing expenses of $6,905,152 during the nine months ended September 30, 2000, as compared to nominal marketing expenses during the period from March 10, 1999 to September 24, 1999, principally as a result of a national advertising campaign launched by us during the second quarter of 2000.

Other expenses

Other expenses for the nine months ended September 30, 2000 were $7,124,539 as compared to other expenses of $1,122,119 for the period from March 10, 1999 to September 24, 1999, an increase of 535%, principally as a result of our increased business activity. These expenses consisted primarily of recruitment fees, travel, promotional and entertainment expenditures.

Non-cash Business Partner Securities

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 warrants to purchase an additional 666,666 shares of Class A common stock at an exercise price of $35.203125 per share. As a result of the issuance of the warrants, we recorded a non-cash charge against earnings of $29,805,305 to reflect the cost of the warrants.

In July 2000, we issued 28,374 shares of Class A common stock to the shareholders of MPI in connection with Cantor's acquisition of MPI's brokerage business. Although the acquired line of business is owned by Cantor, we are entitled to 100% of such business' revenues generated from any fully electronic transaction. As a result of the issuance of the Class A common stock, we recorded a non-cash charge against earnings of $1,350,000 to reflect the cost of the stock.

In September 2000, we obtained a 5% interest in TradeSpark, which was formed to operate an electronic and telephonic marketplace for North American wholesale energy products. In conjunction with our investment, we issued 5.5 million shares of our Series A Redeemable Convertible Preferred Stock and 2.5 million shares of our Series B Redeemable Convertible Preferred Stock to encourage the majority owners of TradeSpark to electronically trade energy products through our eSpeed(sm) system. We will earn a percentage of the revenues resulting from transactions executed through TradeSpark utilizing our trading platform. If certain revenue targets are met, the Preferred Stock is convertible at the holders' option into warrants to purchase up to 8 million shares of our Class A common stock. To the extent that the revenue targets are not met, the each share of Preferred Stock is convertible into 1/100th of a share of our Class A common stock. As a result of such issuance of the Preferred Stock, we recorded a non-cash charge against earnings of $2,235,200 to reflect the cost of 80,000 shares of our Class A common stock issuable upon conversion of the Preferred Stock if none of the targets are met. We will recognize additional non-cash accounting charges related to the issuance of these business partner warrants and will take such charges if and when they are converted over the next six years.

Net Loss

Excluding non-cash charges for business partner securities issued to Dynegy and Williams in June 2000, to MPI shareholders in July 2000 and to the TradeSpark majority interest owners in September 2000, our net loss was $21,849,352 for the nine months ended September 30, 2000. Including the non-cash charges, we incurred a net loss of $55,239,857 for the nine months ended September 30, 2000. The business partner securities are discussed in more detail in Notes 9, 10 and 11 to the Notes to Consolidated Financial Statements (unaudited) contained elsewhere in this report. Other than the non-cash charges, the

losses primarily resulted from expenditures on our technology and infrastructure incurred in building our revenue base.

Liquidity and Capital Resources

Our cash flows are comprised of transaction revenues and systems services fees from Cantor, various fees paid to or costs reimbursed to Cantor, other costs paid directly by us, and investment income. In its capacity as a fulfillment service provider, Cantor processes and settles transactions and, as such, collects and pays the funds necessary to clear transactions with the counterparty. In doing so, Cantor receives our portion of the transaction fee and, in accordance with the Joint Services Agreement, remits the gross amount owed to us. Under the Administrative Services Agreement and the Joint Services Agreement, any net receivable or payable is settled monthly, at the discretion of the parties.

Our ability to withdraw capital from our regulated broker-dealer subsidiaries could be restricted, which in turn could limit our ability to pay dividends, repay debt and redeem or purchase shares of our outstanding stock.

Although we have no material commitments for capital expenditures, we anticipate that we will experience an increase in our capital expenditures and lease commitments consistent with our anticipated growth in operations, infrastructure and personnel. We currently anticipate that we will continue to experience significant growth in our operating expenses for the foreseeable future and that our operating expenses will be a material use of our cash resources.

Under the current operating structure, our cash flows from operations, the net proceeds from our initial public offering and the proceeds received from the Dynegy and Williams investments (net of our buy back of shares from Cantor) 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 $133,399,985 of our excess cash in securities purchased under reverse repurchase agreements 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 excess 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 1. Legal Proceedings.

The information required by this Item is incorporated by reference to Note 4 of the Notes to Consolidated Financial Statements (unaudited) contained elsewhere in this report.

ITEM 2. Changes in Securities and Use of Proceeds.

(c) On July 21, 2000, Cantor Fitzgerald Partners, our affiliate, purchased the U.S. municipal bond brokerage business and certain other assets of MPI for approximately $1,500,000 and we issued to MPI's shareholders 28,374 shares of our Class A common stock having a value, as defined, at the date of issuance of $1,250,000. Although the purchased assets are owned by Cantor Fitzgerald Partners, we are entitled to 100% of the revenues generated from any fully electronic transaction effected in a marketplace utilizing our eSpeed(sm) system by our affiliates pursuant to a Joint Services Agreement, as amended, among us and our affiliates, including Cantor Fitzgerald Partners. In addition, in order to provide incentives to promote the use of our eSpeed(sm) trading platform in connection with the purchased business, we granted an aggregate of 28,374 restricted shares of our Class A common stock to certain employees and shareholders of MPI in exchange for interest-bearing promissory notes that are due July 21, 2010 (the "Pledged Shares"). The Pledged Shares may be redeemed, at our option, by cancellation of the related note(s) if we do not receive $3,000,000 in electronic transaction revenues generated by Cantor's municipal bond brokerage business for any consecutive 12-month period within three years of July 21, 2000.

In September 2000, we and Cantor, in conjunction with five energy industry market participants ("EIPs"), formed TradeSpark to operate an electronic and telephonic wholesale marketplace in North America for natural gas, electricity, coal, sulfur dioxide and nitrogen dioxide emissions allowances, and weather financial products. We also entered into a technology services agreement with TradeSpark pursuant to which we will provide the technology infrastructure for the transactional and technology related elements of the TradeSpark marketplace as well as certain other services in exchange for specified percentages of transaction revenues from the marketplace. In order to provide incentives to the EIPs to trade on the TradeSpark electronic marketplace, on September 22, 2000 we issued 5.5 million shares of Series A Redeemable Convertible Preferred Stock and 2.5 million shares of Series B Redeemable Convertible Preferred Stock to EIP Holdings, LLC, a limited liability company newly-formed by the EIPs to hold their investments in TradeSpark and the Preferred Stock. The Series A Redeemable Convertible Preferred Stock is convertible, at the option of the EIPs, into 10 year warrants ("Series A Warrants") to purchase up to 5,500,000 shares of our Class A common stock at an exercise price of $27.94 per share. The Series B Redeemable Convertible Preferred Stock is convertible, at the option of the EIPs, into 10 year warrants ("Series B Warrants") to purchase up to 2,500,000 shares of our Class A common stock at an exercise price of $27.94 per share. Full convertibility of the Series A and B Preferred Stock into Series A and B Warrants, respectively, is subject to satisfaction of certain revenue thresholds and other conditions. If the conditions to full conversion are not satisfied, each share of Series A and B Preferred Stock which is not so convertible may be redeemed at our option, or converted at the option of the holder, for or into 1/100th of a share of Class A common stock. The Series A and Series B Warrants are exercisable immediately upon issuance.

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, as a transaction by an issuer not involving a public offering. We relied on the following criteria to make such exemption available: the number of offerees, the size and manner of the offering, the sophistication of the offerees 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 $31.2 million has been used for working capital purposes and the balance of $108.4 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. Over the foreseeable future, we intend to use the amount invested in the reverse repurchase agreements as follows:

o Approximately $25 million will be invested in hardware and software for entry into new product segments, expansion of our current markets and an increase in communication links to our clients;

o Approximately $25 million will be for hiring of technology and other professionals to develop new markets in both financial and non-financial sectors;

o Approximately $25 million will be for marketing to current and new institutional clients and to promote general awareness and acceptance of the retail trading of fixed income securities and other financial instruments; and

o The balance of the net proceeds will be used for working capital and general corporate purposes, including possible acquisitions and strategic alliances.

Of the amount of proceeds spent through September 30, 2000, approximately $6.5 million has been paid to Cantor under the Administrative Services Agreement between Cantor and us.

The occurrence of unforeseen events, opportunities or changed business conditions, however, could cause us to use the net proceeds of our initial public offering in a manner other than as described above.

Item 4. Submission of Matters to a Vote of Security Holders.

(a) The Company held its 2000 Annual Meeting of Stockholders (the "Annual Meeting") on October 26, 2000.

(b) The following directors were elected at the Annual Meeting and they are our only directors: Howard W. Lutnick, Frederick T. Varacchi, Douglas B. Gardner, Richard C. Breeden, Larry R. Carter, William J. Moran and Joseph P. Shea.

(c) Set forth below is a description of the matters voted upon at the Annual Meeting, including the number of votes cast for, as well as the number of votes withheld and broker non-votes, as to each nominee for election as a director and as to the approval of the Additional Investment Right.

1. Election of seven directors, each to serve until the next Annual Meeting of Stockholders and until his successor is duly elected and qualified.

Name of Candidate	FOR	WITHHOLD AUTHORITY	BROKER NON-VOTES
Howard W. Lutnick	369,365,533	47,431	0
Frederick T. Varacchi	369,365,533	47,431	0
Douglas B. Gardner	369,365,533	47,431	0
Richard C. Breeden	369,365,533	47,431	0
Larry R. Carter	369,365,533	47,431	0
William J. Moran	369,365,533	47,431	0
Joseph P. Shea	369,365,533	47,431	0

2. Approval of the Additional Investment Right, which will entitle each of Dynegy Inc. and Williams Energy Marketing & Trading Company to invest $25 million in shares of our Class A common stock at a 10% discount four times in connection with an investment by each of them of $2.5 million in each of four business ventures in which Dynegy, Williams, other market participants and we will establish marketplaces for electronic trading of such products as natural gas liquids, petrochemicals, crude oil and bandwidth.

FOR	AGAINST	ABSTENTIONS	BROKER NON-VOTES
366,627,165	10,428	5,918	2,769,413

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

(a) Exhibits

Exhibit Number		Description
3.3		Certificate of Designations, Preferences and Rights of Series A Redeemable Convertible Preferred Stock of eSpeed, Inc.
3.4`		Certificate of Designations, Preferences and Rights of Series B Redeemable Convertible Preferred Stock of eSpeed, Inc.
10.16	--	Registration Rights Agreement, dated as of September 22, 2000 among eSpeed, Inc., EIP Holdings, LLC, Williams Energy Marketing & Trading Company and Coral Energy Holding, LP, Koch Energy Trading, Inc. TXU Energy Trading Company and Dominion Energy Exchange, Inc.
10.17	--	Amendment No. 2 to Joint Services Agreement, dated as of July 1, 2000, by and among Cantor Fitzgerald L.P., Cantor Fitzgerald International, Cantor Fitzgerald Europe, Cantor Fitzgerald Securities, Cantor Fitzgerald & Co., Cantor Fitzgerald Partners, eSpeed Inc., eSpeed Securities, Inc., eSpeed Government Securities, eSpeed International Limited and eSpeed Markets, Inc.
10.18	--	Amendment No. 3 to Joint Services Agreement, dated as of September 22, 2000, by and among Cantor Fitzgerald L.P., Cantor Fitzgerald International, Cantor Fitzgerald Europe, Cantor Fitzgerald Securities, Cantor Fitzgerald & Co., Cantor Fitzgerald Partners, eSpeed Inc., eSpeed Securities, Inc., eSpeed Government Securities, eSpeed International Limited and eSpeed Markets, Inc.
27	--	Financial Data Schedule

(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)

Date: November 9, 2000

/s/ Howard W. Lutnick
Howard W. Lutnick
Chairman and Chief Executive Officer

Date: November 9, 2000

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

EXHIBIT INDEX

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27	--	Financial Data Schedule

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS

OF

SERIES A 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, pursuant to a meeting held on September 20, 2000, 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 A 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"); and

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 A Redeemable Convertible Preferred Stock and fixes and determines the rights, preferences, qualifications, limitations and restrictions relating to the Series A Redeemable Convertible Preferred Stock as follows:

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

2. Authorized Number. The number of shares constituting the Series A Preferred Stock shall be 5,500,000.

3. Ranking. The Series A 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 A 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 B Redeemable Convertible Preferred Stock). The Corporation shall not create any other class or series of stock ranking senior to the Series A Preferred Stock without the affirmative vote of the holders of a majority of the then outstanding shares of Series A Preferred Stock, voting separately as a class.

4. Dividends. The Series A 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 or a sale, conveyance or disposition of all or substantially all the assets of the Corporation (each such event, a "Liquidation Event"), the holders of Series A 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 A Preferred Stock), to be paid an amount equal to $1.00 per share of Series A Preferred Stock (the "Series A Issue Price") (as adjusted for any combinations, divisions or similar recapitalizations affecting the shares of Series A Preferred Stock but not the Common Stock or any other securities of the Corporation into which the Series A Preferred Stock may be converted from time to time) (such Series A 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 A Preferred Stock and the holders of any class or series of stock of the Corporation ranking on a parity with the Series A Preferred Stock with respect to liquidation preference shall be insufficient to permit payment in full to the holders of Series A 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 A Preferred Stock and such other holders shall be distributed ratably among the holders of Series A Preferred Stock and such holders in proportion to the full respective distributive amounts to which they are entitled.

(b) Remaining Assets. Upon any Liquidation Event, after the holders of Series A Preferred Stock and the holders of any class or series of stock of the Corporation ranking on a parity with the Series A 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 A 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 amount of the Liquidation Payments; 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 A Preferred Stock shall be equal to a ratably proportionate amount of the Liquidation Payments with respect to each outstanding share of Series A Preferred Stock.

6. Optional Conversion.

(a) Optional Conversion. From and after the date of issuance and until the Redemption Date (as defined in Section 7 below), (i) any share of Series A Preferred Stock may be converted without any payment of consideration at the option of the holder at any time into fully paid and non-assessable shares of Class A Common Stock at the rate of 1/100th of a share of Class A Common Stock (subject to adjustment as set forth in subsection 6(f) below) for each share of Series A Preferred Stock (the "Partial Conversion Rate") or (ii) such number of shares as is equal to the Annual Amount (as defined below) or, if greater, the Cumulative Annual Amount (as defined below) may be converted without any payment of consideration at the option of the holder into fully paid and non-assessable warrants (individually a "Warrant" and collectively, the "Warrants"), in the form of Exhibit A hereto, at the rate of one Warrant for each share of Series A Preferred Stock (the "Full Conversion Rate"). Each Warrant will be exercisable to purchase one share of Class A Common Stock, subject to adjustment as set forth in the Warrant.

(b) The Annual Amount. The number of shares of Series A Preferred Stock which may be converted at the Full Conversion Rate each year (the "Annual Amount") shall be determined annually based on the Gross Transaction Revenues (as defined below) received by the Corporation and TradeSpark, LP ("TradeSpark") in the aggregate (without double counting) from the electronic marketplace (the "Marketplace"), described in that certain Services Agreement, dated September 22, 2000, between the Corporation and TradeSpark (the "Services Agreement"), for each year during the six year period (the "Six Year Period") which begins on the first day of the month that immediately follows the initial closing of EIP Holdings, LLC's ("EIP") investment in TradeSpark pursuant to that certain Subscription Agreement, dated September 22, 2000, between TradeSpark and EIP. Upon the determination of the Gross Transaction Revenues for the first year during the Six Year

Period, such Gross Transaction Revenues shall be divided by $250,000,000 and then multiplied by 5,500,000 for the determination of the Annual Amount for the first year of the Six Year Period. Upon determination of the Gross Transaction Revenues for the remaining five years of the Six Year Period, the excess (if any) of the Gross Transaction Revenues of each such year over the Gross Transaction Revenues of the immediately preceding year shall be divided by $250,000,000 and then multiplied by 5,500,000 to determine the Annual Amount for such year; provided, however, that for purposes of calculating the Annual Amount for any year during such remaining five years, an excess shall be deemed to exist for any such year only if and to the extent that the Gross Transaction Revenues for such year exceed the highest Gross Transaction Revenues theretofore achieved for any year of the Six Year Period. Notwithstanding the foregoing, until the Gross Transaction Revenues for any year of the Six Year Period exceeds $10,000,000, the Annual Amount shall be zero. Upon determination of the Annual Amount for each year during the Six Year Period, the Chief Financial Officer of the Corporation shall prepare a written certificate setting forth such determination and such certificate shall promptly be delivered to the recordholders of the Series A Preferred Stock. The sum of all Annual Amounts, less any shares of Series A Preferred Stock previously converted at the Partial Conversion Rate or the Full Conversion Rate, shall be referred to herein as the "Cumulative Annual Amount."

(c) Definition of Gross Transaction Revenues. "Gross Transaction Revenues" shall have the meaning ascribed to Transaction Revenues in the Services Agreement except that (x) there shall be added thereto, Advertising Sales Revenues (as defined in the Services Agreement) and Additional Services Revenues (as defined in the Services Agreement); and (y) any rebates of commissions or similar arrangements shall be ignored and the amount of any such rebate or similar arrangement shall be deemed collected and part of Gross Transaction Revenues; and (z) to the extent that, for any year during the Six Year Period, Additional E-Commerce Services Revenues (as defined in the Services Agreement) and Information Services Revenues (as defined in the Services Agreement) (collectively the "Non-Electronic Services Revenues") comprise more than the specified percentage set forth below of the Gross Transaction Revenues for such year, the portion of Non-Electronic Services Revenues for such year that is in excess of such percentage shall be excluded from the calculation of Gross Transaction Revenues for such year:

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Year 1.........................50%
Year 2.........................40%
Year 3.........................30%
Year 4(and thereafter).........20%
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(d) Determination of Gross Transaction Revenues. Gross Transaction Revenues for each year during the Six Year Period shall be determined in accordance with the definition contained in this Section 6 and the procedures contained in the Limited Liability Company Agreement of EIP, as the same may be amended from time to time, and any disputes in connection with any such determination shall be resolved in accordance with the dispute resolution terms thereof.

(e) Procedure. In the event that a holder of Series A Preferred Stock desires to convert its Series A 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 A 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 A 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 A 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 shares of Class A Common Stock are being sold pursuant to an underwritten public offering, such conversion may at the option of the holder be conditioned upon closing of the offering.

(f) Adjustment of Partial Conversion Rate. The number and kind of securities issuable upon the optional conversion of the Series A Preferred Stock at the Partial 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 A 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 A Preferred Stock would have been entitled to receive if the holder had held the Class A Common Stock issuable upon conversion of its Series A Preferred Stock immediately prior to such reorganization, share exchange or reclassification. The provision of this Section 6(f)(i) shall similarly apply to successive reorganizations and reclassifications.

(ii) Consolidation, Merger. In the event of a merger or consolidation to which the Corporation is a party, then each share of Series A Preferred Stock shall, after such merger or consolidation, be convertible into the kind and number of shares of stock and/or other securities, cash or other property which the holder of Series A Preferred Stock would have been entitled to receive if the holder had held the Class A Common Stock issuable upon conversion of its Series A Preferred Stock immediately prior to such consolidation or merger. The provision of this Section 6(f)(ii) shall similarly apply to successive reorganizations and reclassifications.

(iii) Subdivision or Combination of Shares. In case outstanding shares of Class A Common Stock shall be subdivided, the Partial Conversion Rate shall be proportionately reduced 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 Partial Conversion Rate shall be proportionately increased 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 A Preferred Stock, the holder of such converted Series A 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 Partial 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 A 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 Partial Conversion Rate shall be made if the amount of any such adjustment would be an amount less than 1% of the Partial 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.

(g) Adjustment of Full Conversion Rate. The number of Warrants issuable upon optional conversion of the Series A Preferred Stock at the Full Conversion Rate shall not be subject to adjustment upon the occurrence of any of the events set forth in Sections (f)(i) - (iv). Section 3 of the Warrants contains comparable adjustment provisions which require adjustment to the Warrant Shares (as defined therein), the other securities for which the Warrants are exercisable and the Per Share Warrant Price (as defined therein) upon the occurrence of certain corporate events. If any such corporate events occur after the date of issuance of the Series A Preferred Stock, but on or prior to the conversion of the Series A 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 Per Share Warrant Price, and such other terms as necessary to reflect such corporate event.

7. Redemption.

(a) Optional Redemption by the Corporation. Any Series A Preferred Stock which are not convertible at the Full Conversion Rate, following the determination of the Annual

Amount for the sixth year of the Six Year Period shall be redeemable, at the option of the Corporation, at the Partial 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 7(b) and 7(c) below.

(b) Redemption Notice. At least five days prior to a 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 A 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 A Preferred Stock to be redeemed by the Corporation on the Redemption Date;

(ii) the number of shares of Series A Preferred Stock that the Corporation intends to redeem from the holder of Series A 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 A Preferred Stock to surrender to the Corporation his certificate or certificates representing the shares of Series A 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 A Preferred Stock as holders of Series A 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 A 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. The shares of Series A Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein.

8. Voting Rights.

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

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

9. Shares to be Retired. All shares of Series A 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.

10. Miscellaneous.

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

(b) No other Rights. The Series A 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 or a subdivision or combination of the Class A Common Stock; (ii) there shall be any capital reorganization, share exchange 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 of 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 A 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 Partial Conversion Rate, and the kind and amount of Class A Common Stock and other securities and property deliverable upon optional conversion of the Series A Preferred Stock. 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 Partial Conversion Rate is adjusted as herein provided, or an event occurs, prior to the conversion of all of the then outstanding shares of the Series A Preferred Stock into Warrants, that would require adjustment of the Warrant Shares, the securities for which the Warrant is exercisable or the Per Warrant Share Price under
Section 6(g)

above, the Chief Financial Officer of the Corporation shall compute the adjusted Partial Conversion Rate in accordance with Section 6(f) above and the adjustments to the Warrant in accordance with Section 6(g) and shall prepare a written certificate setting forth such adjusted Partial Conversion Rate and Warrant adjustments, and such written instrument shall promptly be delivered to the recordholders of the Series A Preferred Stock.

(d) Reservation. The Board shall at all times so long as any shares of Series A 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, including, the maximum number of such shares which would be issued upon exercise of all Warrants at the Full Conversion Rate.

(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 A 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 A Preferred Stock at the time of surrender of the shares of Series A 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 A Preferred Stock may enter into any swap or other hedging transaction relating to the Series A Preferred Stock, or any interest therein, except as provided in the Warrant.

o * * * *

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designations this 22nd day of September, 2000.

ESPEED, INC.

By: /s/ Frederick T. Varacchi

Name: Frederick T. Varacchi
Title: President

EXHIBIT A

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.

Void after 5:00 p.m. Eastern Standard Time, on September 22, 2010

WARRANT TO PURCHASE CLASS A COMMON STOCK

OF

eSpeed, Inc.

FOR VALUE RECEIVED, eSpeed, Inc. (the "Company"), a Delaware corporation, hereby certifies that _____ (the "Initial Holder"), or its permitted assigns (together with the Initial Holder, the "Holder"), is entitled to purchase from the Company, at any time or from time to time commencing on the Exercise Date set forth in Section 4 hereof and prior to 5:00 P.M., Eastern Standard Time, on September 22, 2010 a total of _____ fully paid and non-assessable shares of Class A Common Stock, par value $.01 per share, of the Company for a purchase price of $27.94 per share (Hereinafter, (i) said Class A Common Stock, together with any other equity securities which may be issued by the Company with respect thereto or in substitution therefor, is referred to as the "Class A Stock," (ii) the shares of the Class A Stock purchasable hereunder are referred to as the "Warrant Shares," (iii) the aggregate purchase price payable hereunder for the Warrant Shares is referred to as the "Aggregate Warrant Price," (iv) the price payable hereunder for each of the Warrant Shares is referred to as the "Per Share Warrant Price," (v) this Warrant, and all warrants hereafter issued in exchange or substitution for this Warrant are referred to as the "Warrant" and (vi) the holder of this Warrant is referred to as the "Holder.") This Warrant is one of a series of warrants issued pursuant to a conversion of either Series A Redeemable Convertible Preferred Stock, $.01 par value per share or Series B Redeemable Convertible Preferred Stock, $.01 par value per share which were issued by the Company (collectively, the "Convertible Preferred Stock") to various persons (the "Preferred Stock Holders"). The number of Warrant Shares and the securities (if applicable) for which this Warrant is exercisable and the Per Share Warrant Price are subject to adjustment for certain corporate events occurring after September 22, 2000 as hereinafter provided under Section 3. [The terms of this Warrant will be revised prior to issuance to reflect any corporate event which would have required an adjustment under Section 3 hereof had this Warrant been outstanding on the date of such event.]

1. Exercise of Warrant. This Warrant may be exercised, in whole at any time or in part from time to time, commencing on the Exercise Date set forth in
Section 4 hereof and prior to 5:00 P.M., Eastern Standard Time, on September 22, 2010 by the Holder of this Warrant by the surrender of this Warrant (with the subscription form at the end hereof duly executed) at the address set forth in
Section 9(a) hereof, together with proper payment of the Aggregate Warrant Price, or the proportionate part thereof if this Warrant is exercised in part. The Aggregate Warrant Price or Per Share Warrant Price shall be paid in cash, via wire transfer to an account designated by the Company, or by certified or official bank check payable to the order of the Company.

If this Warrant is exercised in part, the Holder shall be entitled to receive a new Warrant covering the number of Warrant Shares in respect of which this Warrant has not been exercised and setting forth the proportionate part of the Aggregate Warrant Price applicable to such Warrant Shares. Upon such surrender of this Warrant, the Company will (a) issue a certificate or certificates in the name of the Holder for the shares of the Class A Stock to which the Holder shall be entitled, and (b) deliver the proportionate part thereof if this Warrant is exercised in part, pursuant to the provisions of the Warrant.

No fractional shares shall be issued upon the exercise of this Warrant. With respect to any fraction of a share called for upon any exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the fair market value of a share as reasonably determined by the Company's Board of Directors.

2. Reservation of Warrant Shares. The Company agrees that, prior to the expiration of this Warrant, the Company from and as of the date hereof, will have authorized and in reserve, and will keep available, solely for issuance or delivery upon the exercise of this Warrant, the shares of the Class A Stock as from time to time shall be receivable upon the exercise of this Warrant.

3. Adjustments for Corporate Events. The number and kind of securities issuable upon the exercise of this Warrant, the Per Share Warrant Price and the number of Warrant Shares for which this Warrant may be exercised shall be subject to adjustment from time to time in accordance with the following provisions:

(a) 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 subsection (b) or (c) below, this Warrant shall, after such reorganization, share exchange or reclassification, be exercisable into the kind and number of shares of stock or other securities or other property of the Company which the holder of this Warrant would have been entitled to receive if the holder had held the Warrant Shares issuable upon exercise of this Warrant immediately prior to such reorganization, share exchange, or reclassification. The provision of this Section 3(a) shall similarly apply to successive reorganizations and reclassifications.

(b) Merger, Consolidation or Sale of All or Substantially All Assets. In the event of a merger or consolidation to which the Company is a party or the sale of all or substantially all of the assets of the Company, this Warrant shall, after such merger, consolidation or sale, be exercisable for the kind and number of shares of stock and/or other securities, cash or other property which the holder of this Warrant would have been entitled to receive if the holder had held the Warrant Shares issuable upon exercise of this Warrant immediately prior to such merger, consolidation or sale. Any such merger, consolidation or sale shall require, as a condition thereto, that such other party to such merger, consolidation or sale agree in writing to assume this Warrant. The provision of this Section 3(b) shall similarly apply to successive mergers and transfers.

(c) Subdivision or Combination of Shares. In case outstanding shares of Class A Stock shall be subdivided, the Per Share Warrant Price shall be proportionately reduced as of the effective date of such subdivision, or as of the date a record is taken of the holders of Class A Stock for the purpose of so subdividing, whichever is earlier. In case outstanding shares of Class A Stock shall be combined, the Per Share Warrant Price shall be proportionately increased as of the effective date of such combination, or as of the date a record is taken of the holders of Class A Stock for the purpose of so combining, whichever is earlier.

(d) Stock Dividends. In case shares of Class A Stock are issued as a dividend or other distribution on the Class A Stock (or such dividend is declared), then the Per Share Warrant Price shall be adjusted, as of the date a record is taken of the holders of Class A 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), to that price determined by multiplying the Per Share Warrant Price in effect immediately prior to such declaration, payment or other distribution by a fraction (i) the numerator of which shall be the number of shares of Class A Stock outstanding immediately prior to the declaration or payment of such dividend or other distribution, and (ii) the denominator of which shall be the total number of shares of Class A Stock outstanding immediately after the declaration or payment of such dividend or other distribution. In the event that the Company shall declare or pay any dividend on the Class A Stock payable in any right to acquire Class A Stock for no consideration, then, for purposes of calculating such adjustment, the Company shall be deemed to have made a dividend payable in Class A Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Class A Stock.

(e) Adjustment of Aggregate Number of Warrant Shares Issuable. Upon each adjustment of the Per Share Warrant Price under the provisions of this Section 3, the aggregate number of Warrant Shares issuable upon exercise of this Warrant shall be adjusted to the nearest whole number to an

amount determined by multiplying the Warrant Shares issuable prior to such adjustment by a fraction (x) the numerator of which is the Per Share Warrant Price in effect immediately prior to the event causing such adjustment and (y) the denominator of which is the adjusted Per Share Warrant Price.

(f) Minimum Adjustment. No adjustment of the Per Share Warrant Price shall be made if the amount of any such adjustment would be an amount less than 1% of the Per Share Warrant Price 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.

(g) Treasury Shares. The number of shares of Class A Stock at any time outstanding shall not include any shares thereof then directly or indirectly owned or held by or for the account of the Company.

(h) Notices. If at any time, (x) the Company shall declare a stock dividend (or any other distribution except for cash dividends) on its Class A Stock; (y) there shall be any capital reorganization or reclassification of the Class A Stock, or any consolidation or merger to which the Company is a party, or any sale or transfer of all of substantially all of the assets of the Company; or
(z) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company; then, in any one or more of such cases, the Company shall give written notice to the Holder, 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, sale, consolidation, merger, 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 Per Share Warrant Price and the kind and amount of Class A Stock and other securities and property deliverable upon exercise of this Warrant. Such notice shall also specify the date (to the extent known) as of which the holders of the Class A Stock of record shall be entitled to exchange their Class A 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 aggregate number of Warrant Shares issuable upon exercise of this Warrant and Per Share Warrant Price is adjusted as herein provided, the Chief Financial Officer of the Company shall compute the adjusted number of Warrant Shares and Per Share Warrant Price in accordance with the foregoing provisions and shall prepare a written certificate setting forth such adjusted number of Warrant Shares and Per Share Warrant Price, and such written instrument shall promptly be delivered to the recordholder of this Warrant.

4. Exercise of Warrant. This Warrant shall be vested and exercisable in its entirety immediately upon issuance (the "Exercise Date").

5. Fully Paid Stock; Taxes. The Company agrees that the shares of the Class A Stock represented by each and every certificate for Warrant Shares delivered on the proper exercise of this Warrant shall, at the time of such delivery, be validly issued and outstanding, fully paid and non-assessable, and not subject to preemptive rights, and the Company will take all such actions as may be necessary to assure that the par value or stated value, if any, per share of the Class A Stock is at all times equal to or less than the then Per Share Warrant Price. The Company further covenants and agrees that it will pay, when due and payable, any and all federal and state stamp, original issue or similar taxes that may be payable in respect of the issuance of any Warrant Shares or certificates therefor. The Holder covenants and agrees that it shall pay, when due and payable, all of its federal, state and local income or similar taxes that may be payable in respect of the issuance of any Warrant Shares or certificates therefor, if any.

6. Transfer

(a) Securities Laws. Neither this Warrant nor the Warrant Shares issuable upon the exercise hereof have been registered under the Securities Act of 1933, as amended (the "Securities Act"), or under any state securities laws and unless so registered may not be transferred, sold, pledged, hypothecated or otherwise disposed of unless an exemption from such registration is available. In the event the Holder desires to transfer this Warrant or any of the Warrant Shares issued in accordance with the terms hereof, the Holder must give the Company prior written notice of such proposed transfer including the name and address of the proposed transferee, unless such transfer is a transfer of the Warrant Shares pursuant to an effective Registration Statement. Such transfer may be made only either (i) upon publication by the Securities and Exchange Commission (the "Commission") of a ruling, interpretation, opinion or "no action letter" based upon facts presented to said Commission, or (ii) upon receipt by the Company of an opinion of counsel acceptable to the Company to the effect that the proposed transfer will not violate the provisions of the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the rules and regulations promulgated under either such act, or to the effect that the Warrant or Warrant Shares to be sold or transferred have been registered under the Securities Act, and that there is in effect a current prospectus meeting the requirements of Subsection 10(a) of the Securities Act, which is being or will be delivered to the purchaser or transferee at or prior to the time of delivery of the certificates evidencing the Warrant or Warrant Shares to be sold or transferred. The Warrants Shares are Registrable Securities within the meaning of that certain Registration Rights Agreement by the Company and the Investors named therein, dated September 22, 2000 (the "Registration Rights Agreement").

(b) Swap or Hedging Transactions. Without the prior written consent of the Company, the Holder may not enter into any swap or other hedging transaction relating to the Warrants, the Warrant Shares (prior to the issuance thereof), or any interest therein until September 22, 2002. For the period commencing September 22, 2002 through the period (the "Interim Hedging Period") ending on the later of (x) the effective date of a Perpetual Shelf Registration (as defined in the Registration Rights Agreement) and (y) September 22, 2005, a Holder may enter into swap or hedging transactions with respect to the Warrant Shares; provided that, not later than one year from the end of the Interim Hedging Period, such Holder

shall have exercised such number of Warrants as shall purchase Warrant Shares equal to the Maximum Hedged Position (as defined below) during the Interim Hedging Period. The "Maximum Hedged Position" shall mean the largest number of Warrant Shares that were the subject of, or included in, such a swap or hedging transaction, at any one time outstanding, by the Holder. Subsequent to the effective date of a Perpetual Shelf Registration, the Holder may enter into swap or hedging transactions with respect to the Warrant Shares; provided that (x) not later than two years from the effective date of the Perpetual Shelf Registration, the Holder shall have exercised such number of Warrants as shall purchase Warrant Shares equal to the Maximum Hedged Position during the one-year period ending on the first anniversary of the effective date of the Perpetual Shelf Registration and (y) not later than each subsequent anniversary of the effective date of the Perpetual Shelf Registration (commencing with the third anniversary of such effective date), the Holder shall have exercised such number of Warrants as shall purchase Warrant Shares equal to the Maximum Hedged Position during the one-year period ending on the immediately preceding anniversary of the effective date of the Perpetual Shelf Registration. Notwithstanding the foregoing, the obligation to exercise any Warrants set forth in this paragraph shall be suspended for so long as the per share exercise price of such Warrants exceeds the market price of the Warrant Shares (based on the closing market price as reported on the NASDAQ National Market) and, in addition, if as of the date of any such obligation to exercise Warrants a Black-Out Period (as defined in the Registration Rights Agreement) is then in effect, for so long as such Black-Out Period remains in effect. In no event shall the restrictions contained in this paragraph apply to any Warrant Shares that have been issued.

(c) Transfer. Without the prior written consent of Company, which consent shall not be unreasonably withheld in connection with a merger, combination, restructuring or other similar transaction, the Initial Holder may not directly sell, transfer, assign, pledge, encumber or otherwise dispose of (whether voluntarily or involuntarily or by operation of law) (each of the above-described actions being referred to herein as a "Transfer") this Warrant or any interest herein, except to (i) a corporation that is a direct or indirect wholly-owned subsidiary of the Initial Holder, (ii) a partnership or limited liability company of which the Initial Holder, or a direct or indirect at least 90%-owned subsidiary of the Initial Holder, or of which the Parent Entity (as defined below) of the Initial Holder, or a direct or indirect at least 90%-owned subsidiary of such Parent Entity, is the sole general partner or sole managing partner and each class of partnership or membership interests is at least 90% owned by the Initial Holder, the Initial Holder's Parent Entity or one or more of their respective direct or indirect at least 90%-owned subsidiaries (each, a "Controlled Subsidiary"), (iii) to any Person (the "Parent Entity") that, together with its Controlled Subsidiaries, ultimately directly or indirectly owns all of each class and series of equity interests in the Initial Holder or
(iv) to any Person (the "Trading Affiliate") provided such Person is, or immediately after such transaction becomes: (x) at least 20% owned by the Initial Holder, the Initial Holder's Parent Entity or one or more of their respective Controlled Subsidiaries, and (y) the principal gas and electricity trading entity of such Initial Holder and other persons or entities directly or indirectly controlling or controlled by or under direct or indirect common control with such Initial Holder (each of clauses (i), (ii), (iii) and (iv) referred to herein collectively as a "Permissible Transfer"). The transferee in a Permissible Transfer is referred to herein as a "Permissible Transferee". If the Initial Holder makes a Permissible Transfer (other than to a Trading Affiliate), neither the Initial Holder, nor

such Initial Holder's Parent Entity (as applicable), will directly Transfer all or any portion of any equity interest in such transferee except to another Permissible Transferee (whereupon such Permissible Transferee shall not Transfer such equity interest in such transferee except to another Permissible Transferee of the Initial Holder as long as such transferee owns this Warrant); provided, that any Permissible Transferee shall, prior to and as a condition precedent to such Transfer, execute a counterpart copy of this Warrant. Any sale, assignment, transfer, pledge, encumbrance or other disposition of this Warrant or any interest herein, attempted contrary to the provisions of this Warrant, shall be null and void and without effect; provided that nothing contained in this clause
(c) shall prevent the Initial Holder from entering into any swap or other hedging transaction permited under Section 6(b). The provisions of this Section 6(c) shall not be applicable to the Warrant Shares.

(d) Legend and Stop Transfer Orders. Unless the Warrant Shares have been registered under the Securities Act or eligible for resale pursuant to Rule 144(k) under the Securities Act, upon exercise of any part of the Warrant and the issuance of any of the Warrant Shares, the Company shall instruct its transfer agent to enter stop transfer orders with respect to such shares, and all certificates representing Warrant Shares shall bear on the face thereof substantially the following legend, insofar as is consistent with Delaware law:

"The shares of Class A Common Stock represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, offered for sale, assigned, transferred or otherwise disposed of unless registered pursuant to the provisions of that Act or an opinion of counsel to the Company is obtained stating that such disposition is in compliance with an available exemption from such registration."

7. Loss, etc. of Warrant. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Company, if lost, stolen or destroyed, and upon surrender and cancellation of this Warrant if mutilated, the Company shall execute and deliver to the Holder a new Warrant of like date, tenor and denomination.

8. Warrant Holder Not Shareholder. Except as otherwise provided herein, this Warrant does not confer upon the Holder any right to vote or to consent to or receive notice as a shareholder of the Company, as such, in respect of any matters whatsoever, or any other rights or liabilities as a shareholder, prior to the exercise hereof. Notwithstanding the foregoing, if the Company shall no longer be required to file reports pursuant to Sections 12 or 15(d) of the Exchange Act, the Company will deliver to Holder such information, documents, and reports as are generally distributed to the holders of any class or series of the Company's securities concurrently with the distribution thereof to the shareholders.

9. Communication. No notice or other communication under this Warrant shall be effective unless the same is in writing and sent by overnight courier, delivered in person or mailed by first-class mail, postage prepaid, addressed to:

(a) the Company at One World Trade Center, 103rd Floor, New York, New York 10048, Attention: General Counsel, Facsimile No.: (212) 938-3620 or such other address as the Company has designated in writing to the Holder, or

(b) the Holder at _____, or such other address as the Holder has designated in writing to the Company.

10. Headings. The headings of this Warrant have been inserted as a matter of convenience and shall not affect the construction hereof.

11. Applicable Law. This Warrant shall be governed by and construed in accordance with the law of the State of New York without giving effect to the principles of conflict of laws thereof.

12. Compliance with Other Instruments. Company represents and warrants to Holder that the execution and delivery of this Warrant are not, and the issuance of the Warrant Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Company's charter or bylaws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration or filing with or the taking of any action in respect of or by, any Federal, state or local government authority or agency or other person, except for the filing of notices pursuant to federal and state securities laws, which filings will be effected by the time required thereby.

13. Modification and Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the Company and the holder of this Warrant, except that changes or waivers that adversely affect the rights of any Preferred Stock Holder under its Warrant (other than the holder of this Warrant) disproportionately to the rights of the other Preferred Stock Holders under their respective Warrants shall be in writing and signed by all of the Preferred Stock Holders and the Company.

14. Binding Effect on Successors. This Warrant shall be binding upon any entity succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Warrant Shares issuable upon the exercise of this Warrant shall survive the exercise and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and permitted assigns of the holder hereof. The Company will, at the time of the exercise or conversion of this Warrant, in whole or in part, upon request of the holder hereof, but at the Company's expense, acknowledge in writing its continuing obligation to Holder in respect of any rights (including, without limitation, any right to registration of the Warrant Shares) to

which the holder hereof shall continue to be entitled after such exercise or conversion in accordance with this warrant; provided, that the failure of Holder to make any such request shall not affect the continuing obligation of the Company to the holder hereof in respect of such rights.

15. Remedies. In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, Holder (in the case of a breach by the Company), or the Company (in the case of a breach by Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

16. No Impairment of Rights. The Company will not, by amendment of its Charter (except as permitted in the Certificate of Designation relating to the applicable series of Convertible Preferred Stock pursuant to which this Warrant was issued) or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary in order to protect the rights of the holder of this Warrant against impairment.

17. Severability. The invalidity or unenforceability of any provision of this Warrant in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, or affect any other provision of this Warrant, which shall remain in full force and effect.

IN WITNESS WHEREOF, eSpeed, Inc. has caused this Warrant to be signed by a duly authorized officer as of this _____ day of _____, _____

eSpeed, Inc.

By:
Name:

Title:

SUBSCRIPTION

The undersigned, _____, pursuant to the provisions of the foregoing Warrant, hereby agrees to subscribe for the purchase of _____ shares of the Class A Common Stock of eSpeed, Inc. covered by said Warrant, and makes payment therefor in full at the price per share provided by said Warrant.

Dated ----------

Signature ----------

Address ----------

ASSIGNMENT

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____ the foregoing Warrant and all rights evidenced thereby, and does irrevocably constitute and appoint _____, attorney, to transfer said Warrant on the books of eSpeed, Inc.

Dated ----------

Signature ----------

Address ----------

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED _____ hereby assigns and transfers unto _____ the right to purchase _____ shares of the Class A Common Stock of eSpeed, Inc. by the foregoing Warrant, and a proportionate part of said Warrant and the rights evidenced hereby, and does irrevocably constitute and appoint _____, attorney, to transfer that part of said Warrant on the books of eSpeed, Inc.

Dated ----------

Signature ----------

Address ----------

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS

OF

SERIES B 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, pursuant to a meeting held on September 20, 2000, 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 B 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"); and

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 B Redeemable Convertible Preferred Stock and fixes and determines the rights, preferences, qualifications, limitations and restrictions relating to the Series B Redeemable Convertible Preferred Stock as follows:

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

2. Authorized Number. The number of shares constituting the Series B Preferred Stock shall be 2,500,000.

3. Ranking. The Series B 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 B 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). The Corporation shall not create any other class or series of stock ranking senior to the Series B Preferred Stock without the affirmative vote of the holders of a majority of the then outstanding shares of Series B Preferred Stock, voting separately as a class.

4. Dividends. The Series B 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 or a sale, conveyance or disposition of all or substantially all the assets of the Corporation (each such event, a "Liquidation Event"), the holders of Series B 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 B Preferred Stock), to be paid an amount equal to $1.00 per share of Series B Preferred Stock (the "Series B Issue Price") (as adjusted for any combinations, divisions or similar recapitalizations affecting the shares of Series B Preferred Stock but not the Common Stock or any other securities of the Corporation into which the Series B Preferred Stock may be converted from time to time) (such Series B 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 B Preferred Stock and the holders of any class or series of stock of the Corporation ranking on a parity with the Series B Preferred Stock with respect to liquidation preference shall be insufficient to permit payment in full to the holders of Series B 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 B Preferred Stock and such other holders shall be distributed ratably among the holders of Series B Preferred Stock and such holders in proportion to the full respective distributive amounts to which they are entitled.

(b) Remaining Assets. Upon any Liquidation Event, after the holders of Series B Preferred Stock and the holders of any class or series of stock of the Corporation ranking on a parity with the Series B 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 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 B 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 amount of the Liquidation Payments; 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 B Preferred Stock shall be equal to a ratably proportionate amount of the Liquidation Payments with respect to each outstanding share of Series B Preferred Stock.

6. Optional Conversion.

(a) Optional Conversion. From and after the date of issuance and until the Redemption Date (as defined in Section 7 below), any share of Series B Preferred Stock may be converted without any payment of consideration at the option of the holder: (i) into fully paid and non-assessable shares of Class A Common Stock at the rate of 1/100th of a share of Class A Common Stock (subject to adjustment as set forth in subsection 6(f) below) for each share of Series B Preferred Stock (the "Partial Conversion Rate"), or (ii) at such time as the Twelve Month Target (as defined below) has been achieved, into fully paid and non-assessable warrants (individually a "Warrant" and collectively, the "Warrants"), in the form of Exhibit A hereto, at the rate of one Warrant for each share of Series B Preferred Stock (the "Full Conversion Rate"). Each Warrant will be exercisable to purchase one share of Class A Common Stock, subject to adjustment as set forth in the Warrant.

(b) Definition of Twelve Month Target. The "Twelve Month Target" shall be deemed achieved when at least $50,000,000 of Gross Transaction Revenues (as defined below) is received by the Corporation and TradeSpark, LP ("TradeSpark") in the aggregate (without double counting) from the electronic marketplace (the "Marketplace"), described in that certain Services Agreement, dated September 22, 2000, between the Corporation and TradeSpark the "Services Agreement"), in any rolling 12-month period during the five year period (the "Five Year Period") which begins on the first day of the month that immediately follows the initial closing of EIP Holdings, LLC's ("EIP") investment in TradeSpark pursuant to that certain Subscription Agreement, dated September 22, 2000, among TradeSpark, EIP, the Corporation and certain other signatories thereto. Upon the achievement of the Twelve Month Target, the Chief Financial Officer of the Corporation shall prepare a written certificate setting forth such achievement and such certificate shall promptly be delivered to the recordholders of the Series B Preferred Stock.

(c) Definition of Gross Transaction Revenues. "Gross Transaction Revenues" shall have the meaning ascribed to Transaction Revenues in the Services Agreement except that (x) there shall be added thereto, Advertising Sales Revenues (as defined in the Services Agreement) and Additional Services Revenues (as defined in the Services Agreement); and (y) any rebates of commissions or similar arrangements shall be ignored and the amount of any such rebate or similar arrangement shall be deemed collected and part of Gross Transaction Revenues; and (z) to the extent that, for any year during the Five Year Period, Additional E-Commerce Services Revenues (as defined in the Services Agreement) and Information Services Revenues (as defined in the Services Agreement) (collectively the "Non-Electronic Services Revenues") comprise more than the specified percentage set forth below of the Gross Transaction Revenues for such year, the portion of Non-Electronic Services Revenues for such year that is in excess of such percentage shall be excluded from the calculation of Gross Transaction Revenues for such year:

Year 1	50%
Year 2	40%
Year 3	30%
Year 4(and thereafter)	20%

(d) Determination of Gross Transaction Revenues. Gross Transaction Revenues for each year during the Five Year Period shall be determined in accordance with the definition contained in this Section 6 and the procedures contained in the Limited Liability Company Agreement of EIP, as the same may be amended from time to time, and any disputes in connection with any such determination shall be resolved in accordance with the dispute resolution terms thereof.

(e) Procedure. In the event that a holder of Series B Preferred Stock desires to convert its Series B Preferred Stock into shares of Class A Common Stock or into Warrants, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or any transfer agent for the Series B 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 B Preferred Stock being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder either: (i) a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, or (ii) a Warrant to purchase 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 B 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 shares of Class A Common Stock are being sold pursuant to an underwritten public offering, such conversion may at the option of the holder be conditioned upon closing of the offering.

(f) Adjustment of Partial Conversion Rate. The number and kind of securities issuable upon the optional conversion of the Series B Preferred Stock at the Partial 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 B 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 B Preferred Stock would have been entitled to receive if the holder had held the Class A Common Stock issuable upon conversion of its Series B Preferred Stock immediately prior to such reorganization, share exchange or reclassification. The provision of this Section 6(f)(i) shall similarly apply to successive reorganizations and reclassifications.

(ii) Consolidation, Merger. In the event of a merger or consolidation to which the Corporation is a party, then each share of Series B Preferred Stock shall, after such merger or consolidation, be convertible into the kind and number of shares of stock and/or other securities, cash or other property which the holder of Series B Preferred Stock would have been entitled to receive if the holder had held the Class A Common Stock issuable upon conversion of its Series B Preferred Stock immediately prior to such consolidation or merger. The provision of this Section 6(f)(ii) shall similarly apply to successive reorganizations and reclassifications.

(iii) Subdivision or Combination of Shares. In case outstanding shares of Class A Common Stock shall be subdivided, the Partial Conversion Rate shall be proportionately reduced 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 Partial Conversion Rate shall be proportionately increased 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 B Preferred Stock, the holder of such converted Series B 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 Partial 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 B

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 Partial Conversion Rate shall be made if the amount of any such adjustment would be an amount less than 1% of the Partial 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.

(g) Adjustment of Full Conversion Rate. The number of Warrants issuable upon optional conversion of the Series B Preferred Stock at the Full Conversion Rate shall not be subject to adjustment upon the occurrence of any of the events set forth in Sections (f)(i) - (iv). Section 3 of the Warrants contains comparable adjustment provisions which require adjustment to the Warrant Shares (as defined therein), the other securities for which the Warrants are exercisable and the Per Share Warrant Price (as defined therein) upon the occurrence of certain corporate events. If any such corporate events occur after the date of issuance of the Series B Preferred Stock, but on or prior to the conversion of the Series B 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 Per Share Warrant Price, and such other terms as necessary to reflect such corporate event.

7. Redemption.

(a) Optional Redemption by the Corporation. If the Twelve Month Target is not achieved during the Five Year Period, the Corporation shall have the option to redeem all, but not less than all, of the Series B Preferred Stock then outstanding at the Partial 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 7(b) and 7(c) below.

(b) Redemption Notice. At least five days prior to a 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 B 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 B Preferred Stock to be redeemed by the Corporation on the Redemption Date;

(ii) the number of shares of Series B Preferred Stock that the Corporation intends to redeem from the holder of Series B 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 B Preferred Stock to surrender to the Corporation his certificate or certificates representing the shares of Series B 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 B Preferred Stock as holders of Series B 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 B 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. The shares of Series B Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein.

8. Voting Rights.

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

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

9. Shares to be Retired. All shares of Series B 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.

10. Miscellaneous.

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

(b) No other Rights. The Series B 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 or a subdivision or combination of the Class A Common Stock; (ii) there shall be any capital reorganization, share exchange 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 of 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 B 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 Partial Conversion Rate, and the kind and amount of Class A Common Stock and other securities and property deliverable upon optional conversion of the Series B Preferred Stock. 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 Partial Conversion Rate is adjusted as herein provided, or an event occurs, prior to the conversion of all of the then outstanding shares of the Series B Preferred Stock into Warrants, that would require adjustment of the Warrant Shares, the securities for which the Warrant is exercisable or the Per Warrant Share Price under
Section 6(g) above, the Chief Financial Officer of the Corporation shall compute the adjusted Partial Conversion Rate in accordance with Section 6(f) above and the adjustments to the Warrant in accordance with Section 6(g) and shall prepare a written certificate setting forth such adjusted Partial Conversion Rate and Warrant adjustments, and such written instrument shall promptly be delivered to the recordholders of the Series B Preferred Stock.

(d) Reservation. The Board shall at all times so long as any shares of Series B 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, including, the maximum number of such shares which would be issued upon exercise of all Warrants at the Full Conversion Rate.

(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 B 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 B Preferred Stock at the time of surrender of the shares of Series B 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 B Preferred Stock may enter into any swap or other hedging transaction relating to the Series B Preferred Stock, or any interest therein, except as provided in the Warrant.

* * * * *

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designations this 22nd day of September, 2000.

ESPEED, INC.

By: /s/ Frederick T. Varacchi

Name: Frederick T. Varacchi
Title: President

EXHIBIT A

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.

Void after 5:00 p.m. Eastern Standard Time, on September 22, 2010

WARRANT TO PURCHASE CLASS A COMMON STOCK

OF

eSpeed, Inc.

FOR VALUE RECEIVED, eSpeed, Inc. (the "Company"), a Delaware corporation, hereby certifies that _____ (the "Initial Holder"), or its permitted assigns (together with the Initial Holder, the "Holder"), is entitled to purchase from the Company, at any time or from time to time commencing on the Exercise Date set forth in Section 4 hereof and prior to 5:00 P.M., Eastern Standard Time, on September 22, 2010 a total of _____ fully paid and non-assessable shares of Class A Common Stock, par value $.01 per share, of the Company for a purchase price of $27.94 per share (Hereinafter, (i) said Class A Common Stock, together with any other equity securities which may be issued by the Company with respect thereto or in substitution therefor, is referred to as the "Class A Stock," (ii) the shares of the Class A Stock purchasable hereunder are referred to as the "Warrant Shares," (iii) the aggregate purchase price payable hereunder for the Warrant Shares is referred to as the "Aggregate Warrant Price," (iv) the price payable hereunder for each of the Warrant Shares is referred to as the "Per Share Warrant Price," (v) this Warrant, and all warrants hereafter issued in exchange or substitution for this Warrant are referred to as the "Warrant" and (vi) the holder of this Warrant is referred to as the "Holder.") This Warrant is one of a series of warrants issued pursuant to a conversion of either Series A Redeemable Convertible Preferred Stock, $.01 par value per share or Series B Redeemable Convertible Preferred Stock, $.01 par value per share which were issued by the Company (collectively, the "Convertible Preferred Stock") to various persons (the "Preferred Stock Holders"). The number of Warrant Shares and the securities (if applicable) for which this Warrant is exercisable and the Per Share Warrant Price are subject to adjustment for certain corporate events occurring after September 22, 2000 as hereinafter provided under Section 3. [The terms of this Warrant will be revised prior to issuance to reflect any corporate event which would have required an adjustment under Section 3 hereof had this Warrant been outstanding on the date of such event.]

1. Exercise of Warrant. This Warrant may be exercised, in whole at any time or in part from time to time, commencing on the Exercise Date set forth in
Section 4 hereof and prior to 5:00 P.M., Eastern Standard Time, on September 22, 2010 by the Holder of this Warrant by the surrender of this Warrant (with the subscription form at the end hereof duly executed) at the address set forth in
Section 9(a) hereof, together with proper payment of the Aggregate Warrant Price, or the proportionate part thereof if this Warrant is exercised in part. The Aggregate Warrant Price or Per Share Warrant Price shall be paid in cash, via wire transfer to an account designated by the Company, or by certified or official bank check payable to the order of the Company.

If this Warrant is exercised in part, the Holder shall be entitled to receive a new Warrant covering the number of Warrant Shares in respect of which this Warrant has not been exercised and setting forth the proportionate part of the Aggregate Warrant Price applicable to such Warrant Shares. Upon such surrender of this Warrant, the Company will (a) issue a certificate or certificates in the name of the Holder for the shares of the Class A Stock to which the Holder shall be entitled, and (b) deliver the proportionate part thereof if this Warrant is exercised in part, pursuant to the provisions of the Warrant.

No fractional shares shall be issued upon the exercise of this Warrant. With respect to any fraction of a share called for upon any exercise hereof, the Company shall pay to the Holder an amount in cash equal to such fraction multiplied by the fair market value of a share as reasonably determined by the Company's Board of Directors.

2. Reservation of Warrant Shares. The Company agrees that, prior to the expiration of this Warrant, the Company from and as of the date hereof, will have authorized and in reserve, and will keep available, solely for issuance or delivery upon the exercise of this Warrant, the shares of the Class A Stock as from time to time shall be receivable upon the exercise of this Warrant.

3. Adjustments for Corporate Events. The number and kind of securities issuable upon the exercise of this Warrant, the Per Share Warrant Price and the number of Warrant Shares for which this Warrant may be exercised shall be subject to adjustment from time to time in accordance with the following provisions:

(a) 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 subsection (b) or (c) below, this Warrant shall, after such reorganization, share exchange or reclassification, be exercisable into the kind and number of shares of stock or other securities or other property of the Company which the holder of this Warrant would have been entitled to receive if the holder had held the Warrant Shares issuable upon exercise of this Warrant immediately prior to such reorganization, share exchange, or reclassification. The provision of this Section 3(a) shall similarly apply to successive reorganizations and reclassifications.

(b) Merger, Consolidation or Sale of All or Substantially All Assets. In the event of a merger or consolidation to which the Company is a party or the sale of all or substantially all of the assets of the Company, this Warrant shall, after such merger, consolidation or sale, be exercisable for the kind and number of shares of stock and/or other securities, cash or other property which the holder of this Warrant would have been entitled to receive if the holder had held the Warrant Shares issuable upon exercise of this Warrant immediately prior to such merger, consolidation or sale. Any such merger, consolidation or sale shall require, as a condition thereto, that such other party to such merger, consolidation or sale agree in writing to assume this Warrant. The provision of this Section 3(b) shall similarly apply to successive mergers and transfers.

(c) Subdivision or Combination of Shares. In case outstanding shares of Class A Stock shall be subdivided, the Per Share Warrant Price shall be proportionately reduced as of the effective date of such subdivision, or as of the date a record is taken of the holders of Class A Stock for the purpose of so subdividing, whichever is earlier. In case outstanding shares of Class A Stock shall be combined, the Per Share Warrant Price shall be proportionately increased as of the effective date of such combination, or as of the date a record is taken of the holders of Class A Stock for the purpose of so combining, whichever is earlier.

(d) Stock Dividends. In case shares of Class A Stock are issued as a dividend or other distribution on the Class A Stock (or such dividend is declared), then the Per Share Warrant Price shall be adjusted, as of the date a record is taken of the holders of Class A 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), to that price determined by multiplying the Per Share Warrant Price in effect immediately prior to such declaration, payment or other distribution by a fraction (i) the numerator of which shall be the number of shares of Class A Stock outstanding immediately prior to the declaration or payment of such dividend or other distribution, and (ii) the denominator of which shall be the total number of shares of Class A Stock outstanding immediately after the declaration or payment of such dividend or other distribution. In the event that the Company shall declare or pay any dividend on the Class A Stock payable in any right to acquire Class A Stock for no consideration, then, for purposes of calculating such adjustment, the Company shall be deemed to have made a dividend payable in Class A Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Class A Stock.

(e) Adjustment of Aggregate Number of Warrant Shares Issuable. Upon each adjustment of the Per Share Warrant Price under the provisions of this Section 3, the aggregate number of Warrant Shares issuable upon exercise of this Warrant shall be adjusted to the nearest whole number to an

amount determined by multiplying the Warrant Shares issuable prior to such adjustment by a fraction (x) the numerator of which is the Per Share Warrant Price in effect immediately prior to the event causing such adjustment and (y) the denominator of which is the adjusted Per Share Warrant Price.

(f) Minimum Adjustment. No adjustment of the Per Share Warrant Price shall be made if the amount of any such adjustment would be an amount less than 1% of the Per Share Warrant Price 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.

(g) Treasury Shares. The number of shares of Class A Stock at any time outstanding shall not include any shares thereof then directly or indirectly owned or held by or for the account of the Company.

(h) Notices. If at any time, (x) the Company shall declare a stock dividend (or any other distribution except for cash dividends) on its Class A Stock; (y) there shall be any capital reorganization or reclassification of the Class A Stock, or any consolidation or merger to which the Company is a party, or any sale or transfer of all of substantially all of the assets of the Company; or
(z) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company; then, in any one or more of such cases, the Company shall give written notice to the Holder, 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, sale, consolidation, merger, 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 Per Share Warrant Price and the kind and amount of Class A Stock and other securities and property deliverable upon exercise of this Warrant. Such notice shall also specify the date (to the extent known) as of which the holders of the Class A Stock of record shall be entitled to exchange their Class A 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 aggregate number of Warrant Shares issuable upon exercise of this Warrant and Per Share Warrant Price is adjusted as herein provided, the Chief Financial Officer of the Company shall compute the adjusted number of Warrant Shares and Per Share Warrant Price in accordance with the foregoing provisions and shall prepare a written certificate setting forth such adjusted number of Warrant Shares and Per Share Warrant Price, and such written instrument shall promptly be delivered to the recordholder of this Warrant.

4. Exercise of Warrant. This Warrant shall be vested and exercisable in its entirety immediately upon issuance (the "Exercise Date").

5. Fully Paid Stock; Taxes. The Company agrees that the shares of the Class A Stock represented by each and every certificate for Warrant Shares delivered on the proper exercise of this Warrant shall, at the time of such delivery, be validly issued and outstanding, fully paid and non-assessable, and not subject to preemptive rights, and the Company will take all such actions as may be necessary to assure that the par value or stated value, if any, per share of the Class A Stock is at all times equal to or less than the then Per Share Warrant Price. The Company further covenants and agrees that it will pay, when due and payable, any and all federal and state stamp, original issue or similar taxes that may be payable in respect of the issuance of any Warrant Shares or certificates therefor. The Holder covenants and agrees that it shall pay, when due and payable, all of its federal, state and local income or similar taxes that may be payable in respect of the issuance of any Warrant Shares or certificates therefor, if any.

6. Transfer

(a) Securities Laws. Neither this Warrant nor the Warrant Shares issuable upon the exercise hereof have been registered under the Securities Act of 1933, as amended (the "Securities Act"), or under any state securities laws and unless so registered may not be transferred, sold, pledged, hypothecated or otherwise disposed of unless an exemption from such registration is available. In the event the Holder desires to transfer this Warrant or any of the Warrant Shares issued in accordance with the terms hereof, the Holder must give the Company prior written notice of such proposed transfer including the name and address of the proposed transferee, unless such transfer is a transfer of the Warrant Shares pursuant to an effective Registration Statement. Such transfer may be made only either (i) upon publication by the Securities and Exchange Commission (the "Commission") of a ruling, interpretation, opinion or "no action letter" based upon facts presented to said Commission, or (ii) upon receipt by the Company of an opinion of counsel acceptable to the Company to the effect that the proposed transfer will not violate the provisions of the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the rules and regulations promulgated under either such act, or to the effect that the Warrant or Warrant Shares to be sold or transferred have been registered under the Securities Act, and that there is in effect a current prospectus meeting the requirements of Subsection 10(a) of the Securities Act, which is being or will be delivered to the purchaser or transferee at or prior to the time of delivery of the certificates evidencing the Warrant or Warrant Shares to be sold or transferred. The Warrants Shares are Registrable Securities within the meaning of that certain Registration Rights Agreement by the Company and the Investors named therein, dated September 22, 2000 (the "Registration Rights Agreement").

(b) Swap or Hedging Transactions. Without the prior written consent of the Company, the Holder may not enter into any swap or other hedging transaction relating to the Warrants, the Warrant Shares (prior to the issuance thereof), or any interest therein until September 22, 2002. For the period commencing September 22, 2002 through the period (the "Interim Hedging Period") ending on the later of (x) the effective date of a Perpetual Shelf Registration (as defined in the Registration Rights Agreement) and (y) September 22, 2005, a Holder may enter into swap or hedging transactions with respect to the Warrant Shares; provided that, not later than one year from the end of the Interim Hedging Period, such Holder

shall have exercised such number of Warrants as shall purchase Warrant Shares equal to the Maximum Hedged Position (as defined below) during the Interim Hedging Period. The "Maximum Hedged Position" shall mean the largest number of Warrant Shares that were the subject of, or included in, such a swap or hedging transaction, at any one time outstanding, by the Holder. Subsequent to the effective date of a Perpetual Shelf Registration, the Holder may enter into swap or hedging transactions with respect to the Warrant Shares; provided that (x) not later than two years from the effective date of the Perpetual Shelf Registration, the Holder shall have exercised such number of Warrants as shall purchase Warrant Shares equal to the Maximum Hedged Position during the one-year period ending on the first anniversary of the effective date of the Perpetual Shelf Registration and (y) not later than each subsequent anniversary of the effective date of the Perpetual Shelf Registration (commencing with the third anniversary of such effective date), the Holder shall have exercised such number of Warrants as shall purchase Warrant Shares equal to the Maximum Hedged Position during the one-year period ending on the immediately preceding anniversary of the effective date of the Perpetual Shelf Registration. Notwithstanding the foregoing, the obligation to exercise any Warrants set forth in this paragraph shall be suspended for so long as the per share exercise price of such Warrants exceeds the market price of the Warrant Shares (based on the closing market price as reported on the NASDAQ National Market) and, in addition, if as of the date of any such obligation to exercise Warrants a Black-Out Period (as defined in the Registration Rights Agreement) is then in effect, for so long as such Black-Out Period remains in effect. In no event shall the restrictions contained in this paragraph apply to any Warrant Shares that have been issued.

(c) Transfer. Without the prior written consent of Company, which consent shall not be unreasonably withheld in connection with a merger, combination, restructuring or other similar transaction, the Initial Holder may not directly sell, transfer, assign, pledge, encumber or otherwise dispose of (whether voluntarily or involuntarily or by operation of law) (each of the above-described actions being referred to herein as a "Transfer") this Warrant or any interest herein, except to (i) a corporation that is a direct or indirect wholly-owned subsidiary of the Initial Holder, (ii) a partnership or limited liability company of which the Initial Holder, or a direct or indirect at least 90%-owned subsidiary of the Initial Holder, or of which the Parent Entity (as defined below) of the Initial Holder, or a direct or indirect at least 90%-owned subsidiary of such Parent Entity, is the sole general partner or sole managing partner and each class of partnership or membership interests is at least 90% owned by the Initial Holder, the Initial Holder's Parent Entity or one or more of their respective direct or indirect at least 90%-owned subsidiaries (each, a "Controlled Subsidiary"), (iii) to any Person (the "Parent Entity") that, together with its Controlled Subsidiaries, ultimately directly or indirectly owns all of each class and series of equity interests in the Initial Holder or
(iv) to any Person (the "Trading Affiliate") provided such Person is, or immediately after such transaction becomes: (x) at least 20% owned by the Initial Holder, the Initial Holder's Parent Entity or one or more of their respective Controlled Subsidiaries, and (y) the principal gas and electricity trading entity of such Initial Holder and other persons or entities directly or indirectly controlling or controlled by or under direct or indirect common control with such Initial Holder (each of clauses (i), (ii), (iii) and (iv) referred to herein collectively as a "Permissible Transfer"). The transferee in a Permissible Transfer is referred to herein as a "Permissible Transferee". If the Initial Holder makes a Permissible Transfer (other than to a Trading Affiliate), neither the Initial Holder, nor

such Initial Holder's Parent Entity (as applicable), will directly Transfer all or any portion of any equity interest in such transferee except to another Permissible Transferee (whereupon such Permissible Transferee shall not Transfer such equity interest in such transferee except to another Permissible Transferee of the Initial Holder as long as such transferee owns this Warrant); provided, that any Permissible Transferee shall, prior to and as a condition precedent to such Transfer, execute a counterpart copy of this Warrant. Any sale, assignment, transfer, pledge, encumbrance or other disposition of this Warrant or any interest herein, attempted contrary to the provisions of this Warrant, shall be null and void and without effect; provided that nothing contained in this clause
(c) shall prevent the Initial Holder from entering into any swap or other hedging transaction permited under Section 6(b). The provisions of this Section 6(c) shall not be applicable to the Warrant Shares.

(d) Legend and Stop Transfer Orders. Unless the Warrant Shares have been registered under the Securities Act or eligible for resale pursuant to Rule 144(k) under the Securities Act, upon exercise of any part of the Warrant and the issuance of any of the Warrant Shares, the Company shall instruct its transfer agent to enter stop transfer orders with respect to such shares, and all certificates representing Warrant Shares shall bear on the face thereof substantially the following legend, insofar as is consistent with Delaware law:

"The shares of Class A Common Stock represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be sold, offered for sale, assigned, transferred or otherwise disposed of unless registered pursuant to the provisions of that Act or an opinion of counsel to the Company is obtained stating that such disposition is in compliance with an available exemption from such registration."

7. Loss, etc. of Warrant. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and of indemnity reasonably satisfactory to the Company, if lost, stolen or destroyed, and upon surrender and cancellation of this Warrant if mutilated, the Company shall execute and deliver to the Holder a new Warrant of like date, tenor and denomination.

8. Warrant Holder Not Shareholder. Except as otherwise provided herein, this Warrant does not confer upon the Holder any right to vote or to consent to or receive notice as a shareholder of the Company, as such, in respect of any matters whatsoever, or any other rights or liabilities as a shareholder, prior to the exercise hereof. Notwithstanding the foregoing, if the Company shall no longer be required to file reports pursuant to Sections 12 or 15(d) of the Exchange Act, the Company will deliver to Holder such information, documents, and reports as are generally distributed to the holders of any class or series of the Company's securities concurrently with the distribution thereof to the shareholders.

9. Communication. No notice or other communication under this Warrant shall be effective unless the same is in writing and sent by overnight courier, delivered in person or mailed by first-class mail, postage prepaid, addressed to:

(a) the Company at One World Trade Center, 103rd Floor, New York, New York 10048, Attention: General Counsel, Facsimile No.: (212) 938-3620 or such other address as the Company has designated in writing to the Holder, or

(b) the Holder at _____, or such other address as the Holder has designated in writing to the Company.

10. Headings. The headings of this Warrant have been inserted as a matter of convenience and shall not affect the construction hereof.

11. Applicable Law. This Warrant shall be governed by and construed in accordance with the law of the State of New York without giving effect to the principles of conflict of laws thereof.

12. Compliance with Other Instruments. Company represents and warrants to Holder that the execution and delivery of this Warrant are not, and the issuance of the Warrant Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Company's charter or bylaws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration or filing with or the taking of any action in respect of or by, any Federal, state or local government authority or agency or other person, except for the filing of notices pursuant to federal and state securities laws, which filings will be effected by the time required thereby.

13. Modification and Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the Company and the holder of this Warrant, except that changes or waivers that adversely affect the rights of any Preferred Stock Holder under its Warrant (other than the holder of this Warrant) disproportionately to the rights of the other Preferred Stock Holders under their respective Warrants shall be in writing and signed by all of the Preferred Stock Holders and the Company.

14. Binding Effect on Successors. This Warrant shall be binding upon any entity succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Warrant Shares issuable upon the exercise of this Warrant shall survive the exercise and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and permitted assigns of the holder hereof. The Company will, at the time of the exercise or conversion of this Warrant, in whole or in part, upon request of the holder hereof, but at the Company's expense, acknowledge in writing its continuing obligation to Holder in respect of any rights (including, without limitation, any right to registration of the Warrant Shares) to

which the holder hereof shall continue to be entitled after such exercise or conversion in accordance with this warrant; provided, that the failure of Holder to make any such request shall not affect the continuing obligation of the Company to the holder hereof in respect of such rights.

15. Remedies. In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, Holder (in the case of a breach by the Company), or the Company (in the case of a breach by Holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

16. No Impairment of Rights. The Company will not, by amendment of its Charter (except as permitted in the Certificate of Designation relating to the applicable series of Convertible Preferred Stock pursuant to which this Warrant was issued) or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary in order to protect the rights of the holder of this Warrant against impairment.

17. Severability. The invalidity or unenforceability of any provision of this Warrant in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, or affect any other provision of this Warrant, which shall remain in full force and effect.

IN WITNESS WHEREOF, eSpeed, Inc. has caused this Warrant to be signed by a duly authorized officer as of this _____ day of _____, _____

eSpeed, Inc.

By:
Name:

Title:

SUBSCRIPTION

The undersigned, _____, pursuant to the provisions of the foregoing Warrant, hereby agrees to subscribe for the purchase of _____ shares of the Class A Common Stock of eSpeed, Inc. covered by said Warrant, and makes payment therefor in full at the price per share provided by said Warrant.

Dated _____ Signature _____

Address _____

_____

_____

ASSIGNMENT

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____ the foregoing Warrant and all rights evidenced thereby, and does irrevocably constitute and appoint _____, attorney, to transfer said Warrant on the books of eSpeed, Inc.

Dated _____ Signature _____

Address _____

_____

_____

PARTIAL ASSIGNMENT

FOR VALUE RECEIVED _____ hereby assigns and transfers unto _____ the right to purchase _____ shares of the Class A Common Stock of eSpeed, Inc. by the foregoing Warrant, and a proportionate part of said Warrant and the rights evidenced hereby, and does irrevocably constitute and appoint _____, attorney, to transfer that part of said Warrant on the books of eSpeed, Inc.

Dated _____ Signature _____

Address _____

_____

_____

REGISTRATION RIGHTS AGREEMENT

by and among

eSpeed, Inc.

and

The Investors Named Herein

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REGISTRATION RIGHTS AGREEMENT (the "Agreement"), dated as of September 22, 2000, by and among eSpeed, Inc., a Delaware corporation (the "Company"), and EIP Holdings, LLC, a Delaware limited liability company (the "LLC"), those members of the LLC that may from time to time execute a counterpart copy of this Agreement (the "EIP Members" and together with the LLC, the "Original Investors"), and such other transferees of the Original Investors that otherwise execute a joinder agreement and become a party hereto (collectively with the Original Investors, the "Investors"). All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to such terms in Section 9 of this Agreement.

RECITALS

WHEREAS, the Company desires to grant to the Investors 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 A Convertible Preferred Stock and Series B Convertible Preferred Stock (the "Preferred Stock"), 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, Original Investors may request, in writing, registration under the Securities Act of all or part of their Registrable Securities if the Registrable Securities so requested to be registered have an aggregate market value (based on the average closing price of the Class A Common Stock on The Nasdaq Stock Market, or such other exchange on which the Class A Common Stock shall then be traded, for the 10 trading days immediately preceding such request) equal to at least either (i) $100.0 million or (ii) 15% of the Public Float of the Class A Common Stock, but in no event less than $50.0 million (the "Minimum Dollar Amount"). Within 15 days after receipt of any such request, the Company will give written 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 reasonable best efforts to promptly effect the registration under the Securities Act (i) on Form S-1 or any similar long-form registration statement (a "Long-Form Registration") or (ii) on Form S-3 or any similar short-form registration statement (a "Short-Form Registration") if the Company qualifies to effect 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 the Original Investors 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 the Original Investors if: (a) within the 24 months preceding the receipt by the Company of such request, the Company has filed and has had declared effective by the Commission a Registration Statement pursuant to this Section 1.1 or has filed and has had declared effective by the Commission another Registration Statement with respect to an underwritten offering to which the Piggyback Registration rights set forth in Article III hereof apply and the Original Investors had an opportunity to include all the shares requested to be included in such Registration Statements, (b) the initiating Original Investors may then sell the Registrable Securities requested to be included in such Demand Registration without registration under the Securities Act, pursuant to the exemption provided by (i) Rule 144(k) under the Securities Act, as such rule may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the Commission, or (c) the Company is unable to engage a nationally recognized firm of investment bankers that is prepared to act as lead managing Underwriter in connection with the offering of the Registrable Securities pursuant to such Demand Registration after using reasonable best efforts to engage such a firm on customary terms and conditions.

1.2 Number of Demand Registrations; Expenses . Subject to Sections 1.1 and 1.3 hereof, the Original Investors shall be entitled to three Demand Registrations. The Company will pay all Registration Expenses in connection with such Demand Registrations.

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, all of the Registrable Securities covered thereby have not been sold, (iii) if the Registration Statement does not remain effective until 45 days after the commencement of the distribution by the holders of the Registrable Securities included in such Registration Statement, or (iv) if the conditions to the closing specified in the underwriting agreement entered into in connection with such registration are not satisfied by reason of a failure by, or inability of, the Company to satisfy any of such conditions, or the occurrence of an event outside the reasonable control of the relevant initiating Original Investors, or (v) if a request for withdrawal made by the initiating Original Investors pursuant to this Section 1.3 shall have been caused by, or made in response to, the material adverse effect of any event on the business, properties, condition (financial or otherwise), or operations of the Company. 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. An Investor, other than an Original Investor initiating the Demand Registration, shall be permitted to withdraw all or any part of its Registrable Securities from a Demand Registration at any time prior to the effective date of such Demand Registration. One or more Original Investors initiating the Demand Registration shall be permitted to withdraw all or any part of their Registrable Securities from a Demand Registration at any time prior to the effective date of such Demand Registration; provided that if such withdrawal results in the Minimum Dollar Amount not being satisfied and the offering being abandoned, concurrently with such withdrawal such withdrawing initiating Original Investor (or Original Investors) shall pay or reimburse the Company for such Original Investor's pro rata share (based upon the number of Registrable Securities proposed to be included in such Demand Registration by such Original Investor, or Original Investors, as a

percentage of all Registrable Securities proposed to be included in such Demand Registration) of all fees and expenses (including counsel fees and expenses) incurred by it and the Company prior to such withdrawal.

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 advise the Company in writing that in their opinion the number of Registrable Securities and other shares of Common Stock proposed to be included exceeds the number of Registrable Securities and other securities which can be sold in 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 Investors, (ii) second, that number of other shares of Common Stock proposed to be included in such registration by Cantor Fitzgerald Securities and its Affiliates, and their successors and assigns (the "Priority Piggyback Registration Holders"), 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. 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 the offering of Registrable Securities pursuant to a Demand Registration 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 during any fiscal year of the Company), the filing of any registration statement otherwise required to be prepared and filed by it pursuant to Section 1.1 if the Board of Directors of 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 requests for registration to which holders of Registrable Securities are entitled pursuant to Section 1.1 hereof.

ARTICLE II
SHELF REGISTRATIONS

2.1 Shelf Registration.

(a) Promptly (and in any event within two Business Days) after each Annual Transaction Revenue Statement becomes final and until the Perpetual Trigger Date, the

Company shall notify the EIP Members of their right to request the Company to file a "shelf" Registration Statement (the "Term Shelf Registration") on the appropriate form for an offering to be made on a continuous basis pursuant to Rule 415 (or any successor rule) under the Securities Act covering all of the Registrable Securities the Investors are then entitled to sell. Promptly (and in any event within 15 Business Days) after an EIP Member's request to the Company to file a Term Shelf Registration (which request shall be received by the Company within 10 Business Days after delivery of its notice), the Company will file a Term Shelf Registration covering all of the Registrable Securities the Investors are then entitled to sell (unless an Investor instructs the Company not to so include its Registrable Securities) and other securities which the Company has been so requested to register by Other Holders. The Company shall keep each such Term Shelf Registration continuously effective for a period (each, a "Term Target Effective Period") of at least 90 days following the date on which such Shelf Registration is declared effective (or such shorter period which shall terminate when all Registrable Securities covered by such Term Shelf Registration have been sold or withdrawn, 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, or such longer period as provided by paragraph (i) of Article V or as the Company may, in its sole discretion, determine (and in such event the Company shall promptly give notice of any such extension of the Term Target Effective Period to all Investors or Other Holders owning securities covered by such Term Shelf Registration)).

(b) From and after the date that the LLC has distributed to the EIP Members Preferred Stock convertible into Warrants exercisable for the purchase in the aggregate of at least 2.5 million Shares (the "Minimum Share Amount") (if the number of Shares is adjusted by reason of an anti-dilution adjustment under Section 3 of the Warrants, the Minimum Share Amount shall be proportionately adjusted) in accordance with the terms and provisions of the LLC Agreement (and the Minimum Share Amount is then held by the EIP Members or their permitted assigns in the aggregate, i.e., securities that have been sold or otherwise transferred by the EIP Members shall be excluded from such calculation) (the "Perpetual Trigger Date"), the Company will promptly file (and in any event within 15 business days after the Perpetual Trigger Date) a "shelf" Registration Statement (a "Perpetual Shelf Registration" and together with the Term Shelf Registration, the "Shelf Registration") on the appropriate form for an offering to be made on a continuous basis pursuant to Rule 415 (or any successor rule) under the Securities Act covering all of the Registrable Securities then eligible to be included in such Shelf Registration and other securities which the Company has been so requested to register by Other Holders. After the filing of the first Perpetual Shelf Registration, the Company shall file additional Perpetual Shelf Registrations upon the request of an EIP Member to cover Registrable Securities which were not eligible for inclusion in previously filed Perpetual Shelf Registrations. The Company shall keep each such Perpetual Shelf Registration continuously effective (the "Perpetual Target Effective Period") until the earlier of (i) all Registrable Securities covered by such Perpetual Shelf Registration have been sold or withdrawn, 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, or (ii) all Registrable Securities covered by such Shelf Registration may then be sold by the holders without registration under the Securities Act, pursuant to the exemption provided by (x) Rule 144(k) under the Securities Act, as such rule may be amended from time to time, or (y) any similar rule or regulation hereafter adopted by the Commission.

(c) The Company shall not be required to effect any Shelf Registration if all of the Registrable Securities eligible to be included in such Shelf Registration may then be sold by the holders without registration under the Securities Act, pursuant to the exemption provided by (i) Rule 144 (k) under the Securities Act, as such rule may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the Commission.

(d) Each stockholder whose securities are covered by any Shelf Registration shall provide such information as the Company may reasonably request, including information regarding the distribution of such securities, which may include an underwritten public offering subject to the limitations on Minimum Dollar Amount, number of Demand Registrations, and the Company's rights under Sections 1.5 and 1.6 contained in Article I.

2.2 Expenses. The Company will pay all Registration Expenses in connection with a Shelf Registration.

2.3 Effective Registration Statement. A registration requested pursuant to Section 2.1 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, all of the Registrable Securities covered thereby have not been sold, or (iii) if the Registration Statement does not remain effective for the Term Target Effective Period (as the same may be shortened in accordance with Section 2.1 above or lengthened in accordance with Article V) or the Perpetual Target Effective Period, as applicable. An Investor, or Investors, shall be permitted to withdraw all or any part of its Registrable Securities from a Shelf Registration at any time prior to the effective date of such Shelf Registration.

2.4 Limitations, Conditions and Qualifications to Obligations for a Shelf Registration. The Company shall be entitled to postpone, for a reasonable period of time (but not exceeding 90 days during any fiscal year of the Company), the filing of any registration statement otherwise required to be prepared and filed by it pursuant to Section 2.1 if the Board of Directors of 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 Investors written notice of such determination, containing an approximation of the anticipated delay.

ARTICLE III
PIGGYBACK REGISTRATIONS

3.1 Right to Piggyback. From and after the date which is 12 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 Company stock option or other employee benefit plan (such as a Registration Statement on Form S-8), a registration effected in connection with the conversion of debt securities, or a registration effected solely in connection with an acquisition (such as a Registration Statement on Form S-4))

(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 3.3 and 3.4 hereof. Such requests for inclusion shall be in writing and delivered to the Company within 20 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. The Company shall use its reasonable commercial efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggyback Registration to be included on the same terms and conditions as any similar securities of the Company or any other security holder included therein and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method of distribution thereof; provided, however that such efforts shall not require causing the underwriters to include Registrable Securities to the extent that such inclusion is expected to adversely affect the market for, or the ability of the Company or such other initiating security holder to sell, the securities proposed to be included by them. Any holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Registration Statement pursuant to this Section 3.1 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 thereunder whether by contractual restriction or by law.

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

3.3 Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters 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, 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 the Priority Piggyback Registration Holders 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.

3.4 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 equity securities, and the managing underwriters advise the Company that in their opinion the number of equity securities requested to be included in such registration exceeds the number which can be sold in 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, and (ii) second, 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 IV
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 a customary 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 if so requested by the Company and the Underwriters; provided that such holders shall not be so obligated unless the Company and each of its Affiliates and each other selling stockholder participating in such offering enter into the same or comparable lock-up agreement for the same period and further shall not be so obligated if such holder then owns less than 5% of the outstanding Class A Common Stock.

ARTICLE V
REGISTRATION PROCEDURES

Whenever holders of Registrable Securities have requested that any Registrable Securities be registered pursuant to this Agreement or when the Company is obligated to file a Shelf Registration in accordance with Article II, the Company will use 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 reasonable best efforts to prepare and file with the Commission a Registration Statement with respect to such Registrable Securities as soon as practicably thereafter and, in the case of a Demand Registration within 60 days (subject to a postponement pursuant to Section 1.6) of the request for a Demand Registration, or in the case of a Shelf Registration, within the period specified in Article II, and use all reasonable efforts to cause such Registration Statement to become and remain effective for the periods specified in Article I and II, respectively; 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 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 (i) 45 days in the case of a Piggyback Registration or a Demand Registration (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) or (ii) the Term Target Effective Period or the Perpetual Target Effective Period, in the case of a Shelf Registration (as

the same may be shortened in accordance with Section 2.1 above or lengthened in accordance with paragraph (i) below of this Article V).

(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) promptly 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 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) promptly 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 all reasonable best 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 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 Black-Out Period together with periods during which a Selling Holder cannot sell its Registrable Securities as a result of paragraph (e) above of this Article V shall not exceed 90 days during any fiscal year of the Company. If the Company imposes Black-Out Periods that, either individually or in the aggregate together with (A) any other periods during which a Selling Holder could not sell its Registrable Securities as a result of paragraph (e) above of this Article V and (B) any postponements of the filing of a Registration Statement pursuant to Section 1.6 or 2.4 (as the case may be), exceeds 90 days during any fiscal year of the Company (the number of days by which such period exceeds 90 days is referred to as the "Excess Delay Period"), then (x) the Term Target Effective Period shall be extended by the length of any Black-Out Period affecting such Term Shelf Registration, as well as any other periods during the Term Target Effective Period which a Selling Holder could not sell its Registrable Securities under such Term Shelf Registration as a result of paragraph (e) above of this Article V and (y) in addition, the Term Target Effective Period shall be extended by a period equal to the Excess Delay Period.

(j) make generally available an earnings statement satisfying the provisions of Section 11(a) of the Securities Act no later than 90 days after the end of the 12-month period beginning with the first day of the Company's first fiscal quarter commencing after the effective date of a Registration Statement, which earnings statement shall cover said 12- month period, and which requirement will be deemed to be satisfied if the Company timely files complete and accurate information on Forms 10-Q, 10-K and 8-K under the Exchange Act and otherwise complies with Rule 158 under the Securities Act;

(k) in connection with an underwritten offering, participate, to the extent reasonably requested by the managing underwriter or underwriters for the offering or the Selling

Holders, in customary efforts to sell the securities under the offering, including, without limitation, participating in "road shows";

(l) during the period when the prospectus is required to be delivered under the Securities Act, promptly file all documents required to be filed with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act;

(m) use reasonable best efforts to cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed; and

(n) otherwise comply with all applicable rules and regulations of the Commission.

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.

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 of this Article V, 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 of this Article V, 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.

ARTICLE VI
REGISTRATION EXPENSES

6.1 Registration Expenses. All registration and filing fees, fees and expenses of compliance with 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, and up to $20,000 for legal fees and related expenses incurred on behalf of the Selling Holders for their retention of a single law firm in connection with the sale, or potential sale, of Registrable Securities in each Demand Registration, Shelf Registration and Piggyback Registration (all such expenses being herein called "Registration Expenses") will be borne by the Company as provided in Sections 1.2, 2.2 and 3.2 of this Agreement, but subject to the provisions of
Section 1.3 and 2.3 of this Agreement.

6.2 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 pro rata 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, except as provided in Section 6.1.

ARTICLE VII
UNDERWRITTEN AND OTHER OFFERINGS

7.1 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.

7.2 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 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.

ARTICLE VIII
INDEMNIFICATION

8.1 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, its partners, officers, directors, employees and agents 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 together with the partners, officers, directors, employees and agents of each controlling Person (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 in writing by or on behalf of such 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 8.1 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 8.1 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 in writing by the Company pursuant to paragraph (e) of Article V 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.

8.2 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 8.1 of this Agreement) the Company 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 in writing 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 8.2 are to be several and not joint; provided that, with respect to each claim pursuant to this Section 8.2, each such holder's maximum liability under this Section 8.2 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.

8.3 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 8.1 or Section 8.2 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 8.1 or Section 8.2 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), if such settlement, compromise or consent (i) does not include an unconditional release of such indemnified party from all liability arising out of such claim, action, suit or proceeding or (ii) requires anything from the indemnified party other than the payment of money damages which

the indemnifying party has agreed to pay in full. 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.

8.4 Indemnity Provision. The Company and each holder of Registrable Securities requesting registration shall provide for the foregoing indemnity (with only such modifications as do not adversely affect the Holder Indemnities) 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 IX
DEFINITIONS

9.1 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.

"Annual Transaction Revenue Statement" shall have the meaning attributed to it in the LLC Agreement.

"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 or successor 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.

"LLC Agreement" shall mean the Limited Liability Company Agreement of the LLC.

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

"Person" means any individual, corporation, partnership, limited liability company, 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.

"Public Float" means the aggregate market value of the Class A Common Stock held by non-Affiliates of the Company based on the average closing price of the Class A Common Stock on The Nasdaq Stock Market, or such other exchange on which the Class A Common Stock shall then be traded, for the 10 trading days immediately preceding a request for a Demand Registration.

"Registrable Securities" means (i) the Shares, and (ii) any securities issued or received in respect of, or in exchange or in substitution for any of the foregoing, including, but not limited to, those arising from a stock dividend, stock split, reclassification, recapitalization, reorganization, merger, consolidation/sale of assets or other exchange of 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.

"Selling Holder" means each holder of Registrable Securities whose securities are covered by a Demand Registration, Shelf Registration or Piggyback Registration.

9.2 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
"Company" --	Preamble
"Demand Registration" --	Section 1.1
"EIP Members" -	Preamble
"Excess Delay Period" -	Article V
"Holder Indemnitees" -	Section 8.1
"Investors" --	Preamble
"Investors" --	Preamble
"LLC Agreement" -	Section 2.1
"Long-Form Registration" --	Section 1.1
"Minimum Dollar Amount" -	Section 1.1
"Minimum Share Amount" -	Section 2.1
"Notice" --	Section 3.1
"Original Investors" --	Preamble
"Other Holders" --	Section 1.1
"Piggyback Registration" --	Section 3.1
"Perpetual Target Effective Period" -	Section 2.1
"Perpetual Trigger Date" -	Section 2.1
"Perpetual Shelf Registration" -	Section 2.1
"Preferred Stock" -	Recitals
"Priority Piggyback Registration Holders" --	Section 1.4
"Registration Expenses" --	Section 6.1
"Term Target Effective Period" -	Section 2.1
"Term Trigger Date" -	Section 2.1
"Term Shelf Registration" -	Section 2.1
"Shares" --	Recitals
"Shelf Registration" -	Section 2.1

"Warrants" -- Recitals

ARTICLE X
MISCELLANEOUS

10.1 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 Investors representing a majority of the Registrable Securities then outstanding; provided, however, that written consent of all Investors shall be required with respect to any changes that would be detrimental to the rights of an Investor disproportionately to such rights of the other Investors. 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.

10.2 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
103rd Floor
New York, New York 10048
Telephone No.: (212) 938-5445
Facsimile No.: (212) 938-5000
Attn.: General Counsel

with a copy to:

Swidler Berlin Shereff Friedman, LLP
The Chrysler Building
405 Lexington Avenue
New York, New York 10174
Telephone No.: (212) 891-9221
Facsimile No.: (212) 938-5000
Attn.: Richard A. Goldberg, Esq.

If to any Investor, to the address set forth on the signature page hereto.

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section 10.3, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section 10.3, be deemed given upon receipt of confirmation if given during normal business hours and otherwise one business day after receipt of confirmation, (iii) if delivered by mail in the manner described above to the address as provided in this Section 10.3, 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 10.3, 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.

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

10.4 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.

10.5 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.

10.6 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 Delaware or any federal court sitting in the State of Delaware 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 Delaware or any federal court sitting in the State of Delaware 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.

10.7 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. Delivery of a facsimile version of one or more signatures to this Agreement shall be deemed adequate delivery for purposes of this Agreement.

10.8 Binding Effect; Assignment; Entire Agreement. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Investors shall have the right to assign their rights hereunder in connection with any transfer of beneficial ownership of the Preferred Stock, Warrants or Shares, so long as the assignee executes a joinder agreement and becomes a party hereto. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

10.9 Further Assurances. The parties shall, at their own cost and expense, execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to carry out the intended purposes of this Agreement.

ARTICLE XI
RULE 144 REPORTING

The Company hereby agrees as follows:

(a) The Company shall use its reasonable best efforts to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act.

(b) The Company shall use its reasonable best efforts to file with the Commission in a timely manner all reports and other documents as the Commission may prescribe under Section 13(a) or 15(d) of the Exchange Act at any time while the Company is subject to such reporting requirements of the Exchange Act.

(c) The Company shall furnish to each holder of Registrable Securities forthwith upon a reasonable request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act.

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

eSPEED, INC.

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

EIP HOLDINGS, LLC

By: /s/ William C. Lawson
Name: William C. Lawson
Title: President

WILLIAMS ENERGY MARKETING & TRADING COMPANY

By: /s/ William C. Lawson
Name: William C. Lawson
Title: Director

CORAL ENERGY HOLDING, LP

By: /s/ David W. Sharp
Name: David W. Sharp
Title: Vice President

KOCH ENERGY TRADING, INC.

By: /s/ Robert L. Smith Jr.
Name: Robert L. Smith Jr.
Title: Managing Director

TXU ENERGY TRADING COMPANY

By: /s/ V. J. Horgan
Name: V. J. Horgan
Title: President

DOMINION ENERGY EXCHANGE, INC.

By: /s/ James P. O'Hanlon
Name: James P. O'Hanlon
Title: President, Chief Operating Officer

AMENDMENT NO. 2 TO THE JOINT SERVICES AGREEMENT
DATED AS OF DECEMBER 15, 1999

AMONG CANTOR FITZGERALD, L.P., CANTOR FITZGERALD SECURITIES, CANTOR FITZGERALD & CO., CFPH, L.L.C., CANTOR FITZGERALD PARTNERS, CANTOR FITZGERALD INTERNATIONAL, CANTOR FITZGERALD GILTS, eSPEED, INC., eSPEED SECURITIES, INC., eSPEED GOVERNMENT SECURITIES, INC., eSPEED MARKETS, INC. AND eSPEED SECURITIES INTERNATIONAL LIMITED

THIS AMENDMENT No. 2 dated as of July 1, 2000 among Cantor Fitzgerald, L.P., Cantor Fitzgerald Securities, Cantor Fitzgerald & Co., CFPH, L.L.C., Cantor Fitzgerald Partners, Cantor Fitzgerald International, Cantor Fitzgerald Europe (formerly, Cantor Fitzgerald Gilts), eSpeed, Inc., eSpeed Securities, Inc., eSpeed Government Securities, Inc., eSpeed Markets, Inc. and eSpeed International Limited (formerly, eSpeed Securities International Limited) amends the agreement dated as of December 15, 1999 among the parties hereto (the "Joint Services Agreement"). All the terms of the Joint Services Agreement are incorporated herein by reference, except as otherwise stated herein. Capitalized terms used herein that are not defined herein shall have the meanings ascribed to them in the Joint Services Agreement.

For good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the parties hereto agree as follows:

Section 4 shall be amended to insert the following as subsection (j), and subsections (j) through (o) shall be renumbered accordingly as (k) through (p):

"(j) If the Electronic Marketplace is a Collaborative Marketplace and the transactions relate to a Gaming Business, the applicable eSpeed Party shall receive a service fee equal to 25% of the net trading revenue computed on a quarterly basis."

Section 7(f) shall be amended to read as follows:

"(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 in accordance with paragraph
(c) or paragraph (e) of this Section 7 or (iv) with respect to an Unrelated Dealer Business, other than a Gaming Business, in which an eSpeed Party develops and operates a fully electronic Marketplace."

IN WITNESS WHEREOF, the parties have executed or caused this Amendment No. 2 to the Joint Services Agreements 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.

By: CF Group Management, Inc.,
its Managing General Partner

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: President

CANTOR FITZGERALD SECURITIES
By: Cantor Fitzgerald, L.P.
its Managing General Partner
By: CF Group Management, Inc.
its Managing General Partner

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: President

CANTOR FITZGERALD & CO.
By: Cantor Fitzgerald Securities
its Managing General Partner
By: Cantor Fitzgerald, L.P.
its Managing General Partner
By: CF Group Management, Inc.
its Managing General Partner

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: President

CFPH, L.L.C.

By: /s/ Howard W. Lutnick
---------- Name: Howard W. Lutnick
Title: President and Chief Executive Officer

CANTOR FITZGERALD PARTNERS
By: Cantor Fitzgerald Securities
its Managing General Partner
By: Cantor Fitzgerald, L.P.
its Managing General Partner
By: CF Group Management, Inc.
its Managing General Partner

By: /s/ Howard W. Lutnick
---------- Name: Howard W. Lutnick
Title: President

CANTOR FITZGERALD INTERNATIONAL

By: /s/ Howard W. Lutnick
---------- Name: Howard W. Lutnick
Title: Chairman

CANTOR FITZGERALD EUROPE

By: /s/ Howard W. Lutnick
---------- Name: Howard W. Lutnick
Title: Chairman

eSPEED, INC.

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

eSPEED SECURITIES, INC.

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

eSPEED GOVERNMENT SECURITIES, INC.

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: President and Chief Executive Officer

eSPEED MARKETS, INC.

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

eSPEED INTERNATIONAL LIMITED

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: Director

AMENDMENT NO. 3 TO THE JOINT SERVICES AGREEMENT
DATED AS OF DECEMBER 15, 1999, AS AMENDED,

AMONG CANTOR FITZGERALD, L.P., CANTOR FITZGERALD SECURITIES, CANTOR FITZGERALD & CO., CFPH, L.L.C., CANTOR FITZGERALD PARTNERS, CANTOR FITZGERALD INTERNATIONAL,
CANTOR FITZGERALD EUROPE (FORMERLY CANTOR FITZGERALD GILTS), eSPEED, INC., eSPEED SECURITIES, INC., eSPEED GOVERNMENT SECURITIES, INC., eSPEED MARKETS, INC. AND eSPEED SECURITIES LIMITED (FORMERLY eSPEED SECURITIES INTERNATIONAL LIMITED)

THIS AMENDMENT No. 3, dated as of September 22, 2000, among Cantor Fitzgerald, L.P., Cantor Fitzgerald Securities, Cantor Fitzgerald & Co., CFPH, L.L.C., Cantor Fitzgerald Partners, Cantor Fitzgerald International, Cantor Fitzgerald Europe (formerly Cantor Fitzgerald Gilts), eSpeed, Inc., eSpeed Securities, Inc., eSpeed Government Securities, Inc., eSpeed Markets, Inc. and eSpeed International Limited (formerly eSpeed Securities International Limited) amends the Joint Services Agreement dated as of December 15, 1999 among the parties hereto, as amended by Amendment No. 1, dated as of January 1, 2000, and as amended by Amendment No. 2, dated as of July 1, 2000 (the "Joint Services Agreement"). All the terms of the Joint Services Agreement are incorporated herein by reference, except as otherwise stated herein. Capitalized terms used herein that are not defined herein shall have the meanings ascribed to them in the Joint Services Agreement.

W I T N E S S E T H:

WHEREAS, pursuant to the Joint Services Agreement, the eSpeed Parties and the Cantor Parties agreed, among other things, to collaborate in providing brokerage services to customers through the then existing Electronic Marketplaces, and in creating and developing Electronic Marketplaces for new Financial Products and other Products;

WHEREAS, in conjunction with certain energy industry participants, CFLP has agreed to form TradeSpark, LP, a Delaware limited partnership ("TradeSpark"), which is intended to engage in the business of sponsoring a real-time Electronic Energy Marketplace (as defined below) and affiliated web portal, which may be accessed directly through fully electronic means or through brokers via telephone, in and through which buyers and sellers of Energy Products (as defined below) may effect transactions in those Energy Products;

WHEREAS, in connection with the formation of TradeSpark, concurrently with the execution of this Amendment, eSpeed will enter into a Services Agreement with TradeSpark pursuant to which eSpeed will generally provide, among other things, the global technology infrastructure for the transaction elements of the Electronic Energys Marketplace;

WHEREAS, in connection with the formation of TradeSpark, concurrently with the execution of this Amendment, CFLP will enter into an Administrative Services Agreement with TradeSpark pursuant to which CFLP will generally provide TradeSpark with certain services, including, without limitation, office space, personnel and corporate services, such as cash management, internal audit, facilities management, promotional sales and marketing, legal, payroll, benefits administration and other administrative services;

WHEREAS, in accordance with the terms and conditions of the Joint Services Agreement, eSpeed's and CFLP's investment in, and provision of services to, TradeSpark are subject to the terms and conditions of the Joint Services Agreement; and

WHEREAS, the Cantor Parties and eSpeed Parties desire to amend the Joint Services Agreement to allow for such investment and provision of services in accordance with Section 17(b) of the Joint Services Agreement.

NOW, THEREFORE, in consideration of the premises contained herein, and for other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Section 1 of the Joint Services Agreement hereby is amended to incorporate the following Defined Terms in their appropriate alphabetical order:

"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.

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

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

2. The following Defined Terms in Section 1 of the Joint Services Agreement hereby are amended and replaced in their entirety with the following:

"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 end-user equipment, (iv) operations and disaster recovery services, (v) voice and data communications, (vi) support and development of systems for Clearance, Settlement and Fulfillment Services, (vii) systems support for Cantor Party brokers, (viii) electronic applications systems and network support and development for Unrelated Dealer Businesses and (ix) provision and/or implementation of existing electronic applications systems, including all improvements and upgrades thereto, and use of the related

intellectual property rights, having potential application in a Gaming Business (as defined under "Unrelated Dealer Business" below).

"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 be deemed to be a Collaborative Marketplace for purposes of this Agreement.

"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 be deemed to be an Electronic Marketplace for purposes of this Agreement.

"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.

"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 be deemed to be a Marketplace for purposes of this Agreement.

"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.

3. Section 7(f) of the Joint Services Agreement hereby is amended and replaced in its entirety with the following:

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, other than a Gaming Business, in which an eSpeed Party develops and operates a fully electronic Marketplace or (v) with respect to the Electronic Energy Marketplace.

4. Section 7(g) of the Joint Services Agreement hereby is amended and replaced in its entirety with the following:

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 or (iv) with respect to the Electronic Energy Marketplace.

5. Section 7(i) of the Joint Services Agreement hereby is amended and replaced in its entirety with the following:

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 operation 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.

6. Notwithstanding anything else contained herein or in the Joint Services Agreement to the contrary, in no event shall eSpeed's or CFLP's direct or indirect relationship with TradeSpark with respect to the Electronic Energy Marketplace be deemed to be a violation of the Joint Services Agreement.

7. Except as expressly set forth herein, the Joint Services Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives, effective as of the day and year first written above.

CANTOR FITZGERALD, L.P.
By: CF Group Management, Inc.,
its Managing General Partner

By: /s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: President

CANTOR FITZGERALD SECURITIES
By: Cantor Fitzgerald, L.P.,
its Managing General Partner

By: CF Group Management, Inc.,
its Managing General Partner

By: /s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: President

CANTOR FITZGERALD & CO.
By: Cantor Fitzgerald Securities,
its Managing General Partner

By: Cantor Fitzgerald, L.P.,
its Managing General Partner

By: CF Group Management, Inc.,
its Managing General Partner

By: /s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: President

CFPH, L.L.C.

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: President

CANTOR FITZGERALD PARTNERS
By: Cantor Fitzgerald Securities,
its Managing General Partner

By: Cantor Fitzgerald, L.P.,
its Managing General Partner

By: CF Group Management, Inc.,
its Managing General Partner

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: President

CANTOR FITZGERALD INTERNATIONAL

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: President

CANTOR FITZGERALD EUROPE

By: /s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: President:

eSPEED, INC.

By: /s/ Frederick T. Varacchi

Name: Frederick T. Varacchi
Title: President

eSPEED SECURITIES, INC.

By: /s/ Frederick T. Varacchi

Name: Frederick T. Varacchi
Title: President

eSPEED GOVERNMENT SECURITIES, INC.

By: /s/ Frederick T. Varacchi

Name: Frederick T. Varacchi
Title: President

eSPEED MARKETS, INC.

By: /s/ Frederick T. Varacchi

Name: Frederick T. Varacchi
Title: President

eSPEED INTERNATIONAL LIMITED

By: /s/ Frederick T. Varacchi

Name: Frederick T. Varacchi

Title: President

ARTICLE 5

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD START	JAN 01 2000
PERIOD END	SEP 30 2000
CASH	463,842
SECURITIES	133,399,985
RECEIVABLES	0
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	3,259,071
PP&E	27,372,264
DEPRECIATION	6,889,358
TOTAL ASSETS	163,464,619
CURRENT LIABILITIES	26,384,487
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	80,000
COMMON	518,627
OTHER SE	136,481,505
TOTAL LIABILITY AND EQUITY	163,464,619
SALES	67,674,766
TOTAL REVENUES	83,282,537
CGS	0
TOTAL COSTS	0
OTHER EXPENSES	138,234,269
LOSS PROVISION	0
INTEREST EXPENSE	0
INCOME PRETAX	(54,951,732)
INCOME TAX	288,125
INCOME CONTINUING	(55,239,857)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(55,239,857)
EPS BASIC	(1.08)
EPS DILUTED	(1.08)