

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): May 12, 2003

eSpeed, Inc.

(Exact Name of Registrant as Specified in Charter)

DELAWARE
(State or Other
Jurisdiction of
Incorporation)

0-28191
(Commission File
Number)

13-4063515
(IRS Employer
Identification No.)

135 E. 57th Street, New York, New York

(Address of Principal Executive Offices)

10022

(Zip Code)

Registrant's telephone number, including area code: (212) 938-5000

(Former Name or Address, if Changed Since Last Report)

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

See Exhibit Index attached to this Current Report on Form 8-K.

ITEM 9. INFORMATION PROVIDED UNDER ITEM 12 (RESULTS OF OPERATIONS AND FINANCIAL CONDITION)

The following information is furnished pursuant to "Item 12. Results of Operations and Financial Condition."

On May 12, 2003, eSpeed, Inc. issued a press release announcing its preliminary operating statistics for the quarter ended March 31, 2003. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

In accordance with the procedural guidance in SEC Release No. 33-8216, the information in this Current Report on Form 8-K and the Exhibit attached to this Current Report on Form 8-K are being furnished under Item 9 of Form 8-K in satisfaction of the requirements of "Item 12. Disclosure of Results of Operations and Financial Condition." The information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

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 hereunto duly authorized.

eSpeed, Inc.

Date: May 13, 2003

By: /s/ Howard W. Lutnick

Howard W. Lutnick
Chairman, CEO and President

EXHIBIT INDEX

Exhibit

99.1	Press release of eSpeed, Inc. dated May 12, 2003 containing preliminary operating statistics for the quarter ended March 31, 2003.
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ESPEED'S FIRST QUARTER 2003 NET OPERATING INCOME PER SHARE INCREASES 64 PERCENT TO \$0.18 FULLY DILUTED; GAAP NET INCOME PER SHARE INCREASES 70 PERCENT TO \$0.17

FULLY DILUTED

FIRST QUARTER 2003 REVENUE INCREASES 13 PERCENT YEAR OVER YEAR

ESPEED REITERATES FULL YEAR 2003 AFTER-TAX NET OPERATING EARNINGS GUIDANCE OF \$0.54 PER SHARE FULLY DILUTED

NEW YORK - May 12, 2003 - eSpeed, Inc. (NASDAQ:ESPD), a subsidiary of Cantor Fitzgerald and the leading developer of electronic trading technology, today reported results for the first quarter ended March 31, 2003.

EARNINGS

The Company recorded net operating income of \$10.2 million in the first quarter 2003, an increase of 63 percent compared to \$6.3 million reported in the first quarter 2002. The Company reported \$0.18 per share fully diluted in the first quarter 2003, an increase of 64 percent compared to \$0.11 per share fully diluted in the first quarter 2002. eSpeed reports net operating income in order to reflect earnings generated from the Company's operations.

In accordance with Generally Accepted Accounting Principles (GAAP), eSpeed reported net income of \$9.5 million, or \$0.17 per share fully diluted, for the first quarter 2003, compared to \$5.9 million, or \$0.10 per share fully diluted, for the first quarter 2002. In the first quarter of 2003, the differences between net operating income and GAAP net income included a \$0.7 million non-cash charge for business partner securities. Comparatively, in the first quarter of 2002, GAAP net income included a \$0.4 million non-cash charge for business partner securities.

Beginning in the second quarter 2003, the Company expects to report its net operating results on a fully taxed basis.

REVENUE

eSpeed's total revenue for the first quarter 2003 was \$34.0 million, an increase of 13.4 percent versus \$30.0 million in the first quarter 2002. First quarter 2003 fully electronic revenue was \$22.5 million, up 4.3 percent compared to \$21.6 million in the first quarter 2002.

Total revenue from Software Solutions in the first quarter 2003 was \$5.8 million versus \$3.2 million in the first quarter 2002, an increase of 83.3 percent. Software Solutions fees from unrelated parties in the first quarter 2003 were \$2.1 million, an increase of 614.5 percent from \$0.3 million in the first quarter 2002. Software Solutions fees from related parties in the first quarter 2003 were \$3.6 million, an increase of 27.8 percent from \$2.9 million in the first quarter 2002.

Commenting on the Company's performance, Howard W. Lutnick, Chairman, CEO and President of eSpeed, Inc., said, "Our solid first quarter earnings performance highlights the strength of eSpeed's business model. The basis of our strategy is four-pronged: maintaining leadership in our core markets, launching new products, introducing software enhancements and maximizing opportunities for software licensing and intellectual property. Despite the slow US Treasury markets in the first quarter, we saw our diversified business strategy drive increases in both revenue and earnings."

VOLUME & TRANSACTIONS

Fully electronic volume for the first quarter 2003 was \$6.8 trillion, a 13.7 percent increase versus \$6.0 trillion the first quarter 2002. eSpeed's total electronic volume, including fully electronic and voice-assisted

transactions, for the first quarter 2003 was \$9.4 trillion, up 17.0 percent from \$8.0 trillion in the first quarter 2002. Total transaction count for the first quarter 2003 was 1.2 million transactions, an increase of 18.6 percent from 1.0 million transactions in the first quarter 2002. On a sequential basis, the Federal Reserve reported US Treasury volumes up 0.4 percent while eSpeed total electronic volume was up 0.8 percent from the fourth quarter 2002 to the first quarter of 2003.

Lee Amaitis, Global Chief Operating Officer of eSpeed, Inc. commented, "Our business is driven by opportunities generated by volatility and increases in both volume and issuance in our global electronic marketplaces. For the first quarter 2003, we benefited from volatile market conditions in Europe, where market fluctuations drove increases in our European voice-assisted volume and transaction counts. Looking forward, we believe the US Treasury Department's issuance of a new benchmark 3-year note, and their recent announcement of substantial increases in issuance in the 2-year, 5-year and 10-year notes and in auction frequency, will also contribute to our growth this year."

CASH AND EQUIVALENTS

As of March 31, 2003, eSpeed had cash and cash equivalents of \$175 million.

OUTLOOK

The company is reiterating its guidance of net operating earnings of \$0.54 per share fully diluted and after-tax for the full year 2003. This guidance continues to be predicated on the company's expectation that average daily Federal Reserve US Treasury volume growth in 2003 will be between five and seven percent, compared to the Federal Reserve's fourth quarter 2002 average daily volume of \$381 billion. The Company expects to generate pre-tax net operating margins of 30 percent and pre-tax incremental margins of 60 percent. For the second quarter 2003 the Company expects to earn in the range of \$0.11 - 0.13 per share fully diluted and after-tax.

In conclusion, Mr. Lutnick added, "With the continued traction of our software enhancements and our expectation of additional US Treasury issuance, we remain confident that eSpeed will continue to demonstrate strong growth for our company and our shareholders."

ABOUT ESPEED, INC.

eSpeed Inc., a subsidiary of Cantor Fitzgerald, is the leader in developing and deploying electronic marketplaces and related trading technology that offers traders access to the most liquid, efficient and neutral financial markets in the world. eSpeed operates multiple buyer, multiple seller real-time electronic marketplaces for the global non-equity capital markets, including the world's largest government bond markets and other fixed income marketplaces. eSpeed's suite of marketplace tools provides end-to-end transaction solutions for the purchase and sale of financial and non-financial products over eSpeed's global private network or via the Internet. eSpeed's neutral platform, reliable network, straight-through processing and superior products make it the trusted source for electronic trading at the world's largest fixed income and foreign exchange trading firms, major exchanges and leading natural gas and electricity trading firms. A copy of eSpeed's earnings release is available in the news section of eSpeed's website at www.espeed.com and has been filed with the Securities and Exchange Commission on Form 8-K.

Statements contained in this Press Release, which are not historical facts, are forward-looking statements, as the term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors, which include, but are not limited to: the effects of the attacks on the World Trade Center, market volatility, the limited operating history of eSpeed, Inc., and its ability to enter into marketing and strategic alliances, to effectively manage its growth, to expand the use of its electronic systems and to induce clients to use its marketplaces and services, and other factors that are discussed in eSpeed's Annual Report on Form 10-K, filed with the Securities and Exchange Commission.

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Contacts

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ESPEED, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
MARCH 31, 2003 AND DECEMBER 31, 2002

	March 31, 2003	December 31, 2002
	(unaudited)	
Assets		
Cash	\$ 1,401,480	\$ 1,313,190
Reverse repurchase agreements with related parties	173,713,280	186,685,709
Total cash and cash equivalents	175,114,760	187,998,899
Fixed assets, net	24,555,032	26,383,590
Investments	11,173,549	11,174,718
Intangible assets, net	18,766,339	19,527,505
Receivables from related parties	10,077,447	5,266,445
Other assets	3,506,405	2,359,718
Total assets	\$ 243,193,532	\$ 252,710,875
	=====	=====
Liabilities and Stockholders' Equity		
Liabilities		
Payable to related parties	\$ 2,727,853	\$ 18,857,071
Accounts payable and accrued liabilities	13,240,450	15,398,757
Total liabilities	15,968,303	34,255,828
Total stockholders' equity	227,225,229	218,455,047
Total liabilities and stockholders' equity	\$ 243,193,532	\$ 252,710,875
	=====	=====

ESPEED, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND MARCH 31, 2002
(UNAUDITED)

	For the three months ended	
	March 31, 2003	March 31, 2002
Revenues:		
Transaction revenues with related parties		
Fully electronic transactions	\$ 22,509,651	\$ 21,588,338
Voice assisted brokerage transactions	5,161,600	4,482,500
Screen assisted open outcry transactions	48,989	107,346
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Total transaction revenues with related parties	27,720,240	26,178,184
Software Solution fees from related parties	3,649,267	2,855,689
Software Solutions and licensing fees from unrelated parties	2,131,442	298,315
Interest income from related parties	542,270	700,987
	-----	-----
Total revenues	34,043,219	30,033,175
	-----	-----
Expenses:		
Compensation and employee benefits	8,843,664	9,318,303
Occupancy and equipment	7,177,352	5,918,685
Professional and consulting fees	1,111,300	1,921,985
Communications and client networks	1,594,470	1,357,427
Marketing	333,561	1,649,145
Administrative fees paid to related parties	2,578,520	2,141,425
Other	2,319,194	1,349,684
	-----	-----
Total operating expenses	23,958,061	23,656,654
	-----	-----
Income from operations before income taxes	10,085,158	6,376,521
	-----	-----
Income tax provision (benefit)	(94,826)	114,000
	-----	-----
Net income from operations	10,179,984	6,262,521
	-----	-----
Non-operating activities:		
Non-cash business partner securities	(705,027)	(406,403)
	-----	-----
Total non-operating (loss)	(705,027)	(406,403)
	-----	-----
Net income	\$ 9,474,957	\$ 5,856,118
	=====	=====
Per share data:		
Basic net income per share		
from operating activities	\$ 0.18	\$ 0.11
Non-operating (loss) per share	\$ (0.01)	\$ (0.01)
	-----	-----
Basic net income per share	\$ 0.17	\$ 0.11
	=====	=====
Fully diluted net income per share		
from operating activities	\$ 0.18	\$ 0.11
	-----	-----
Fully diluted Non-operating (loss) per share	\$ (0.01)	\$ (0.01)
	-----	-----
Fully diluted net income per share	\$ 0.17	\$ 0.10
	=====	=====
Basic weighted average shares of common stock		
outstanding	55,096,194	54,987,309
	=====	=====
Fully diluted weighted average shares of common stock		
outstanding	57,371,590	56,576,284
	=====	=====

Additional data:

Pre-tax Net Operating Margin

29.6%
=====

21.2%
=====

ESPEED, INC.
QUARTERLY MARKET ACTIVITY REPORT
TREND

	1Q02	2Q02	3Q02	4Q02	1Q03
Volume (in billions)					
Fully Electronic Volume	5,961	6,240	7,241	6,796	6,778
Voice-Assisted Volume	2,050	1,831	2,442	2,495	2,592
Total Electronic Volume	8,011	8,072	9,683	9,291	9,369
Electronic Transaction Count					
Fully Electronic Transactions	886,921	915,522	1,092,106	1,060,814	1,079,595
Voice-Assisted Transactions	151,669	157,749	159,074	128,648	151,770
Total Transactions	1,038,590	1,073,271	1,251,180	1,189,462	1,231,365
Trading Days	60	64	64	62	61
Global Interest Rate Futures Volume (1)					
CBOT - US Treasury Contracts	43,189,917	47,774,190	58,920,377	55,710,144	60,743,312
CME - Euro \$ Contracts	51,964,968	54,596,191	53,434,652	42,085,021	44,124,452
EUREX - Bund Contracts	47,479,974	42,501,702	55,962,133	45,319,604	65,864,492
Fed Quarterly UST Volume for Quarter End (in billions) (2)					
UST Volume	21,679	22,382	25,164	23,637	23,740
NYSE - Volume (shares traded) - in millions (3)	82,940	87,652	99,189	93,353	86,585
- Transaction Value - in millions	2,591,119	2,682,303	2,627,565	2,410,169	2,173,033
NASDAQ - Volume (shares traded) - in millions (4)	109,243	117,032	110,226	105,200	88,636
- Transaction Value - in millions	2,227,731	1,948,451	1,495,032	1,583,382	1,390,364
	% Change	% Change			
	1Q03 vs 4Q02	1Q03 vs 1Q02			
Volume (in billions)					
Fully Electronic Volume	(0.3%)	13.7%			
Voice-Assisted Volume	3.9%	26.4%			
Total Electronic Volume	0.8%	17.0%			
Electronic Transaction Count					
Fully Electronic Transactions	1.8%	21.7%			
Voice-Assisted Transactions	18.0%	0.1%			
Total Transactions	3.5%	18.6%			
Trading Days					
Global Interest Rate Futures Volume (1)					
CBOT - US Treasury Contracts	9.0%	40.6%			
CME - Euro \$ Contracts	4.8%	(15.1%)			
EUREX - Bund Contracts	45.3%	38.7%			
Fed Quarterly UST Volume for Quarter End (in billions) (2)					
UST Volume	0.4%	9.5%			
NYSE - Volume (shares traded) - in millions (3)	(7.2%)	4.4%			
- Transaction Value - in millions	(9.8%)	(16.1%)			
NASDAQ - Volume (shares traded) - in millions (4)	(15.7%)	(18.9%)			
- Transaction Value - in millions	(12.2%)	(37.6%)			

Sources: (1) Futures Industry Association - Monthly Volume Report -

(www.cbot.com, www.cme.com, www.eurexchange.com)

(2) www.ny.frb.org/pihome/statistics/dealer - Federal Reserve Bank

(3) NYSE - www.nyse.com

(4) NASDAQ - www.marketdata.nasdaq.com

Fiscal Year 2002	Jan '02	Feb '02	Mar '02	Trading Days			
				2003			
Volume Data (in billions)				Q1	Q2	Q3	Q4

Fully Electronic	1,992	1,811	2,158
Voice	731	677	642
Total	2,723	2,488	2,800

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61	63	64	62

2002

Q1	Q2	Q3	Q4
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60	64	64	62

Transaction Count

Fully Electronic	311,319	269,697	305,905
Voice	53,828	50,038	47,803
Total	365,147	319,735	353,708

Trading Days	21	19	20
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Fiscal Year 2003	Jan'03	Feb'03	Mar'03
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Volume Data (in billions)			
Fully Electronic	2,309	1,906	2,564
Voice	864	810	917
Total	3,173	2,716	3,481

Transaction Count			
Fully Electronic	370,992	305,296	403,307
Voice	49,801	48,449	53,520
Total	420,793	353,745	456,827

Trading Days	21	19	21
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