ESPEED INC

FORM 10-K
(Annual Report)

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

(Mark One)

|X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1999

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)	(I.R.S. Employer Identification No.)

One World Trade Center, 103rd Floor, New York, NY 10048
(Address of Principal Executive Offices) (Zip Code)

(212) 938-3773
(Registrant's telephone number, including area code)

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

Title of Each Class Name of Each Exchange on which Registered
None None

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

Class A Common Stock, $. 01 par value
(Title of Class)

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

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

The aggregate market value of voting common equity held by non-affiliates of the registrant, based upon the closing price of the Class A common stock on March 15, 2000 as reported on the Nasdaq National Market, was approximately $719,372,500.

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

Class	Outstanding at March 15, 2000
Class A Common Stock, par value $.01 per share	10,350,000 shares
Class B Common Stock, par value $.01 per share	40,650,000 shares

DOCUMENTS INCORPORATED BY REFERENCE.

None.

eSPEED, INC.
1999 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS

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, those discussed elsewhere in this report in the section entitled "Risk Factors."

Overview of Our Business

eSpeed, Inc. is a leading provider of business-to-business electronic marketplace solutions for the trading of products via the Internet or over our global privately managed private network. Our eSpeed(((Service Mark))) system is an end-to-end marketplace and trading community solution, which includes real-time and auction-based transaction processing, risk management tools and back-end processing and billing systems available to our clients. Our system is designed to enable market participants to transact business instantaneously, more effectively and at lower cost than traditional trading methods. Our revenues are driven by trading activity and volumes in the marketplaces we operate.

Our eSpeed((((Service Mark)))) system employs our international high speed private electronic network and proprietary transaction processing software, enabling significant capacity for fully electronic trading by our clients. We believe these components form one of the most robust large scale, instantaneous, mission critical trading systems in the world. Our network is internationally distributed and permits market participants to view information and execute trades in a fraction of a second from locations around the globe. Our system operates and accesses a fully regulated U.S. futures exchange currently known as the Cantor Exchange(((((Service Mark))))). This exchange is the first fully electronic futures exchange in the U.S. and will serve as our platform for the electronic trading of a broad range of futures contracts globally.

Our eSpeed((((Service Mark)))) system includes our proprietary trading application engine, which currently processes 150 transactions per second per tradable instrument, our proprietary credit and risk module, which provides real-time credit analysis and oversight, and our back-office and clearance modules, which provide straight-through processing. Our eSpeed((((Service Mark)))) system is accessible to our clients in four ways: through our proprietary application programming interface (or API), through a dedicated software application, via the Internet through a browser interface or Java applet, or through front-end trading systems developed by third-party software companies.

Our objective is to create the leading business-to-business marketplace trading solution. Our strategy is to leverage the scale and extendibility of our system, our leading marketplace development expertise and our proprietary futures exchange across markets.

Recent Events

We commenced operations in March 1999 as a division of Cantor Fitzgerald (Cantor). Cantor currently operates with us the largest wholesale marketplace for U.S. Treasury securities and leading marketplaces for many other global fixed-income securities and financial instruments. Cantor also operates in other non-financial markets, such as energy, commodities and acid rain emissions. Over the past 25 years, Cantor has been a leading intermediary for the fixed income markets. In 1972, Cantor developed the world's first screen-based marketplace for the trading of U.S. government securities. Since the early 1990s, Cantor has developed systems to promote fully electronic marketplaces. Since 1996, Cantor has invested more than $200 million in information technology, including the development of proprietary electronic transaction processing software, network distribution systems and related contractual rights that comprise our eSpeed((((Service Mark)))) system. In connection with the initial public offering of our Class A common stock in December 1999, Cantor contributed to us this proprietary software, network distribution systems, technologies and related contractual rights.

We began marketing our eSpeed((((Service Mark)))) system throughout 1999 and, through our relationship with Cantor, we focused primarily on the financial services industry and, in particular, fixed income products (which we refer to as the Interest Rate Vertical). We now operate the largest global electronic marketplace for U.S. Treasury securities, transacting billions of dollars daily, and we operate leading global electronic marketplaces for other fixed income securities and financial instruments. Most of the largest financial institutions currently use our marketplaces to trade a wide range of global fixed income securities, futures, options and other financial instruments. These financial instruments include government securities denominated in U.S. dollars, Euros, Yen, British Pounds Sterling, Canadian dollars and currencies of emerging market countries, as the well as securities of U.S. agencies, municipal securities, Eurobonds, corporate bonds and other global fixed income securities and U.S. Treasury futures.

Within the Interest Rate Vertical, we believe we operate the only electronic marketplaces used for trading multiple securities in multiple currencies, and on a global basis provide a fully registered futures exchange. Over 500 institutions worldwide participate in the Interest Rate Vertical, including the 25 largest bond trading firms in the world, as identified by Euromoney Magazine. Most of these institutions use our proprietary eSpeed screen displays and/or trading platforms, which allow us to deliver information and execute transactions instantaneously through the computer security barriers that permit or exclude entry into the internal networks of these institutions. We have devoted significant resources to developing client arrangements, providing point-to-point communication links and creating proprietary software to establish connectivity through these security barriers in order to deliver data and execute transactions for our clients on a secure basis.

Industry Background

Growth of the Internet and Business-to-Business Electronic Commerce. The Internet has emerged as the fastest growing communications medium in history. With over 165 million users at the end of 1998, growing to 623 million users by 2002, as estimated by IDC, the Internet is dramatically changing how businesses and individuals communicate and share information. The Internet has created new opportunities for conducting commerce, such as business-to-consumer and person-to-person electronic commerce. Recently, the widespread adoption of intranets and the acceptance of the Internet as a business communications platform has created a foundation for business-to-business electronic commerce that will enable organizations to streamline complex processes, lower costs and improve productivity. With this foundation, Internet-based business-to-business electronic commerce is poised for rapid growth and is expected to represent a significantly larger opportunity than business-to-consumer or person-to-person electronic commerce. According to Forrester Research, business-to-business electronic commerce is expected to grow from $43 billion in 1998 to $1.3 trillion in 2003, accounting for more than 90% of the dollar value of electronic commerce in the United States. This market is expected to create a substantial demand for Internet-based electronic commerce applications.

Electronic Marketplaces. Electronic marketplaces have emerged as major interactive mediums for business-to-business transactions, including auctions and exchange-like trading mechanisms. In an electronic marketplace, substantially all of the participants' actions are facilitated through an electronic medium, such as a private electronic network or the Internet, which effectively eliminates the need for actual face-to-face or voice-to-voice participant interaction and saves time and money thereby creating enormous efficiencies.

Our Trading Services and Technology Platform

In our electronic marketplaces, participants may either electronically execute trades themselves or call brokers/terminal operators who then input trade orders into the eSpeed system for them. In a fully electronic trade, all stages of the trade occur electronically. The participant inputs its buy or sell order instructions directly into our electronic trading system, using a web-browser, a keyboard, an application programming interface or other software. The system provides to the participant, normally within 300 milliseconds, an on-screen confirmation that the participant's order has been accepted. Instantaneously, once a trade is executed, the participant receives an on-screen trade confirmation. Simultaneously, an electronic confirmation can be sent to the participant's back office and risk system, enabling risk management capabilities and straight-through processing for the participant. A broker/terminal operator assisted trade is executed in substantially the same manner as an electronic trade, except that the participant telephones a broker/terminal operator who then inputs the participant's order into our electronic marketplace system.

Over time, we expect fully electronic trading to become the predominant trading method in our marketplaces. However, through our affiliation with Cantor, we have the ability to offer to our clients broker/terminal operator trading capabilities, thereby providing instantaneous back-up and marketplace access. Unlike most traditional exchanges that have created side-by-side competitive markets for voice and electronic access and, as a result, have created separate pools

of liquidity, our markets permit access to fully electronic and broker/terminal operator orders to be all transacted within our eSpeed system in one liquidity pool, seamlessly.

Our electronic marketplaces operate on our proven technology platform that emphasizes scalability, performance and reliability. Our technology platform consists of:

o our proprietary, internally developed real-time global network distribution system;

o our proprietary transaction processing software, which includes order matching auction engines, fully integrated credit and risk management systems, pricing engines and associated middle and back office operations systems;

o client interfaces ranging from Windows, Java, UNIX, our proprietary static library API and proprietary vendor access; and

o customized inventory distribution and auction protocols designed to be used by our clients in their distribution and trading systems.

Together, these components enable participants in our marketplaces to trade almost every commodity in real-time efficiently, with straight-through processing capabilities and certainty of execution.

Network Distribution System. Our eSpeed((((Service Mark)))) system contains a proprietary hub and spoke digital network. This network uses Cisco Systems network architecture and is operated by certified Cisco engineers. Our network's high speed points of presence comprise the major financial hubs of the world, including New York, London, Tokyo, Frankfurt, Paris, Milan, Chicago, Los Angeles and Toronto. Altogether, we manage 22 hubs linked by over 50,000 miles of cable, over 800 Cisco routers and switches and over an aggregate of 550 high capacity Sun servers, Compaq Alpha super servers and Windows NT servers. The redundant structure of the system provides multiple backup paths and re-routing of data transmission if one spoke of a hub fails. This instantaneous backup is critical to maintaining our clients' connectivity. We believe we operate one of the largest and most robust interactive trading network distribution systems currently in operation.

Our distribution system accepts orders and postings instantaneously and distributes responses, generally in 300 milliseconds. The network can transport 150 million bits of information per second around the world and is currently running at approximately 12% of capacity.

In addition to our own network system, we also distribute encrypted data and receive trading information from clients using the services of multiple, major Internet service providers throughout the world. These connections enable us to offer Internet-based trading to our global clients which is completely integrated with our private network.

Transaction Processing Software. Most of our software applications have been developed internally and are central to the success of our eSpeed ((((Service Mark)))) system. Our order-matching auction and trading engines operate in real-time, facilitating efficient interaction between buyers and sellers. Our credit and risk management systems monitor and regulate these buyers and

sellers, limiting market and credit risk. Our pricing engines provide prices for illiquid financial products through multiple trades in other related financial instruments. These critical applications work together seamlessly and are supported by middle and back office software that verifies, confirms, reports, stores, tracks and, if applicable, clears each trade.

o eSpeed Trading Engines. Our auction and trading engines use Interactive Matching((Service Mark)), our proprietary rules-based method, to process in excess of 150 transactions per second per auction, instrument or product. These engines were developed to support trading of the largest capital markets in the world, such as government bonds and futures contracts, and the more diverse, fragmented and database intensive markets, such as U.S. municipal bonds (with over 1.7 million different issues), corporate bonds and Eurobonds. These trading engines are designed to be modular and flexible to allow modification in order to apply them to other markets and auction types. In Europe, for example, we have added a component that allows us to process trading and auctions in multiple currencies simultaneously. Our trading engines have embedded security features and an added messaging layer to provide security from unauthorized use. In addition, we use encryption to protect our clients that trade over the Internet. When used together, our trading engines can trade a wide range of instruments and products and facilitate trade in auctions and markets. Our systems have handled trades ranging in size from $100 to billions of dollars.

We believe our marketplace expertise and rules based systems provide incentives for clients to actively participate in our marketplaces. For example, Interactive Matching provides incentives to participate in our marketplaces by encouraging participants to expose their orders to the market by providing them priority in an interactive marketplace. In standard auctions, the incentive is for participants to wait until the last moment to make a bid or offer. Our priority rules encourage trading activity by giving the last successful active participant a time-based right of first refusal on the next sale/purchase. In addition, in many markets we have structured our pricing policy to provide that the party that provides auction products for the market or creates liquidity by inputting a price to buy or sell pays less commission (or no commission) than the participant that consummates the trade by acting on that price. With our pricing policies and proprietary priority rules, our system is designed to increase activity and to draw participants into the market. This proprietary rules-based system is easily adaptable and, as part of our business strategy, we intend to apply it across other non-financial markets for a multiple of products and services.

o eSpeed Credit Master - Credit and Risk Management Systems. Our credit and risk management systems are critical to the operation of our electronic marketplaces. Our proprietary credit and risk management systems (1) continuously monitor trades of our clients to ensure that they have not exceeded their credit limits, (2) automatically prevent further trading once a client has reached a pre-determined credit limit, and (3) evaluate trade transactions and calculate both individual positions and risk exposure across various products and credit limits. These systems can also be made available to our global clients to enable them to monitor the position of their traders and integrated with our private label systems so they can monitor the credit of their clients who participate in our marketplaces. These systems store client data relevant to credit

and risk management, such as financial statements, credit documents, contacts and internal analyses. These systems also enable our clients to make our electronic marketplaces available to their clients while maintaining control of their trading activity and risk.

o eSpeed Pricing Engines and Analytics. We have internally developed a number of sophisticated, analytical software tools that permit us to price products that trade in less liquid markets and for which current pricing information is not readily available. For example, our MOLE ((Service Mark)) system (Multiple Order Link Engine) is a computer application that enables us to link multiple markets, offer prices and create and enhance marketplaces for products that have limited liquidity. For example, in the Interest Rate Vertical, MOLE currently uses data from existing cash and futures markets to calculate pricing for transactions where no market prices currently exist, thereby enabling liquidity.

o eSpeed Back-Office - Middle and Back-Office Applications. Our middle and back office applications support clearance, settlement, tracking and reporting of trades and provide links to outside clearing entities. In the financial markets, we outsource our fulfillment services to Cantor, where both parties to a trade send either cash or a security to Cantor and Cantor settles the trade and sends each party the cash or security due. Our reporting and accounting systems are designed to ensure that all charges and commissions for a trade are tracked and recorded. Our accounting systems are designed to ensure that books and records are kept in accordance with regulatory guidelines and accounting standards.

o Client Interfaces. Our systems can be accessed by our clients in four ways:

o using our eSpeed((Service Mark)) proprietary front end trading software;

o using our application programming interface to write their own software linking their networks and software applications directly to our systems;

o through the Web via a browser, or using a downloaded java application or dedicated proprietary software application via the Internet, both for wholesale clients and for retail clients who participate in our marketplaces; and

o through software developed in alliances with third-party vendors such as QV Trading and SunGard/ASC. Our application programming interface enables clients to conduct computer price updating, program trading and straight-through processing.

o eSpeed Private Label Products. We enable our clients to serve their customers more effectively be supplying them with a private label version of our eSpeed((Service Mark)) system, which incorporates the functionality of our eSpeed((Service Mark)) system but allows them to place their branding on the system for distribution to their customers, whether via the Web or via a private network. These products encompass our strategy to enable our clients to better serve their institutional clients, as well as allowing us to enable online and

traditional retail brokers to provide their clients with instantaneous access to a broad range of financial instruments:

o our Private Label products for the institutional market will enable our clients to create their own customized versions of our eSpeed((Service Mark)) system to enable them to transact with their customers in an efficient manner utilizing a co-branded version of our eSpeed((Service Mark)) system. Our customers will use the system to allow more efficient distribution of a wide variety of instruments that these dealers will support, enabling them to transact more cost effectively with their clients, and ensuring that they have a turnkey e-commerce solution for their own marketing efforts. We will enable these clients to deliver a customized e-commerce solution to their customers, quickly, efficiently and cost effectively.

o our Private Label products for the retail marketplace will enable online and traditional retail brokers to provide their clients with instantaneous access to previously unavailable wholesale marketplaces for the retail trading of fixed income instruments, futures, options and other financial instruments. While retail investors generally have been able to buy and sell equity securities at the same prices and spreads as wholesale market participants and institutional investors, this has not been the case with fixed income securities, futures, options and other financial instruments. We believe our eSpeed((Service Mark)) system will expand marketplaces and/or retail volume and enhance execution for individual retail investors.

Benefits of Our eSpeed((Service Mark)) System

The benefits of our eSpeed((Service Mark)) system include the following:

Instantaneous Price Dissemination and Auction and Trade Execution. Our eSpeed((Service Mark)) system provides our clients with the ability to access pricing and other information, operate auctions and execute trades instantaneously, as opposed to traditional trading methods which provide less timely information, non-real-time auctions and less efficient trade execution.

Lower Transaction Costs. Our eSpeed((Service Mark)) system streamlines the entire trading process by eliminating the significant layers of manual intervention that currently exist at both the front-end of the process, including order entry, matching and postings functions, as well as at the middle and back-end of the process (clearance, settlement, tracking and reporting functions), resulting in significantly lower transaction costs for our clients.

Multiple Product Program Trading. Our eSpeed((Service Mark)) system provides our clients with the ability to execute sophisticated and complex transactions and trading strategies, including the trading of multiple products across multiple markets simultaneously.

Greater Accuracy and Decreased Probability of Erroneous Trades. Our eSpeed((Service Mark)) system includes verification mechanisms at various stages of the execution process, which result in significantly reduced manual intervention, decreased probability of erroneous trades and more accurate execution for clients.

Integrated Compliance and Credit Risk Functions. Our eSpeed((Service Mark)) system includes a comprehensive range of compliance and credit risk management components that perform several critical functions, including: (1) continuously monitoring trading activity to ensure that clients are staying within credit limits; (2) automatically preventing further trades once credit limits have been exceeded; and (3) evaluating and calculating positions and risk exposure across various products and credit limits. These risk, credit and compliance tools are highly sophisticated and can be customized for our clients and integrated into their information technology platforms.

Highly Efficient Pricing on Illiquid Securities. Our MOLE((Service Mark)) system enables us to provide prices for illiquid products through multiple trades in other related products. These multi-variable trades are extremely difficult to execute in traditional markets due to their complexity and the slow speed of manual execution.

Ability to Automate Back-Office Functions. Our eSpeed((Service Mark)) system automates previously paper and telephone-based transaction processing, confirmation and other functions, substantially improving and reducing the cost of client back-offices, and enabling straight-through processing.

Private Label Products. Our private label initiative will allow our clients to better serve their customers by enabling them to deliver an e-commerce solution quickly, efficiently and cost effectively. We believe we not only enhance the overall liquidity and efficiency of the market but also maintain a stronger client relationship.

Leveraging Our eSpeed((Service Mark)) System Horizontally to Expand to Additional Non-Financial Marketplaces (Vertical Markets).

Because of the scale of our system and its ease of adaptability, we believe our eSpeed((Service Mark)) system and Interactive Matching ((Service Mark)) have applications across a broad range of products, including any business-to-business marketplace involving multiple buyers and sellers. We are well positioned to leverage the significant costs and efforts that have been incurred developing our eSpeed((Service Mark)) system to quickly create electronic markets in a wide range of products.

We expect to extend our marketplaces to include additional financial and non-financial products, including energy, telecommunications products, including bandwidth and telephone minutes, and bulk commodity chemicals, electronic components and other decentralized or illiquid markets, through a variety of approaches, together with Cantor as well as with other strategic partners.

Initially, we will focus our expansion efforts on the securities and financial instruments traded by Cantor that have not yet been converted to electronic trading. We plan to significantly expand the types of securities and financial products traded in the Interest Rate Vertical marketplaces. Our goal is to include in our electronic marketplaces the full range of fixed income securities, futures, options and other securities and financial products that are currently traded in today's markets worldwide.

The Interest Rate Vertical

Wholesale Fixed Income Securities Trading. The global fixed income securities market is the largest financial market in the world. In the United States alone, there are over $13 trillion of fixed income securities outstanding, and in the U.S. Government Securities market alone, there is reported to be approximately $200 billion a day in trading just among the primary dealers and their clients. Other fixed income instruments are traded widely, and in Europe, Asia and the emerging markets, there is another approximately $13 trillion of fixed income securities outstanding, with an average daily trading volume of approximately $300 billion. In Europe, the creation of the Euro has manifested a market second only to the United States in breadth. We expect continued significant growth in these fixed income markets as the issue of currency translation is removed as an obstacle to the development of a large unified Pan-European market for securities.

Futures and Options Trading. Futures and options trading is a leading financial activity throughout the world, with contracts traded on a wide variety of financial instruments, commodities and indexes. In 1998, over 1.5 billion futures contracts were traded in the world's futures markets, and over 750 million options contracts were traded on a variety of exchanges. Futures and options provide several important economic benefits, including the ability to shift or otherwise manage market risk. In part because these markets provide the opportunity for leveraged investments, they attract large pools of risk capital. Currently, most futures trading is still being done on open outcry exchanges, but there has been a significant movement towards the conversion of these markets to electronic trading. To date, we believe the most successful initiatives have been made in Europe. We believe that there is significant opportunity in the continued conversion of these markets to electronic networks, such as our own.

Interest Rate Vertical. The Interest Rate Vertical includes many of the largest Cantor marketplaces, including U.S. Treasury and European government securities, global fixed income securities, futures, options and other financial products. We intend to convert most of Cantor's remaining marketplaces to our electronic trading platform by the end of 2000. Today, together with Cantor, our systems execute in excess of $45 trillion in transaction volume annually and are major facilitators and, in some cases, providers, of liquidity in numerous financial products through our offices in the United States, Canada, Europe and Asia. We share with Cantor a portion of the transaction-based revenues paid by financial market participants for trades using our electronic marketplaces. Cantor and most of the largest financial institutions in the world are currently our primary clients. Our eSpeed((Service Mark)) system provides the only way to electronically access Cantor's marketplaces. Consequently, we believe that clients will be strongly motivated to use our interactive electronic marketplaces.

Traditional Trading Methods for Financial Marketplaces. In both the fixed income and futures markets, trading practices historically have centered on a method of trading known as open outcry, where all trading activity is focused on a central physical location, or pit. This method of trading can create significant value for the market participants in the pit, who often have access to better and more timely market information than other market participants. All other market participants have to access the market through this central location. Additionally, in order to access the pit, individuals and institutional traders must send their orders through several layers of middlemen, who assist in handling such orders. This process is inefficient. In today's

heavily regulated open outcry U.S. futures markets, for example, an order can be routed through multiple people during its execution, adding significant costs to the transaction. Virtually all U.S. futures exchanges are controlled by their members and floor traders. Professional broker-dealers, traders, institutional traders and individuals currently must trade with these floor members, who are the market makers. These factors result in higher direct and indirect costs of trade execution.

Traditional Order Execution

Limitation of Traditional Trading Methods. While traditional financial markets facilitate large volume trading, they have significant shortcomings such as the following:

o limited direct access and, therefore, many investors may not receive efficient pricing;

o high transaction costs due to the number of people involved in an open outcry system;

o slow execution;

o program trading, especially programs designed to automatically and simultaneously execute multiple trades in different, but related, financial products, is difficult to implement because of the current manual nature of these markets;

o significant expense is also incurred in processing, confirming, clearing and implementing compliance programs designed to monitor and manage the exposure of individual professionals, as well as the entire enterprise;

o paper and telephone-based trading produces delayed information and results in compliance programs that are expensive to manage and can be circumvented.

Therefore, institutions bear increased risk. These factors impede trading by limiting volume and liquidity.

Emergence of Electronic Exchanges. Many financial exchanges worldwide, including certain exchanges in France, Germany, Japan, Sweden, Switzerland and the United Kingdom, are now partially or completely electronic. In the United States, however, trading in many types of financial instruments continues to be conducted primarily on open outcry exchanges. Recently, many exchanges have introduced side-by-side markets for voice and electronic access and, as a result, have created separate pools of liquidity. Moreover, substantially all of the electronic trading systems introduced internationally and in the United States have been implemented on a regional basis. Most of these systems provide limited market liquidity and are designed to accommodate trading in one or a limited number of securities and financial products, typically equity securities. We believe that wholesale market participants and institutions will ultimately look for a limited number of marketplaces to meet most of their trading needs. This is because market participants will not want to work with multiple trading platforms and connect their information technology platforms and compliance programs to a large number of disparate systems. We believe the trend toward electronic trading will continue and will ultimately result in a majority of markets worldwide becoming fully electronic.

In addition, recently there has been considerable discussion regarding the move toward the demutualization of exchanges. Exchanges have historically been operated on a not-for-profit basis for the benefit of their respective members, and this governance structure has limited their ability to adopt new technologies and respond quickly to market changes. In response to technological advances in trading systems, many exchanges are contemplating the reorganization of their ownership and management structures and are seeking to form alliances with strategic partners. These developments have created, and are expected to continue to create, opportunities for strategic acquisitions and alliances.

Online Trading. Favorable investing environments and advances in technology have led to the rapid development of online and traditional retail brokerage businesses. Technological advances have created new and inexpensive means for individual investors to directly access markets online and participate in the securities markets. According to International Data Corporation, the number of online brokerage accounts grew from approximately 1.5 million at the end of 1996 to over 6.4 million at the end of 1998, representing $324.0 billion in assets and over 300,000 trades per day, primarily in equity securities. International Data Corporation also estimates that, by 2002, 30% of investors will trade online, and there will be over 24 million online accounts, a 275% increase from 1998. Despite the growth in online accounts and access to public equity markets, there has been very limited access for retail Internet trading in fixed income securities, futures, options and other wholesale financial instruments at cost-effective pricing and spreads. We believe that the emergence of electronic marketplaces which promote greater liquidity, enhanced access and more efficient pricing will increase trading among retail investors.

Our Interest Rate Vertical Marketplace Solution

Our private electronic network for wholesale financial markets is connected to most of the largest financial institutions worldwide. We have installed in the offices of our existing client base, comprising more than 500 leading dealers, banks and other financial institutions, the technology infrastructure necessary to provide price information and trade execution on an instantaneous basis in a broad range of securities and financial instruments. We believe our eSpeed((Service Mark)) system enables us to introduce and distribute a broad mix of financial products and services more quickly, cost effectively and seamlessly than competitors.

Our eSpeed((Service Mark)) system:

o has a flexible design which allows us to quickly and easily add new financial instruments in multiple currencies and trading models;

o uses a network distribution system, which we believe is one of the most robust systems in operation, and which enables us to provide access to a broad mix of accurate, instantaneous market data and fast and highly reliable trade execution;

o is designed to minimize the need for human intermediaries in the trading process by providing clients with multiple methods of accessing our marketplaces and executing trades directly; and

o uses Interactive Matching((Service Mark)), our proprietary, rules-based trading method that interactively executes buy and sell orders from multiple market participants.

These system features enable us to operate what we believe is the only integrated trading network engaged in electronic trading in multiple products and marketplaces on a global basis.

We believe our eSpeed((Service Mark)) system provides us with significant competitive advantages over existing electronic trading systems and new entrants seeking to develop and introduce limited electronic trading systems to the global securities and financial instruments marketplaces. We also believe that the time and expense required to develop and install electronic trading networks will serve as a significant barrier to entry to many other potential competitors.

Our Growth Strategy

Our objective is to be the leading provider of interactive electronic marketplaces in the world. We believe we can extend our expertise in the creation of instantaneous electronic marketplaces to a broad range of financial and non-financial products and services. Our growth strategy to achieve this objective includes the following key elements:

Focus Exclusively on Developing and Operating Interactive Electronic Marketplaces. We intend to capitalize on the trend toward the increased use of electronic trading platforms by focusing our business exclusively on the development and operation of interactive electronic marketplaces worldwide. We believe this operational focus provides us with a significant advantage over competitors that have multiple and sometimes conflicting business objectives, rigid business practices and cumbersome ownership structures that may impede their ability to efficiently develop and implement electronic trading platforms of their own.

Leverage Our eSpeed((Service Mark)) System for Use in Other Business-to-Business and Consumer Markets. Because of the scale of our system and its ease of adaptability, we believe our eSpeed((Service Mark)) system and Interactive Matching((Service Mark)) have applications across a broad range of products, including Internet-based marketplaces for a wide array of goods and services, particularly those involving multiple buyers and sellers. We are well positioned to leverage the significant costs and efforts that have been incurred developing our eSpeed ((Service Mark)) system to quickly create electronic markets in a wide range of products.

Expand the Number of Financial and Non-Financial Products in Our Electronic Marketplaces. Our electronic marketplaces currently handle the trading of financial products which have among the highest average annual trading volumes of all financial products, including U.S. government securities, U.S. Treasury futures, non-U.S. G-7 government bonds, Eurobonds, corporate bonds, agency securities, U.K. gilts, emerging markets securities, U.S., European and other repurchase agreements and municipal bonds. We plan to significantly expand the types of securities and financial products traded in our marketplaces. Our goal is to include in our electronic marketplaces the full range of fixed income securities, futures, options and other securities and financial products that are currently traded in today's markets worldwide. Initially, we will focus our expansion efforts on the securities and financial instruments traded by Cantor that have not yet been converted to electronic trading. We expect to further extend our marketplaces to include additional financial and non-financial products, including energy,

communications, including bandwidth and telephone minutes and other decentralized or illiquid markets, through a variety of approaches together with Cantor or other strategic partners.

Convert Existing Clients to Fully Electronic Trading. Currently, less than 4% of the trades executed daily in our marketplaces, representing more than $6 billion in volume, are executed on a fully electronic basis without the assistance of a broker. We intend to continue to convert substantially all of Cantor's clients to a fully electronic trading environment. We believe the ease of use, low price and efficient execution that our electronic marketplaces afford will encourage clients to convert their trading to fully electronic trading. We have a team of over 30 persons dedicated to enhancing client awareness of the advantages of electronic trading and providing client support in converting trading activity to a fully electronic trading format, and we intend to increase that number. We also expect to leverage Cantor's historical client relationships in connection with these efforts.

Leverage Existing eSpeed((Service Mark)) System Connectivity to Deploy New Products and Services. Our eSpeed((Service Mark)) system provides connectivity to, and the opportunity to electronically interact with, a global client base that includes dealers, banks and financial institutions at hundreds of sites around the globe. As a result, a significant number of our major clients currently have installed the hardware necessary to trade on a fully electronic basis. Utilizing the existing infrastructure and flexible architecture of this system, we will be able to install with relative ease and at marginal incremental cost, the components that will enable a client to electronically trade in additional types of securities and financial products. We expect access to this existing global private trading network to enable us to introduce and distribute a broad mix of electronic trading products and services, more quickly, cost effectively and seamlessly than competitors without access to such a network.

Creating Online Retail Broker Access to Wholesale Markets for Fixed Income Securities and Other Financial Products. We intend to create retail marketplaces, where appropriate, to enable online and traditional retail brokers to provide their clients with instantaneous access to previously unavailable wholesale marketplaces for retail trading of fixed income securities, futures, options and other financial instruments. While retail investors generally have been able to buy and sell equity securities at the same prices and spreads as wholesale market participants and institutional investors, this has not been the case with fixed income securities, futures, options and other financial instruments. We believe our eSpeed((Service Mark)) system will expand marketplaces and/or retail volume and enhance execution for individual retail investors.

Pursue Acquisitions and Strategic Alliances. We intend to capitalize on the highly fragmented nature of the financial marketplaces and the trends toward exchange demutualization and consolidation among regional and global market participants. We expect to pursue an acquisition-based growth program that will enable us (1) to acquire complementary technologies and service capabilities in a cost-effective manner and (2) to broaden our product base and the securities markets in which we provide our electronic trading services. We will seek to enter into joint ventures and other strategic alliances to create additional liquidity in the global financial products markets and to attract new trading participants to those markets. We believe the flexibility afforded by our corporate governance structure will enable us to implement these strategies, as well as to anticipate and respond to developments and trends in the global financial markets, more efficiently than competitors, such as exchanges, which have broadly dispersed

memberships and cumbersome management structures. Additionally, in connection with our strategy for non-financial marketplaces, we may pursue acquisitions and strategic alliances to allow us to enter these markets quickly. We also may pursue acquisitions which may add functionality to our technology offerings.

Sales and Marketing

We expect to promote our electronic marketplaces and brokerage-related services to Cantor's existing clients and new clients through a combination of sales, advertising, marketing and co-marketing campaigns. We also expect to leverage the historical client relationships of Cantor's employees under our Joint Services Agreement with Cantor. We intend to build and enhance the eSpeed brand name recognition through a sales, advertising and marketing campaign. We expect to market to retail clients through a variety of campaigns, including co-marketing campaigns with our online and traditional retail brokers. We intend to design our sales, marketing and advertising campaigns to promote brand awareness and educate the marketplace regarding the nature of our electronic marketplaces, products and services and the advantages associated with the automation of trading activities, such as enhanced instantaneous information flow, price transparency and more direct and cost-effective market access, tight spreads and instantaneous trade execution.

Our Clients

Clients in our marketplaces include banks, dealers, brokers and other wholesale market participants, over 500 of which currently participate in our electronic marketplaces, including the 25 largest bond trading firms in the world, as identified by Euromoney Magazine. Through our eSpeed((Service Mark)) system, we expect to enable retail brokerage firms to expand their businesses by providing them with the ability to offer their individual clients the option of trading bonds and futures electronically in the same way they trade equity securities, and we expect to include other marketplaces previously unavailable to retail investors, or not available to them at reasonable spreads or commissions. We intend to provide to wholesale and retail investors and to Cantor access to our electronic marketplaces and brokerage-related services supported by our eSpeed((Service Mark)) system. We expect that a significant portion of our clients who use brokers will migrate to fully electronic access over the coming years. We also intend to provide to third parties and to Cantor the infrastructure, including systems administration, internal network support and operations and disaster recovery services, that is critical to providing fully electronic marketplaces for trading in a wide range of financial products. Other than Cantor, no client of ours accounts for more than 10% of our revenues.

Strategic Alliances

In 1997, Cantor entered into an agreement with the New York Cotton Exchange, which, upon merging with the Coffee, Sugar & Cocoa Exchange, became known as the New York Board of Trade. The agreement sets forth the terms and conditions pursuant to which Cantor operates an electronic marketplace, called the Cantor Exchange, for futures contracts cleared by and under the regulatory supervision of the New York Board of Trade. Cantor has assigned to us all of its rights and obligations under its agreement with a subsidiary of the New York Board of Trade to jointly operate the Cantor Exchange. Under the agreement, the New York Board of

Trade, through its subsidiaries, provides clearing and regulatory services and we provide electronic execution and related services for the Cantor Exchange.

Pursuant to the agreement, neither we nor our affiliates will during the term of the agreement establish in the United States an electronic market for trading futures contracts or options on futures contracts on cotton, cheese, coffee, sugar, cocoa, milk or frozen orange juice. We have agreed that within the United States we will exclusively operate for the Cantor Exchange markets for U.S. Treasury futures and other products so designated by the Cantor Exchange. We and our affiliates may establish any electronic market that is located physically outside the United States for such products if the New York Board of Trade is not capable of providing regulatory or clearing services with respect to such products.

Software Development

We devote substantial efforts to the development and improvement of our electronic marketplaces. We will work with our clients to identify their specific needs and make modifications to our software, network distribution systems and technologies which are responsive to those needs. We are pursuing a four-pronged approach to our research and development efforts: (1) internal development; (2) strategic partnering; (3) acquisitions; and (4) licensing. We have approximately 200 persons involved in our internal software development efforts. Our technology team's objective will be to develop new products and services that employ proven technology designed to provide superior electronic trade execution and marketplace services to our clients. We will also focus our efforts on enhancing our Web site and Internet screen interface to facilitate real-time markets, comply with the standard Internet security protocol and future security protocols and migrate transactions to the public networks in order to capitalize on the development of new commercial marketplaces. We are continuing to develop new marketplaces and products using our internally developed application software having open architecture and standards. In addition, we have forged strategic alliances with organizations such as Sungard/ASC and QV Trading through which we will work to develop sophisticated, front-end trading applications and products. We expect to license products from and to companies when it is cost effective or profitable to do so.

Competition

The development and operation of electronic trading marketplaces are evolving. As a result, competition in these marketplaces is currently very fragmented. We expect to face competition from a number of different sources varying in size, business objectives and strategy.

In the Interest Rate Vertical, our eSpeed((Service Mark)) system currently competes, and we expect it to compete, directly and indirectly, with:

o traditional trading methods, including manual buy/sell order input by registered brokers in response to telephone originated requests and execution of trades in open outcry trading pits on exchange floors, such as the Chicago Board of Trade, the Chicago Mercantile Exchange and other exchanges and over-the-counter markets;

o products developed and used by exchanges and financial services firms, such as Liberty Brokerage Investment Corporation and Garban-Intercapital plc, seeking to act as market intermediaries;

o automated trade execution services developed by third party vendors for commercialization in a wide range of financial products markets;

o products and services of market data, information and communication vendors, such as Reuters Group plc, Bloomberg L.P. and Bridge Information Systems Inc., that have created electronic networks which link them to most major financial institutions and that have attempted, in some cases, to expand their networks to include trading platforms; and

o consortia comprised of leading financial institutions and service providers, such as BrokerTec Global LLC, which has announced its intention to explore the development of electronic trading networks, and EuroMTS.

In the business-to-business sector in general, we compete, directly and indirectly, with:

o business-to-business marketplace infrastructure companies like Ariba and CommerceOne, as well as with other Internet-based marketplace trading and infrastructure platforms; and

o Niche market Internet-based trading systems, including AltraEnergy Trading and HoustonStreet.

The electronic trading services we provide our wholesale clients enable them to expand the range of services they provide to their ultimate customers, which are also potential participants in our electronic marketplaces. We intend to structure our relationships with our clients and conduct our operations to mitigate the potential for this competition. We do not intend to use the access to the customer base of our wholesale clients that we obtain in providing our electronic trading services to compete with these wholesale clients in other securities and financial instrument transactions.

We believe our electronic marketplaces will compete primarily on the basis of speed, efficiency, price and ability to provide access to liquidity to market participants.

Our Intellectual Property

We have adopted a comprehensive intellectual property protection program to protect our proprietary technology. We currently have licenses covering four of Cantor's patents in the United States. One patent relates to a data processing system and method for electronically trading select items such as fixed income instruments. Two patents relate to a fixed income portfolio index processor. One patent relates to a system for shared remote access of multiple application programs by one or more computers. Foreign counterpart applications for some of these U.S. patents have been filed. The licenses are exclusive, except in the event that we do not

seek to or are unable to provide to Cantor any requested services covered by the patents and Cantor elects not to require us to do so.

We also have an agreement to license several pending U.S. patent applications relating to various other aspects of our electronic trading systems, including both functional and design aspects. Additional patent applications likely will be filed in the near future to further protect our proprietary technology.

We cannot at this time determine the significance of any of the foregoing patents, or future patents, if issued, to our business. We can give no assurance that any of the foregoing patents is valid and enforceable, or that any of these patents would not be infringed by a third party competing or seeking to compete with our business.

Regulation

The securities industry and financial markets in the United States and elsewhere are subject to extensive regulation. As a service provider to the securities industry and financial markets, and as a registered broker-dealer, our business activities fall within the scope of these regulations.

Regulation of the U.S. Securities Industry and Broker-Dealers.

As a matter of public policy, regulatory bodies in the United States and the rest of the world are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of investors participating in those markets. In the United States, the Securities and Exchange Commission is the federal agency responsible for the administration of the federal securities laws. Our regulated U.S. subsidiaries, eSpeed Securities, Inc. and eSpeed Government Securities, Inc., are registered with the Securities and Exchange Commission as broker-dealers. They are also members of the National Association of Securities Dealers, Inc., a self regulatory body to which most broker-dealers belong. Certain self-regulatory organizations, such as the National Association of Securities Dealers, Inc., adopt rules and examine broker-dealers and require strict compliance with their rules and regulations. The Securities and Exchange Commission and self-regulatory organization rules cover many aspects of a broker-dealer's business, including capital structure and withdrawals, sales methods, trade practices among broker-dealers, use and safekeeping of customer's funds and securities, record-keeping, the financing of clients' purchases, broker-dealer and employee registration and the conduct of directors, officers and employees. In connection with a violation of these rules, the Securities and Exchange Commission, self-regulatory organizations and state securities commissions may conduct administrative proceedings which can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, its officers or employees.

Effect of Net Capital Requirements. The Securities and Exchange Commission and the National Association of Securities Dealers, Inc. impose rules that require notification when net capital falls below certain predefined criteria, dictate the ratio of debt to equity in the regulatory capital composition of a broker-dealer and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, the Uniform Net Capital Rule and the National Association of Securities Dealers, Inc. rules impose certain requirements that may have

the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. for certain withdrawals of capital.

Through our broker-dealer subsidiary, eSpeed Government Securities, Inc., we are 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 December 31, 1999, eSpeed Government Securities, Inc.'s liquid capital of $1,536,699 was in excess of minimum requirements by $1,511,699. Additionally, our other broker-dealer 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 December 31, 1999, eSpeed Securities, Inc. had net capital of $1,048,849, which was $572,325 in excess of its required capital of $476,524. eSpeed Securities, Inc.'s net capital ratio was 3.63 to 1.

Application of Exchange Act to Internet Business. The Securities Exchange Act of 1934 governs, among other things, the operation of the financial products markets and broker-dealers. When enacted, the Securities Exchange Act of 1934 did not contemplate the conduct of a securities business throughout the Internet. Although the Securities and Exchange Commission, in releases and no-actions letters, has provided guidance on various issues related to the conduct of a securities business through the Internet, the application of the laws to the conduct of a securities business through the Internet continues to evolve. Uncertainty regarding these issues may adversely affect the viability and profitability of our business.

Financial Futures and Options. Financial futures and options in financial futures are subject to regulation by the Commodity Futures Trading Commission under the Commodity Exchange Act, and exchanges that provide facilities for the trading of those products are also subject to Commodity Futures Trading Commission regulation. As a service provider to the Cantor Exchange((Service Mark)), a futures exchange that is a designated contract market under the Commodity Exchange Act, we could be adversely affected by changes in laws or regulations governing the products or clients of the Cantor Exchange((Service Mark)).

Exchange Regulation. Securities exchanges must register with the Securities and Exchange Commission and comply with various requirements of the Securities Exchange Act of 1934. Effective April 1999, new rules expanded the scope of exchange regulation to include many brokerage matching and execution systems, such as the matching systems that we support. The new rules impose various requirements relating to fair access, capacity, security, record-keeping and reporting. Our subsidiaries expect to comply with these requirements. Although we do not expect the compliance costs to be significant, our subsidiaries could encounter unforeseen expenses associated with operation of these rules.

Regulation of the Non-U.S. Securities Industries and Investment Service Providers.

The securities industry and financial markets in the European Union and elsewhere are subject to extensive regulation. As the owner and operator of electronic marketplaces for the securities industry and financial markets, our business activities may fall within the scope of

those regulations depending upon the extent to which we are characterized as providing a regulated investment service.

The securities industry in the member states of the European Union is extensively regulated by agencies in each member state. European Union measures provide for the mutual recognition of regulatory agencies and of prudential supervision making possible the grant of a single authorization for the provider of investment services which, broadly, is valid throughout the European Union. As an investment service provider in the United Kingdom, our principal regulator would be the Securities and Futures Authority. The conduct of an investment business is also regulated by agencies in each of the other member states in which we may provide investment services. The provision of investment services is also regulated by other agencies in other jurisdictions in which we operate such as the Securities and Futures Commission in Hong Kong and the local government agency delegated by the Japanese Financial Supervisory Agency in Japan.

As a matter of public policy, regulatory bodies in the European Union and the rest of the world are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of investors participating in those markets. We are seeking authorization from the Securities and Futures Authority to provide investment services in the United Kingdom and we intend to exercise our rights under the European Union Investment Services Directive to provide such investment services throughout the European Union. Similar authorization applications will be made in other jurisdictions, such as Hong Kong and Japan, where such authorization is necessary to operate an electronic marketplace.

The Securities and Futures Authority and other regulatory agencies in the European Union may conduct administrative proceedings which can result in censure, fine, the prevention of activities or the suspension or expulsion of an investment services provider. The applicable investment service regulations cover minimum financial resource requirements and conduct of business rules for all authorized investment businesses.

Investment exchanges may be operated and authorized as investment businesses in the European Union, subject to the provision of the Investment Services Directive. Alternatively, investment exchanges can obtain authorization as an investment exchange from each member state in the European Union in accordance with the applicable regulations of that member state.

Changes in Existing Laws and Rules. Additional legislation or regulation, changes in existing laws and rules or changes in the interpretation or enforcement of existing laws and rules, either in the United States or elsewhere, may directly affect our mode of operation and our profitability.

Employees

As of December 31, 1999, we had 370 employees, five of whom are our executive officers. None of these employees is represented by a union. We believe that we have good relations with our employees.

RISK FACTORS

An investment in our company involves a high degree of risk. You should carefully consider the risks below, together with the other information contained in this report, before you decide to invest in our company. If any of the following risks occur, our business, results of operations and financial condition could be harmed, the trading price of our Class A common stock could decline, and you could lose all or part of your investment.

RISKS RELATED TO OUR COMPANY AND OUR BUSINESS

Because we have a limited operating history, you may not be able to accurately evaluate eSpeed.

We are a recently formed company. We have had limited operations to date and, as a result, we have a limited operating history upon which to evaluate the merits of investing in our Class A common stock. As an early stage company, we are subject to risks, expenses and difficulties associated with implementing our business plan that are not typically encountered by more mature companies. In particular, our prospects are subject to risks, expenses and uncertainties encountered by companies in the new and rapidly evolving market for electronic commerce products and services. These risks include our failure or inability to:

o provide services to our clients that are reliable and cost-effective;

o expand our sales structure and marketing programs;

o increase awareness of our brand or market positioning; and

o respond to technological developments or service offerings by competitors.

We may not be able to implement our business plan successfully, or at all.

Because we have a history of losses, we expect to continue to incur losses and generate negative cash flow from operations for the foreseeable future.

Since our inception, we have incurred substantial costs to develop our technology and infrastructure. As a result, from our inception through December 31, 1999, we have sustained cumulative net losses of approximately $12.6 million. 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.

If we do not expand the use of our electronic systems, or if our and Cantor's clients do not use our marketplaces or services, our revenues and profitability will be adversely affected.

The use of electronic marketplaces is relatively new. The success of our business plan depends, in part, on our ability to maintain and expand the network of brokers, dealers, banks and other financial institutions that will use our interactive electronic marketplaces. We cannot assure you that we will be able to continue to expand our marketplaces, or that we will be able to

retain the current participants in our marketplaces. None of our agreements with market participants require them to use our electronic marketplaces.

If we are unable to enter into marketing and strategic alliances, we may not generate increased trading in our electronic marketplaces.

We expect to enter into strategic alliances with other market participants, such as retail brokers, exchanges, market makers, clearinghouses and technology companies, in order to increase client access to and use of our electronic marketplaces. We cannot assure you that we will be able to enter into these strategic alliances on terms that are favorable to us, or at all. The success of these relationships will depend on the amount of increased trading in our electronic marketplaces by the clients of these strategic alliance partners. These arrangements may not generate the expected number of new clients or increased trading volume we are seeking.

To increase awareness of our electronic marketplaces, we may need to incur significant marketing expenses.

To successfully execute our business plan, we must build awareness and understanding of our electronic marketplace services, brand and the adaptability of our electronic marketplaces for non-financial products. In order to build this awareness, our marketing efforts must succeed and we must provide high-quality services. These efforts will require us to incur significant expenses. We cannot assure you that our marketing efforts will be successful or that the allocation of funds to these marketing efforts will be the most effective use of those funds.

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

We internally support and maintain many of our computer systems and networks. Our failure to monitor or maintain these systems and networks or, if necessary, to find a replacement for this technology in a timely and cost-effective manner, would have a material adverse effect on our ability to conduct our operations.

We also rely and expect to rely on third parties for various computer and communications systems, such as telephone companies, online service providers, data processors, clearance organizations and software and hardware vendors. Our systems, or those of our third party providers, may fail or operate slowly, causing one or more of the following:

o unanticipated disruptions in service to our clients;

o slower response times;

o delays in our clients' trade execution;

o failed settlement by clients to whom we provide services to facilitate settlement operations;

o decreased client service satisfaction;

o incomplete or inaccurate accounting, recording or processing of trades;

o financial losses;

o litigation or other client claims; and

o regulatory sanctions.

We cannot assure you that we will not experience systems failures from power or telecommunications failure, acts of God or war, human error, natural disasters, fire, power loss, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism and similar events. The assets acquired by us from Cantor in the formation transactions have been acquired by us "as is." Although Cantor used in its business the systems and technology it transferred to us in connection with the formation transactions, there can be no assurance that such systems and technology were or are entirely free from defects. To the extent any defects are discovered, we will not have any recourse against Cantor. Any system failure that causes an interruption in service or decreases the responsiveness of our service, including failures caused by client error or misuse of our systems, could damage our reputation, business and brand name.

If we do not effectively manage our growth, our existing personnel and systems may be strained and our business may not operate efficiently.

In order to execute our business plan, we must grow significantly. This growth will place significant strain on our personnel, management systems and resources. We expect that the number of our employees, including technical and management-level employees, will continue to increase for the foreseeable future. We must continue to improve our operational and financial systems and managerial controls and procedures, and we will need to continue to expand, train and manage our technical workforce. We must also maintain close coordination among our technical, compliance, accounting, finance and marketing and sales organizations. We cannot assure you that we will manage our growth effectively, and failure to do so could result in our business operating inefficiently.

If we are unable to keep up with rapid technological changes, we may not be able to compete effectively.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality, accessibility and features of our proprietary software, network distribution systems and technologies. The financial services and e-commerce industries are characterized by rapid technological change, changes in use and client requirements and preferences, frequent product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render our existing proprietary technology and systems obsolete. Our success will depend, in part, on our ability to:

o develop and license leading technologies useful in our business;

o enhance our existing services;

o develop new services and technologies that address the increasingly sophisticated and varied needs of our existing and prospective clients; and

o respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

The development of proprietary electronic trading technology entails significant technical, financial and business risks. Further, the adoption of new Internet, networking or telecommunications technologies may require us to devote substantial resources to modify and adapt our services. We cannot assure you that we will successfully implement new technologies or adapt our proprietary technology and transaction-processing systems to client requirements or emerging industry standards. We cannot assure you that we will be able to respond in a timely manner to changing market conditions or client requirements.

If we were to lose the services of members of management and employees who possess specialized market knowledge and technology skills, we may not be able to manage our operations effectively or develop new electronic marketplaces.

Our future success depends, in significant part, on the continued service of Howard Lutnick, our Chairman and Chief Executive Officer, Frederick Varacchi, our President and Chief Operating Officer, and our other executive officers and managers and sales and technical personnel who possess extensive financial markets knowledge and technology skills. We cannot assure you that we would be able to find an appropriate replacement for Mr. Lutnick or Mr. Varacchi if the need should arise. Any loss or interruption of Mr. Lutnick's or Mr. Varacchi's services could result in our inability to manage our operations effectively and/or develop new electronic marketplaces. We have not entered into employment agreements with and we do not have "key person" life insurance policies on any of our officers or other personnel. All of the members of our senior management team are also officers, partners or key employees of Cantor. As a result, they dedicate only a portion of their professional efforts to our business and operations. We cannot assure you that the time these persons devote to our business and operations in the future will be adequate and that we will not experience an adverse effect on our operations due to the demands placed on our management team by their other professional obligations. We intend to strive to provide high quality services that will allow us to establish and maintain long-term relationships with our clients. Our ability to do so will depend, in large part, upon the individual employees who represent us in our dealings with clients. The market for qualified programmers, technicians and sales persons is extremely competitive and has grown more so in recent periods as electronic commerce has experienced growth. We cannot assure you that we will be successful in our efforts to recruit and retain the required personnel.

If Cantor or we are unable to protect the intellectual property rights we license from Cantor or own, our ability to operate electronic trading marketplaces may be materially adversely affected.

Our business is dependent on proprietary technology and other intellectual property rights. We license our patented technology from Cantor. The license arrangement is exclusive, except in the event that (1) we are unwilling to provide to Cantor any requested services covered by the patents with respect to a marketplace and Cantor elects not to require us to do so, or we

are unable to provide such services or (2) we do not exercise our right of first refusal to provide to Cantor electronic brokerage services with respect to a marketplace, in which case Cantor retains a limited right to use the patents and patent applications solely in connection with the operation of that marketplace. We cannot guarantee that the concepts which are the subject of the patents and patent applications covered by the license from Cantor are patentable or that issued patents are or will be valid and enforceable. Where patents are granted in the U.S., we can give no assurance that equivalent patents will be granted in Europe or elsewhere, as a result of differences in local laws affecting patentability and validity. Moreover, we cannot guarantee that Cantor's issued patents are valid and enforceable, or that third parties competing or intending to compete with us will not infringe any of these patents. Despite precautions we or Cantor has taken or may take to protect our intellectual property rights, it is possible that third parties may copy or otherwise obtain and use our proprietary technology without authorization. It is also possible that third parties may independently develop technologies similar to ours. It may be difficult for us to monitor unauthorized use of our proprietary technology and intellectual property rights. We cannot assure you that the steps we have taken will prevent misappropriation of our technology or intellectual property rights.

We intend to use our eSpeed service mark for the services described herein and have applied to register that service mark in a number of jurisdictions around the world. Although several existing third party registrations and applications for trademarks consisting of designations similar to ours in certain European countries have recently come to light, they are for goods and services that are different from those being offered under our eSpeed service mark. Although we are not presently aware of any third party objections to our use or registration of our eSpeed service mark in these countries, and believe we could defend against any third party claims asserted in these countries, such registrations and applications could potentially affect the registration, and/or limit our use, of our eSpeed service mark in these European countries, thereby requiring us to adopt and use another service mark for our services in such countries.

If it becomes necessary to protect or defend our intellectual property rights, we may have to resort to costly litigation.

We may have to resort to litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others or defend ourselves from claims of infringement, invalidity or unenforceability. We may incur substantial costs and diversion of resources as a result of litigation, even if we win. In the event we do not win, we may have to enter into royalty or licensing agreements. We cannot assure you that an agreement would be available to us on reasonable terms, if at all.

One of the patents we license from Cantor and which relates to Interactive Matching((Service Mark)) is currently the subject of litigation involving Liberty Brokerage Investment Corporation and Liberty Brokerage Inc. This patent is exclusively licensed to us subject to certain conditions. We have assumed responsibility for defending this suit on behalf of Cantor and its affiliates. We have also agreed to indemnify Cantor with respect to all costs arising in connection with or relating to this lawsuit, including any damages or judgments. We cannot assure you that any of the patents owned or licensed by us will be upheld by a court as valid and/or enforceable.

If our software licenses from third parties are terminated, our ability to operate our business may be materially adversely affected.

We license software from third parties, much of which is integral to our systems and our business. The licenses are terminable if we breach our obligations under the license agreements. If any of these relationships were terminated or if any of these third parties were to cease doing business, we may be forced to spend significant time and money to replace the licensed software. However, we cannot assure you that the necessary replacements will be available on reasonable terms, if at all.

If the strength of our domain names is diluted, the value of our proprietary rights may decrease.

We own many Internet domain names including "www.espeed.com." The regulation of domain names in the United States and in foreign countries may change and the strength of our names could be diluted. We may not be able to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights.

If we infringe on patent rights or copyrights of others, we could become involved in costly litigation.

Patents or copyrights of third parties may have an important bearing on our ability to offer certain of our products and services. We cannot assure you that we are or will be aware of all patents or copyrights containing claims that may pose a risk of infringement by our products and services. In addition, patent applications in the United States are generally confidential until a patent is issued. As a result, we cannot evaluate the extent to which our products and services may be covered or asserted to be covered by claims contained in pending patent applications. In general, if one or more of our products or services were to infringe patents held by others, we may be required to stop developing or marketing the products or services, to obtain licenses to develop and market the services from the holders of the patents or to redesign the products or services in such a way as to avoid infringing on the patent claims, which could limit the manner in which we conduct our operations.

Due to intense competition in our industry, our market share and financial performance could suffer.

The electronic trading and Internet-based financial services markets are highly competitive and many of our competitors are more established and have greater financial resources than us. We expect that competition will intensify in the future. Many of our competitors also have greater market presence, engineering and marketing capabilities and technological and personnel resources than we do. As a result, as compared to us, our competitors may:

o develop and expand their network infrastructures and service offerings more efficiently or more quickly;

o adapt more swiftly to new or emerging technologies and changes in client requirements;

o take advantage of acquisitions and other opportunities more effectively;

o devote greater resources to the marketing and sale of their products and services; and

o more effectively leverage existing relationships with clients and strategic partners or exploit more recognized brand names to market and sell their services.

Our current and prospective competitors are numerous and include:

o Interdealer brokerage firms, including Liberty Brokerage Investment Corporation and Garban-Intercapital plc.

o Technology companies and market data and information vendors, including Reuters Group plc, Bloomberg L.P. and Bridge Information Systems, Inc.;

o Securities or futures exchanges or similar entities, including the Chicago Board of Trade, the Chicago Mercantile Exchange, the Chicago Board of Options Exchange, Eurex, the New York Stock Exchange and the Nasdaq National Market;

o Electronic communications networks, crossing systems and similar entities such as Investment Technology Group and Optimark Technologies Inc.; and

o Consortia such as BrokerTec Global LLC and EuroMTS.

We believe that we may also face competition from large computer software companies, media and technology companies and some securities brokerage firms that are currently our clients. In addition, Market Data Corporation, which is controlled by Iris Cantor and Rodney Fisher, has technology for electronic trading systems that, if provided to our competitors in the wholesale market, will be of substantial assistance to them in competing with us. Iris Cantor and Rod Fisher are limited partners of Cantor.

The number of businesses providing Internet-based financial services is rapidly growing, and other companies, in addition to those named above, have entered into or are forming joint ventures or consortia to provide services similar to those provided by us. Others may acquire the capabilities necessary to compete with us through acquisitions.

In the event we extend the application of our Interactive Matching((Service Mark)) technology to conducting or facilitating auctions of consumer goods and services over the Internet, we expect to compete with both online and traditional sellers of these products and services. The market for selling products and services over the Internet is new, rapidly evolving and intensely competitive. Current and new competitors can launch new sites at a relatively low cost. We expect we will potentially compete with a variety of companies with respect to each product or service we offer. We may face competition from e-Bay, priceline.com, Amazon.com and a number of other large Internet companies that have expertise in developing online commerce and in facilitating Internet

traffic, including America Online, Microsoft and Yahoo!, which could choose to compete with us either directly or indirectly through affiliations with other e-commerce companies. We cannot assure you that we will be able to compete effectively with such companies.

Because some of our clients may develop electronic trading networks, we could compete with them in aspects of our business.

Consortia owned by some of our clients have announced their intention to explore the development of electronic trading networks. BrokerTec Global LLC, a proposed electronic inter-dealer fixed income broker whose members include Citigroup, Credit Suisse First Boston, Deutsche Bank AG, Goldman Sachs Group, Lehman Brothers, Merrill Lynch & Co., Dresdner Kleinwort Benson, ABN-AMRO and Morgan Stanley Dean Witter, has announced its intention to develop or acquire a facility for electronic trading of U.S. Treasury securities, Euro-denominated sovereign debt and other fixed income securities and futures-related products. All of the members of BrokerTec Global LLC are currently clients of Cantor and ours. Consortia such as BrokerTec Global LLC may compete with us and our electronic marketplaces in the future. We currently compete with a similar consortium called EuroMTS in Europe. The members of EuroMTS include the leading fixed income dealers in European government securities, as well as clients of Cantor and ours. Additionally, in the non-financial business-to-business marketplaces, we compete with Ariba, CommerceOne, AltraEnergy Trading and HoustonStreet, as well as with other Internet-based trading and infrastructure platforms.

If we experience low trading volume in securities and financial products, our profitability could suffer.

We have experienced significant fluctuations in the aggregate trading volume of securities and financial products being traded in our marketplaces. We expect that fluctuations in the trading volume of securities and financial products traded in our marketplaces will occur in the future from time to time and have a direct impact on our future operating results. This may cause significant fluctuations in our profitability when the trading volumes are low.

If adverse economic and political conditions occur, substantial declines in the U.S. and global financial services markets may result and our profitability could suffer.

The global financial services business is, by its nature, risky and volatile and is directly affected by many national and international factors that are beyond our control. Any one of these factors may cause a substantial decline in the U.S. and global financial services markets, resulting in reduced trading volume and turnover. These events could materially adversely affect our profitability. These factors include:

o economic and political conditions in the United States and elsewhere in the world;

o concerns over inflation and wavering institutional/consumer confidence levels;

o the availability of cash for investment by mutual funds and other wholesale and retail investors;

o rising interest rates;

o fluctuating exchange rates;

o legislative and regulatory changes; and

o currency values.

In the past several years, the U.S. financial markets have achieved historic highs. We do not believe these strong markets can continue indefinitely. Our revenues and profitability are likely to decline significantly during periods of stagnant economic conditions or low trading volume in the U.S. and global financial markets.

Because we expect to continue to expand our operations outside North America, we may face special economic and regulatory challenges that we may not be able to meet.

We operate electronic marketplaces throughout Europe and Asia and we plan to further expand our operations throughout these regions in the future. There are certain risks inherent in doing business in international markets, particularly in the regulated brokerage industry. These risks include:

o less developed automation in exchanges, depositories and national clearing systems;

o unexpected changes in regulatory requirements, tariffs and other trade barriers;

o difficulties in staffing and managing foreign operations;

o fluctuations in currency exchange rates;

o reduced protection for intellectual property rights;

o seasonal reductions in business activity during the summer months; and

o potentially adverse tax consequences.

We are required to comply with the laws and regulations of foreign governmental and regulatory authorities of each country in which we conduct business. These may include laws, rules and regulations relating to any aspect of the securities business, including sales methods, trade practices among broker-dealers, use and safekeeping of clients' funds and securities, capital structure, record-keeping, the financing of clients' purchases, broker-dealer and employee registration requirements and the conduct of directors, officers and employees. Any failure to develop effective compliance and reporting systems could result in regulatory penalties in the applicable jurisdiction.

The growth of the Internet as a means of conducting international business has also raised many legal issues regarding, among other things, the circumstances in which countries or other jurisdictions have the right to regulate Internet services that may be available to their citizens from service providers located elsewhere. In many cases, there are no laws, regulations, judicial decisions or governmental interpretations that clearly resolve these issues. This uncertainty may adversely affect our ability to use the Internet to expand our international operations, and creates

the risk that we could be subject to disciplinary sanctions or other penalties for failure to comply with applicable laws or regulations.

If we enter new markets, we may not be able to successfully adapt our technology and marketing strategy for use in those markets.

We intend to leverage our eSpeed((Service Mark)) system and Cantor's relationships to enter new markets. We cannot assure you that we will be able to successfully adapt our proprietary software, electronic distribution networks and technology for use in other markets. Even if we do adapt our software, networks and technology, we cannot assure you that we will be able to attract clients and compete successfully in any such new markets. We cannot assure you that our marketing efforts or our pursuit of any of these opportunities will be successful. If these efforts are not successful, we could suffer losses while developing new marketplaces or realize less than expected earnings, which in turn could result in a decrease in the market value of our Class A common stock. Furthermore, these efforts may divert management attention or inefficiently utilize our resources. We intend to create electronic marketplaces for many financial products by the end of 2000, but there is no guarantee that we will be able to do so.

If we acquire other companies, we may not be able to integrate their operations effectively.

Our business strategy contemplates expansion through the acquisition of exchanges and other companies providing services or having technologies and operations that are complementary to ours. Acquisitions entail numerous risks, including:

o difficulties in the assimilation of acquired operations and products;

o diversion of management's attention from other business concerns;

o assumption of unknown material liabilities of acquired companies;

o amortization of acquired intangible assets, which would reduce future reported earnings; and

o potential loss of clients or key employees of acquired companies.

We cannot assure you that we will be able to integrate successfully any operations, personnel, services or products that might be acquired in the future, and our failure to do so could adversely affect our profitability and the value of our Class A common stock.

Because our business is subject to extensive government and other regulation, we may face restrictions with respect to the way we conduct our operations.

The Securities and Exchange Commission, National Association of Securities Dealers, Inc., Commodity Futures Trading Commission and other agencies extensively regulate the U.S. securities industry. Our international operations may be subject to similar regulations in specific jurisdictions. Our U.S. subsidiaries are required to comply strictly with the rules and regulations of these agencies. As a matter of public policy, these regulatory bodies are responsible for safeguarding the integrity of the securities and other financial markets and protecting the

interests of investors in those markets. Most aspects of our U.S. broker-dealer subsidiaries are highly regulated, including:

o the way we deal with our clients;

o our capital requirements;

o our financial and Securities and Exchange Commission reporting practices;

o required record keeping and record retention procedures;

o the licensing of our employees; and

o the conduct of our directors, officers, employees and affiliates.

If we fail to comply with any of these laws, rules or regulations, we may be subject to censure, fines, cease-and-desist orders, suspension of our business, suspensions of personnel or other sanctions, including revocation of registration as a broker-dealer. Changes in laws or regulations or in governmental policies could have a material adverse effect on the conduct of our business. These agencies have broad powers to investigate and enforce compliance and punish non-compliance with their rules and regulations. We cannot assure you that we and/or our directors, officers and employees will be able to fully comply with, and will not be subject to, claims or actions by these agencies.

The consumer products and services we anticipate offering through our electronic marketplaces are likely to be regulated by federal and state governments. Our ability to provide such services will be affected by these regulations. The implementation of unfavorable regulations or unfavorable interpretations of existing regulations by courts or regulatory bodies could require us to incur significant compliance costs or cause the development of affected markets to become impractical.

Because we are subject to risks associated with net capital requirements, we may not be able to engage in operations that require significant capital.

The Securities and Exchange Commission, Commodity Futures Trading Commission and various other regulatory agencies have stringent rules and regulations with respect to the maintenance of specific levels of net capital by broker-dealers. Net capital, which is assets minus liabilities, is the net worth of a broker or dealer, less deductions for certain types of assets. If a firm fails to maintain the required net capital, it may be subject to suspension or revocation of registration by the Securities and Exchange Commission or Commodity Futures Trading Commission, and suspension or expulsion by these regulators could ultimately lead to the firm's liquidation. If these net capital rules are changed or expanded, or if there is an unusually large charge against net capital, operations that require the intensive use of capital would be limited. Also, our ability to withdraw capital from 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. A large operating loss or charge against net capital could adversely affect our

ability to expand or even maintain our present levels of business, which could have a material adverse effect on our business.

Because we intend to offer access to some of our marketplaces to online retail brokers, we are subject to risks relating to uncertainty in the regulation of the Internet.

There are currently few laws or regulations that specifically regulate communications or commerce on the Internet. However, laws and regulations may be adopted in the future that address issues such as user privacy, pricing, taxation and the characteristics and quality of products and services. For example, the Telecommunications Act sought to prohibit transmitting various types of information and content over the Internet. Several telecommunications companies have petitioned the Federal Communications Commission to regulate Internet service providers and online service providers in a manner similar to long distance telephone carriers and to impose access fees on those companies. This could increase the cost of transmitting data over the Internet. Moreover, it may take years to determine the extent to which existing laws relating to issues such as property ownership, libel and personal privacy are applicable to the Internet. Any new laws or regulations relating to the Internet could adversely affect our business.

Because brokerage services involve substantial risks of liability, we may become subject to risks of litigation.

Many aspects of our business, and the businesses of our clients, involve substantial risks of liability. Dissatisfied clients frequently make claims regarding quality of trade execution, improperly settled trades, mismanagement or even fraud against their service providers. We and our clients may become subject to these claims as the result of failures or malfunctions of systems and services provided by us and may seek recourse against us. We could incur significant legal expenses defending claims, even those without merit. An adverse resolution of any lawsuits or claims against us could result in our obligation to pay substantial damages.

In addition, we may also become subject to legal proceedings and claims against Cantor and its affiliates as a result of the formation transactions. Although Cantor has agreed to indemnify us against claims or liabilities arising from our assets or operations prior to the formation transactions, we cannot assure you that such claims or litigation will not harm our business.

If we cannot deter employee misconduct, we may be harmed.

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and we run the risk that employee misconduct could occur. Misconduct by employees could include hiding unauthorized or unsuccessful activities from us. In either case, this type of conduct could result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. It is not always possible to deter employee misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases.

Because our business is developing, we cannot predict our future capital needs or our ability to secure additional financing.

We anticipate, based on management's experience and current industry trends, that our existing cash resources, combined with the net proceeds we received from our initial public offering, will be sufficient to meet our anticipated working capital and 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, acquisitions, joint ventures, strategic alliances or other investments. We are currently considering such options and their effect on our capital requirements. We may need to raise additional funds to:

o increase the regulatory net capital necessary to support our operations;

o support more rapid growth in our business;

o develop new or enhanced services and products;

o respond to competitive pressures;

o acquire complementary technologies;

o enter into strategic alliances;

o acquire companies with marketplace or other specific domain expertise; and

o respond to unanticipated requirements.

We cannot assure you that we will be able to obtain additional financing when needed on terms that are acceptable, if at all.

The market price of our Class A common stock may fluctuate.

The price of our Class A common stock may fluctuate widely, depending upon many factors, including our perceived prospects, and the prospects of the financial industries in general, differences between our actual financial and operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general valuations for Internet and e-commerce-related companies, changes in general economic or market conditions and broad market fluctuations.

Future sales of our shares could adversely affect the market price of our Class A common stock.

If our existing stockholders sell a large number of shares, or if we issue a large number of shares of our common stock in connection with future acquisitions, strategic alliances or otherwise, the market price of our Class A common stock could decline significantly. Moreover, the perception in the public market that these stockholders might sell shares of Class A common stock could depress the market price of our Class A common stock.

Although we and our directors, executive officers and holders of common stock and securities convertible into or exercisable or exchangeable for common stock issued prior to our initial public offering in December 1999 have agreed pursuant to certain "lock-up" agreements with the underwriters that we and they will not offer, sell, contract to sell, pledge, grant any option to sell, or otherwise dispose of, directly or indirectly, any shares of common stock or securities convertible into or exercisable or exchangeable for common stock, subject to certain exceptions, before June 7, 2000 without the prior written consent of Warburg Dillon Read LLC, we and these persons may be released of this obligation by Warburg Dillon Read LLC in its sole discretion in whole or in part at any time with or without notice.

We may decide to register an additional 5,000,000 shares of our Class A common stock under the Securities Act of 1933 for use by us as consideration for future acquisitions. Upon such registration, these shares generally will be freely tradable after issuance, unless the resale thereof is contractually restricted or unless the holders thereof are subject to the restrictions on resale provided in Rule 145 under the Securities Act. In any event, any registered shares so issued will be subject to contractual restrictions and, thus, will not be freely tradable before June 7, 2000.

We intend to initially register 20%, or approximately 10,000,000 shares of Class A common stock, of the total outstanding shares of our common stock, which are reserved for issuance upon exercise of options granted under our stock option plan. If we increase our total outstanding shares of common stock, we will register additional shares of Class A common stock so that the stock available for issuance under our stock option plan will be registered. Once we register these shares, they can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates. We also plan to register the shares of Class A common stock issuable under our stock purchase plan.

RISKS RELATED TO OUR RELATIONSHIP WITH CANTOR

Because we depend on Cantor's business, events which impact Cantor's operating results may have a material adverse effect on our revenues.

We recognized over 66% of our revenues for the period from March 10, 1999 to December 31, 1999 from transactions in which we received amounts based on fixed percentages of commissions paid to Cantor. Consequently, any reductions in the amount of commissions paid to Cantor, including events which impact Cantor's business or operating results, could have a material adverse effect on our most significant source of revenues.

In addition, fees paid to us by Cantor for system services represented 32.6% of our revenues for the period from March 10, 1999 to December 31, 1999. These fee revenues are remitted to us on a monthly basis.

We are a general creditor of Cantor to the extent that there are transaction revenues and system service fees owing to us from Cantor. Events that negatively impact Cantor's financial position and ability to remit our share of transaction revenues and system service fees could have a material adverse effect on our revenues.

Conflicts of interest and competition with Cantor may arise.

Various conflicts of interest between us and Cantor may arise in the future in a number of areas relating to our past and ongoing relationships, including competitive business activities, potential acquisitions of businesses or properties, the election of new directors, payment of dividends, incurrence of indebtedness, tax matters, financial commitments, marketing functions, indemnity arrangements, service arrangements, issuances of our capital stock, sales or distributions by Cantor of its shares of our common stock and the exercise by Cantor of control over our management and affairs. Our Joint Services Agreement with Cantor provides that in some circumstances Cantor can unilaterally determine the commissions that will be charged to clients for effecting trades in marketplaces in which we collaborate with Cantor. The determination of the nature of commissions charged to clients does not affect the allocation of revenues that Cantor and we share with respect to those transactions. However, in circumstances in which Cantor determines to charge clients lower commissions, the amount that we receive in respect of our share of the commissions will correspondingly be decreased. A majority of our directors and officers also serve as directors and/or officers of Cantor. Simultaneous service as an eSpeed director or officer and service as a director or officer, or status as a partner, of Cantor could create, or appear to create, potential conflicts of interest when such directors, officers and/or partners are faced with decisions that could have different implications for us and for Cantor. Mr. Lutnick, our Chairman and Chief Executive Officer, is the sole stockholder of the managing general partner of Cantor. As a result, Mr. Lutnick controls Cantor. Cantor owns all of the outstanding shares of our Class B common stock, representing approximately 98% of the combined voting power of all classes of our voting stock. Mr. Lutnick's simultaneous service as our Chairman and Chief Executive Officer and his control of Cantor could create or appear to create potential conflicts of interest when Mr. Lutnick is faced with decisions that could have different implications for us and for Cantor.

Because our Joint Services Agreement with Cantor has a perpetual term and contains non-competition provisions and restrictions on our ability to pursue strategic transactions, this agreement may become burdensome to our business.

As part of the formation transactions, Cantor contributed substantially all of our assets to us. Although Cantor has agreed, subject to certain conditions, not to compete with us in providing electronic brokerage services, Cantor is currently engaged in securities transaction and other financial instruments execution and processing operations and other activities that are related to the electronic trading services we provide. Our Joint Services Agreement obligates us to perform technology support and other services for Cantor at cost, whether or not related to our electronic brokerage services, sets forth the ongoing revenue sharing arrangements between Cantor and us and subjects us and Cantor to non-competition obligations. The Joint Services Agreement precludes us from entering into lines of business in which Cantor now or in the future may engage, or providing, or assisting any third party in providing, voice-assisted brokerage services, clearance, settlement and fulfillment services and related services, except under the limited circumstances described in Item 13 under "Joint Services Agreement--Non-competition and Market Opportunity Provisions." Although we believe Cantor has no plans to form, acquire or commence any other operations similar to ours, the Joint Services Agreement permits Cantor to perform, in limited circumstances, electronic brokerage operations. In addition, the Joint Services Agreement imposes limitations on our ability to pursue strategic alliances, joint

ventures, partnerships, business combinations, acquisitions and similar transactions. Because the Joint Services Agreement has a perpetual term, even in the event of a breach by one of the parties, and does not provide for modification under its terms, this agreement may become burdensome for us, may distract us from focusing on our internal operations, may deter or discourage a takeover of our company and may limit our ability to expand our operations.

Because agreements between us and Cantor are not the result of arm's-length negotiations, we may receive lower commissions from, and pay higher service fees to, Cantor than we would with respect to third party service providers.

In connection with the formation transactions, we entered into Assignment and Assumption Agreements, an Administrative Services Agreement, a Joint Services Agreement and several other agreements with Cantor relating to the provision of services to each other and third parties. These agreements are not the result of arm's length negotiations because Cantor owns and controls us. As a result, the prices charged to us or by us for services provided under the agreements may be higher or lower than prices that may be charged by third parties and the terms of these agreements may be generally less favorable to us than those that we could have negotiated with third parties.

Because we depend on services and access to operating assets provided by third parties to Cantor, we may not have recourse against those third parties.

Many of the assets and services provided by Cantor under the terms of the Administrative Services Agreement are leased or provided to Cantor by third party vendors. As a result, in the event of a dispute between Cantor and a third-party vendor, we could lose access to, or the right to use, as applicable, office space, personnel, corporate services and operating assets. In such a case, we would have no recourse with respect to the third party vendor. Our inability to use these services and operating assets for any reason, including any termination of the Administrative Services Agreement between us and Cantor or the agreements between Cantor and third party vendors, could result in serious interruptions of our operations.

Our reputation may be affected by actions taken by Cantor and entities that are related to Cantor.

Cantor currently is our most significant client. Cantor holds direct and indirect ownership and management interests in numerous other entities that engage in a broad range of financial services and securities-related activities. Actions taken by, and events involving, Cantor or these related companies which are perceived negatively by the securities markets, or the public generally, could have a material adverse effect on us and could affect the price of our Class A common stock. In addition, events which negatively affect the financial condition of Cantor may negatively affect us. These events could cause Cantor to lose clients that may trade in our marketplaces, could impair Cantor's ability to perform its obligations under the Joint Services Agreement and other agreements Cantor enters into with us and could cause Cantor to liquidate investments, including by selling or otherwise transferring shares of our common stock.

If we become subject to litigation and other legal proceedings, we may be harmed.

From time to time, we and Cantor may become involved in litigation and other legal proceedings relating to claims arising from our and their operations in the normal course of business. Cantor is currently subject to a number of legal proceedings that could affect us. We cannot assure you that these or other litigation or legal proceedings will not materially affect our ability to conduct our business in the manner that we expect or otherwise adversely affect us.

RISKS RELATED TO E-COMMERCE AND THE INTERNET

If electronic marketplaces for securities and financial products do not continue to grow, we will not be able to achieve our business objectives.

The success of our business plan depends on our ability to create interactive electronic marketplaces in a wide range of securities and financial products. Historically, securities and commodities markets operated through an open outcry format in which buyers and sellers traded securities in pits through verbal communication. These open outcry markets have recently begun to be supplanted with new systems that match buyers and sellers electronically. The utilization of our interactive electronic marketplaces depends on the continued acceptance and utilization of these electronic securities and commodities markets. We cannot assure you that the growth and acceptance of the use of electronic markets will continue.

If e-commerce and Internet usage does not continue to grow, we will not be able to achieve our business objectives.

As part of our business strategy, we expect to do business with online and traditional retail brokers. We expect to enable these firms to provide to their clients access, where appropriate, to trading in fixed income securities and futures and other wholesale financial products markets through the Internet.

Our strategic and financial objectives would be adversely impacted if Internet usage does not continue to grow. Consumer use of the Internet as a medium of commerce is a recent phenomenon and is subject to a high level of uncertainty. Internet usage may be inhibited for a number of reasons, including:

o access costs;

o inadequate network infrastructure;

o security concerns;

o uncertainty of legal, regulatory and tax issues concerning the use of the Internet;

o concerns regarding ease of use, accessibility and reliability;

o inconsistent quality of service; and

o lack of availability of cost-effective, high-speed service.

If Internet usage grows, the Internet infrastructure may not be able to support the demands placed on it, or the Internet's performance and reliability may decline. Similarly, Web sites have experienced interruptions in their service as a result of outages and other delays occurring throughout the Internet network infrastructure. If these outages or delays occur frequently, use of the Internet as a commercial or business medium could grow more slowly or decline. Even if Internet usage continues to grow, online trading in the wholesale securities markets, and in particular the fixed income securities and futures markets, may not be accepted by retail customers. This could negatively affect the growth of our business.

Our networks and those of our third-party service providers may be vulnerable to security risks, which could make our clients hesitant to use our electronic marketplaces.

We expect the secure transmission of confidential information over public networks to be a critical element of our operations. Our networks and those of our third party-service providers, including Cantor and associated clearing corporations, and our clients may be vulnerable to unauthorized access, computer viruses and other security problems. Persons who circumvent security measures could wrongfully use our information or cause interruptions or malfunctions in our operations, which could make our clients hesitant to use our electronic marketplaces. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches. Although we intend to continue to implement industry-standard security measures, we cannot assure you that those measures will be sufficient.

RISKS RELATED TO OUR CAPITAL STRUCTURE

Because the voting control of our common stock is concentrated among the holders of our Class B common stock, the market price of our Class A common stock may be adversely affected by disparate voting rights.

Cantor beneficially owns all of our outstanding Class B common stock, representing approximately 98% of the combined voting power of all classes of our voting stock. As long as Cantor beneficially owns a majority of the combined voting power of our common stock, it will have the ability, without the consent of the public stockholders, to elect all of the members of our board of directors and to control our management and affairs. In addition, it will be able to determine the outcome of matters submitted to a vote of our stockholders for approval and will be able to cause or prevent a change in control of our company. In certain circumstances, the Class B common stock issued to Cantor upon consummation of the formation transactions may be transferred without conversion to Class A common stock.

The holders of our Class A common stock and Class B common stock have substantially identical rights, except that holders of our Class A common stock are entitled to one vote per share, while holders of our Class B common stock are entitled to 10 votes per share on all matters to be voted on by stockholders in general. This differential in the voting rights and our ability to issue additional Class B common stock could adversely affect the market price of our Class A common stock.

Delaware law and our charter may make a takeover of our company more difficult.

Provisions of Delaware law, such as its business combination statute, may have the effect of delaying, deferring or preventing a change in control of our company. In addition, our Amended and Restated Certificate of Incorporation authorizes the issuance of preferred stock, which our board of directors can create and issue without prior stockholder approval and with rights senior to those of our common stock, as well as additional shares of our Class B common stock. Our Amended and Restated Certificate of Incorporation and our Amended and Restated By-Laws include provisions which restrict the ability of our stockholders to take action by written consent and provide for advance notice for stockholder proposals and director nominations. These provisions may have the effect of delaying or preventing changes of control or management of our company, even if such transactions would have significant benefits to our stockholders. As a result, these provisions could limit the price some investors might be willing to pay in the future for shares of our Class A common stock.

Delaware law may protect decisions of our board of directors that have a different effect on holders of our Class A and Class B common stock.

Stockholders may not be able to challenge decisions that have an adverse effect upon holders of the Class A common stock if our board of directors acts in a disinterested, informed manner with respect to these decisions, in good faith and in the belief that it is acting in the best interests of our stockholders. Delaware law generally provides that a board of directors owes an equal duty to all stockholders, regardless of class or series, and does not have separate or additional duties to either group of stockholders, subject to applicable provisions set forth in a company's charter.

Item 2. Properties

Our principal executive offices are located at One World Trade Center, New York, New York. Our principal executive offices occupy approximately 50,000 square feet of leased space, which we occupy pursuant to the Administrative Services Agreement with Cantor. Our right to use this space expires at the time that Cantor's lease expires in 2012. We will pay Cantor approximately $1.25 million annually for use of this space. Our largest presence outside of New York is in London, where we have the right to use approximately 15,000 square feet of Cantor's existing office space. Our right to use this space expires at the earlier of (1) the time that Cantor's lease expires in 2016 or (2) when Cantor ceases to be an affiliate of ours and Cantor asks us to vacate. We will pay Cantor approximately $900,000 annually for use of this space. We believe our facilities are adequate for our reasonably foreseeable future needs.

ITEM 3. LEGAL PROCEEDINGS

On June 21, 1999, Cantor and its affiliate CFPH, LLC, brought suit against Liberty Brokerage Investment Corporation and Liberty Brokerage Inc. in the United States District Court for the District of Delaware for infringement of the Fraser et al. U.S. patent 5,905,974, entitled "Automated Auction Protocol Processor." Cantor alleged in the complaint that Liberty was infringing the `974 patent by making, using, selling and/or offering for sale systems and methods that embody or use the inventions claimed in the `974 patent. On August 10, 1999, Cantor and

CFPH, L.L.C. voluntarily dismissed the suit without prejudice. Subsequently, on August 10, 1999, Liberty filed an action for declaratory judgment in the United States District Court for the District of Delaware against Cantor and two of its affiliates, Cantor Fitzgerald Securities and CFPH, LLC, claiming that the `974 patent was invalid, unenforceable and not infringed by Liberty. On October 12, 1999, Cantor, Cantor Fitzgerald Securities and CFPH, LLC moved (1) to dismiss all claims against Cantor Fitzgerald Securities for failure to state a claim upon which relief can be granted and (2) to dismiss the action as against Cantor, Cantor Fitzgerald Securities and CFPH, LLC for lack of an actual case or controversy within the meaning of 28 U.S.C. Section 2201. On November 22, 1999, the Court granted the motion to dismiss the action as against Cantor Fitzgerald Securities, and denied the motion to dismiss the action as against Cantor and its affiliate CFPH, LLC. On January 5, 2000, Liberty filed an Amended Complaint naming us as a defendant. On January 19, 2000, Cantor and CFPH, LLC filed a Second Renewed Motion to Dismiss the action. On March 8, 2000, oral arguments took place on the Second Renewed Motion to Dismiss. No decision has been rendered. We have assumed responsibility for defending this suit on behalf of Cantor and its affiliates and the risk of loss associated with it.

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 CFI, and Rodney Fisher are limited partners of Cantor Fitzgerald, L.P.

In April 1998, Cantor Fitzgerald, L.P. 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 Cantor Fitzgerald, L.P. with respect to the electronic trading system mentioned above. 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 Cantor Fitzgerald, L.P. and (2) a declaration that Cantor Fitzgerald, L.P. breached the implied covenant of good faith and fair dealing. Cantor has agreed to indemnify us for any liabilities that we incur with respect to any current or future litigation involving (1) Market Data Corporation, (2) Iris Cantor, (3) CFI or (4) Rodney Fisher.

Cantor Fitzgerald, L.P. settled its dispute with Chicago Board Brokerage in April 1999, and Chicago Board Brokerage subsequently announced it was disbanding its operations. On March 17, 2000, the Delaware Court of Chancery ruled in favor of Cantor Fitzgerald, L.P., finding that Iris Cantor, CFI and Rodney Fisher had breached the Partnership Agreement of Cantor Fitzgerald, L.P., and that Market Data Corporation had aided and abetted that breach. The court awarded Cantor Fitzgerald, L.P. declaratory judgment relief and court costs and attorneys' fees. Counsel for the defendants have expressed their intentions to appeal this result. We believe Market Data Corporation's technology for electronic trading systems would be of substantial assistance to competitors in the wholesale market if provided to them.

Two related actions are pending in New York. In a case pending in the Supreme Court of New York, New York County, plaintiff Cantor Fitzgerald, L.P. alleges, among other things, that defendants Market Data Corporation, CFI, Iris Cantor and Rodney Fisher misused confidential information of Cantor Fitzgerald, L.P. 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 Cantor Fitzgerald, L.P. 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 has been pursued during the pendency of the court proceedings in Delaware.

In addition to the allegations set forth in the pending lawsuits, Cantor has received correspondence from the attorneys representing Iris Cantor, CFI, Market Data Corporation and Rodney Fisher in the proceedings in Delaware, expressing a purported concern that Cantor and/or certain of its partners may be in breach of Cantor's partnership agreement (including, among other things, the partnership agreement's provisions relating to competition with the partnership) and the general partnership agreement of Cantor Fitzgerald Securities with respect to our initial public offering. Generally, these attorneys have alleged that various purported conflicts of interest will exist arising from the fact that certain of our directors and officers will simultaneously hold positions with Cantor Fitzgerald, L.P. Moreover, these attorneys have asserted that our business plan may not be consistent with certain purported rights of Market Data Corporation (including purported intellectual property rights) and other parties and they requested more information regarding our initial public offering.

Although we do 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 us with respect to any liabilities we incur as a result of such lawsuits or allegations.

Cantor and Reuters were parties to a confidential arbitration under the auspices of the American Arbitration Association in New York, New York, which began in June 1995 with respect to a January 1993 agreement among Reuters, Cantor and Market Data Corporation. The agreement executed in 1993 involved, among other things, the delivery by Cantor of certain market data arising out of non-United States government bond and U.S. municipal bond interdealer brokerage transactions for transmittal over Reuters' network. The agreement also contemplated the joint development by Cantor and Reuters of an electronic trading system for certain transactions in non-United States government bonds. Cantor and Reuters did not develop this electronic trading system. In the arbitration, Reuters alleged that Cantor materially breached the agreement primarily by failing to provide non-screen, voice brokerage data concerning non-United States government bonds and U.S. municipal bonds that Reuters contends are subject to the agreement and fraud. Reuters sought to recover from Cantor amounts representing past payments for market data, the reimbursement of attorneys' fees and other damages. Cantor denied Reuters' allegations that there had been any material breach of this agreement or fraud, and asserted a breach of contract claim and various other counterclaims against Reuters, including claims for Reuters' failure since February 1997 to pay any of the money due Cantor for data under this agreement. In February 1997, Reuters unilaterally ceased making such payments to Cantor in connection with the dispute and in November 1999 stopped distributing Cantor's market data that was provided to Reuters.

On December 30, 1999, Cantor entered into a new agreement with Reuters pursuant to which Cantor and Reuters settled outstanding disputes and terminated the 1993 agreement. We cannot assure you that Market Data Corporation will not seek to assert claims against us or Cantor relating to our activities with respect to the 1993 agreement or the arbitration. Cantor has agreed to indemnify us with respect to any claims that may be asserted by Market Data Corporation or Reuters relating to the 1993 agreement or arising out of the arbitration.

On May 5, 1999, Cantor Fitzgerald, L.P., The Board of Trade of the City of Chicago, The New York Mercantile Exchange and The Chicago Mercantile Exchange were sued by Electronic Trading Systems Corporation in the United States District Court for the Northern District of Texas (Dallas Division) for alleged infringement of Wagner United States patent 4,903,201, entitled "Automated Futures Trade Exchange." The patent relates to a system and method for implementing an electronic, computer-automated futures exchange. On July 1, 1999, Cantor answered the complaint, asserting, among other things, that the `201 patent was invalid and not infringed by Cantor and that Cantor was not the real party in interest. Although not identified by the complaint, Cantor believes that the system being charged with infringement is a version of the electronic trading system used by the Cantor Exchange((Service Mark)), which Cantor contributed to us in December 1999. Electronic Trading Systems Corporation executed a Covenant Not to Sue, Release and Settlement Agreement, dated February 18, 2000, pursuant to which it agreed not to sue Cantor Fitzgerald, L.P. or any of its affiliates or successors, including us, or any customers, for infringement of the `201 patent by the Cantor Exchange((Service Mark)). On March 22, 2000, counsel to the parties filed with the court a Joint Stipulation and (proposed) Order of Dismissal requesting that Cantor Fitzgerald, L.P. be dismissed from the case without prejudice by Electronic Trading Systems Corporation. On March 23, 2000, the Court signed an Agreed Order of Dismissal and on March 24, 2000 Cantor Fitzgerald, L.P. was dismissed from the case.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Price Range of Class A Common Stock

Our Class A common stock, $.01 par value, began trading on the Nasdaq National Market under the symbol "ESPD" on December 10, 1999. There is no public trading market for the Company's Class B common stock, $.01 par value. The following table sets forth the high and low sales price of our Class A common stock for the fourth quarter of 1999 from December 10, 1999.

Year Ended December 31, 1999	High	Low
Fourth Quarter (from December 10, 1999)	$63.75	$30.00

The number of stockholders of record of our Class A common stock as of March 15, 2000 was 24, although we believe that there is a larger number of beneficial owners. As of March 15, 2000, there were two stockholders of record of our Class B common stock. On March 15, 2000, the last reported sale price of our Class A common stock on the Nasdaq National Market was $70.00.

Rights of Common Stock

Holders of Class A common stock generally have the same rights as holders of Class B common stock, except that holders of Class A common stock have one vote per share and holders of Class B common stock have 10 votes per share on all matters submitted to a vote of stockholders. Generally, all matters to be voted on by stockholders must be approved by a majority or, in the case of election of directors, by a plurality of the votes entitled to be cast by holders of all shares of Class A common stock and Class B common stock present in person or represented by proxy, voting together as a single class, subject to any voting rights granted to holders of any preferred stock, except that (i) amendments to our Amended and Restated Certificate of Incorporation that would change the powers, preferences or special rights of the Class A common stock or the Class B common stock so as to affect them adversely also must be approved by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class, and (ii) any amendment to our Amended and Restated Certificate of Incorporation to increase the authorized shares of Class B common stock. Each share of Class B common stock is convertible at any time, at the option of the holder, into one share of Class A common stock. Each share of Class B common stock will automatically convert into a share of Class A common stock upon any transfer, with limited exceptions.

Dividend Policy

We intend to retain our future earnings, if any, to help finance the growth and development of our business. We have never paid a cash dividend, and we do not expect to pay any cash dividends on our common stock in the foreseeable future.

In the event we decide to declare dividends on our common stock in the future, such declaration will be subject to the discretion of our board of directors. Our board of directors may take into account such matters as general business conditions, our financial results, capital requirements, contractual, legal and regulatory restrictions on the payment of dividends by us to our stockholders or by our subsidiaries to us and any such other factors as our board of directors may deem relevant.

Recent Sale of Unregistered Securities

In exchange for assets contributed to us pursuant to the Assignment and Assumption Agreement, on December 9, 1999, we issued 43,999,900 shares of Class B common stock to Cantor Fitzgerald, L.P. and certain of its affiliates. The sale of these securities was deemed to be exempt from registration under the Securities Act of 1933 in reliance on Section 4(2) of the Securities Act of 1933, as a transaction by an issuer not involving a public offering.

Use of Proceeds of Initial Public Offering

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 Cantor Fitzgerald Securities, the selling stockholder, sold 3,350,000 shares of Class A common stock at a price of $22.00 per share. Our initial public offering was managed on behalf of the underwriters by Warburg Dillon Read LLC, Hambrecht & Quist, Thomas Weisel Partners LLC and Cantor Fitzgerald & Co. The offering commenced on December 10, 1999 and closed on December 15, 1999. Proceeds to us from our initial public offering, after deduction of the underwriting discounts and commissions of approximately $10.0 million and offering costs of $4.4 million, totaled approximately $139.6 million. None of the expenses incurred in our initial public offering were direct or indirect payments to our directors, officers, general partners or their associates, to persons owning 10% or more of any class of our equity securities or to our affiliates. Of the $139.6 million raised, approximately $5.0 million has been used for working capital purposes and the balance of $134.6 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. 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 December 31, 1999, approximately $5.0 million has been paid to Cantor under the Administrative Services Agreement between us and Cantor.

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 6. SELECTED FINANCIAL DATA

The following selected financial data for eSpeed should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and with our audited financial statements, related notes and other financial information beginning on page 54.

	For the period from March 10, 1999 (date of commencement of operations) to December 31, 1999
Statement of Operations Data:	
Total revenues	$ 38,188,925
Expenses:	
Compensation and employee benefits	21,502,326
Occupancy and equipment	10,292,349
Professional and consulting fees	5,148,796
Communications and client networks	3,355,070
Fulfillment services fees paid to affiliates	3,527,945
Administrative fees paid to affiliates	1,662,058
Options granted to Cantor employees(1)	2,850,073
Other	2,649,110
Total expenses	50,987,727
Loss before benefit for income taxes	(12,798,802)
Income tax benefit	211,889
Net loss	$ (12,586,913)
Per Share Data:	
Net loss	$ (12,586,913)
Basic and diluted net loss per share	$ (0.28)
Weighted average shares of common stock outstanding	44,495,000

Statement of Financial Condition:	December 31, 1999
Cash and cash equivalents	$ 201,001
Total assets	144,327,089
Total liabilities	8,815,276
Total stockholders' equity	135,511,813

(1) Options granted to Cantor employees represent a one-time, non-cash charge due to option grants we made to Cantor employees exercisable at the initial public offering price of $22 per share.

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

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors. The following discussion is qualified in its entirety by, and should be read in conjunction with, the more detailed information and 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 wholly-owned subsidiaries are eSpeed Securities, Inc., eSpeed Government Securities, Inc., eSpeed Markets, Inc. and eSpeed Securities International 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. We commenced operations as a division of Cantor on March 10, 1999, the date the first fully electronic transaction using our eSpeed((Service Mark)) system was executed. Cantor has been developing systems to promote fully electronic marketplaces since the early 1990s. Since January 1996, Cantor has used our eSpeed((Service Mark)) 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((Service Mark)) system.

As of December 31, 1999, we had an accumulated net loss of $12,586,913. This loss 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.

In September 1999, our board of directors changed our fiscal year from the last Friday of March to December 31.

Results of Operations

The following table sets forth statement of operations data for the period from March 10, 1999 (date of commencement of operations) to December 31, 1999.

Period from March 10, 1999 (date of commencement of operations) to December 31, 1999

Revenues:	
Transaction Revenues:	
Fully electronic transactions	$ 10,079,842
Voice-assisted brokerage transactions	11,777,306
Screen assisted open outcry transactions	3,524,399
Total transaction revenues	25,381,547
Interest income	347,804
System services fees	12,459,574
Total revenues	38,188,925
Expenses:	
Compensation and employee benefits	21,502,326
Occupancy and equipment	10,292,349
Professional and consulting fees	5,148,796
Communications and client networks	3,355,070
Fulfillment services fees	3,527,945
Administrative fees	1,662,058
Options granted to Cantor employees	2,850,073
Other	2,649,110
Total expenses	50,987,727
Loss before benefit for income taxes	$(12,798,802)

Revenues

Transaction Revenues

We operate interactive electronic marketplaces. We have entered into a Joint Services Agreement with Cantor under which we and Cantor 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 and 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, we and Cantor 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((Service Mark)), or products that are traded on the Cantor Exchange((Service Mark)), 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((Service Mark)), or (2) products that are traded on the Cantor Exchange((Service Mark)), 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.

We are pursuing an aggressive strategy to convert most of Cantor's financial marketplace products to our eSpeed((Service Mark)) system and, with the assistance of Cantor, to continue to create new markets and convert new clients to our eSpeed((Service Mark)) system. Other than Cantor, no client of ours accounted for more than 10% of our transaction revenues from our date of inception through December 31, 1999.

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 communication lines between us and the client.

From March 10, 1999 to December 31, 1999, we earned $25,381,547 in transaction revenues from the U.S. fixed income marketplaces, as these marketplaces were the first converted to our eSpeed((Service Mark)) system. It is anticipated that as more marketplaces are converted to our eSpeed((Service Mark)) system and more clients are added to our eSpeed((Service Mark)) system, more of our income will be generated from marketplaces around the world. Our revenues are currently highly dependent on transaction volume in the fixed income markets globally. Accordingly, revenues are

dependent on the volume of transactions in marketplaces that we operate, which can be affected by, among other things, 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.

Interest Income

The proceeds of our initial public offering 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. From December 15, 1999 to December 31, 1999, these investments generated interest income of $347,804 at an average interest rate of 5.2%.

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 gaming business. System service fees revenues from Cantor from March 10, 1999 to December 31, 1999 were $12,459,574 and represented 32.6% of total revenues for that period.

Expenses

Compensation and employee benefits

At December 31, 1999, we had approximately 370 professionals, substantially all of whom are full time employees located predominantly in New York and London. Compensation costs include salary, bonus accruals, payroll taxes and costs of employer-provided medical benefits for our employees. We intend to hire additional technical, sales and marketing, product development and administrative personnel, including personnel from Cantor, in order to expand our business. As a result, we anticipate that compensation expense may increase significantly in subsequent periods. We have granted 292,005 stock options to certain employees of Cantor and a consultant at an exercise price per share of $22, resulting in a one-time, non-cash charge to us of $2,850,073 for the fourth quarter of 1999.

Occupancy and equipment

Occupancy and equipment costs of $10,292,349 for the period from March 10, 1999 to December 31, 1999 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. Fixed assets are reflected as if they were

contributed to us by Cantor in a non-cash transaction effective March 10, 1999 at their then current net book value (cost less accumulated depreciation) of $7,370,560. 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 of our rent and facilities costs of our New York and London offices.

Professional and consulting fees

Professional and consulting fees of $5,148,796 for the period from March 10, 1999 to December 31, 1999 consisted primarily of consultant costs paid to outside computer professionals who perform specialized enhancement activities for us. We currently have approximately 20 contracted consultants and additional outside service providers working under short-term contracts costing approximately $500,000 per month in the aggregate. The costs of professional legal counsel engaged to defend the patents used in our business amounted to approximately $482,000 for the period from March 10, 1999 to December 31, 1999. Our professional and consulting expenses will likely increase over the foreseeable future.

Communications and client networks

Communications costs of $3,355,070 for the period from March 10, 1999 to December 31, 1999 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. We expect such costs to increase as we continue to expand into new marketplaces and geographic locations and establish additional communication links with clients. However, certain communications costs are decreasing globally due to increased competition in the communications industry. This may or may not result in a decrease in our communications costs.

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. 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 agreed to provide various administrative services to us, including, but not limited to, accounting, tax, legal and human resources, and we agreed to provide sales and marketing services at cost to Cantor. We are required to reimburse Cantor for its costs of providing these services plus an 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 for the period from March 10, 1999 to December 31, 1999. This amount was $1,662,058 for the period from March 10, 1999 to December 31, 1999. 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.

Other expenses

Other expenses of $2,649,110 for the period from March 10, 1999 to December 31, 1999 consisted primarily of travel, promotional and entertainment expenditures. We expect that these expenses will also continue to increase over the foreseeable future as we seek to expand our business. While we have no obligation under the Joint Services Agreement to do so, we intend to use approximately $25 million of the proceeds received by us from our initial public offering for sales, marketing and advertising expenses related to our marketplaces.

Quarterly Results of Operations

The following table sets forth, by quarter, statement of operations data for the period from March 10, 1999 (date of commencement of operations) to December 31, 1999. Results of any period are not necessarily indicative of results for a full year.

	March 10 to March 26, 1999	Quarter Ended June 25, 1999	Quarter Ended September 24, 1999	Quarter Ended December 31, 1999
Revenues:				
Transaction Revenues:				
Fully electronic transactions	$ 76,621	$ 1,153,471	$ 2,590,715	$ 6,259,035
Voice-assisted brokerage transactions	664,597	3,900,345	3,817,144	3,395,220
Screen assisted open outcry transactions	379,316	1,376,962	1,075,426	692,695
Total transaction revenues	1,120,534	6,430,778	7,483,285	10,346,950
Interest income				347,804
System services fees	827,716	4,138,578	4,138,578	3,354,702
Total revenues	1,948,250	10,569,356	11,621,863	14,049,456
Expenses:				
Compensation and employee benefits	1,267,838	6,403,446	7,033,656	6,797,386
Occupancy and equipment	676,023	2,854,350	3,102,063	3,659,913
Professional and consulting fees	185,985	1,596,097	1,833,266	1,533,448
Communications and client networks	221,159	1,103,081	1,121,552	909,278
Fulfillment services fees	26,817	403,715	906,750	2,190,663
Administrative fees	93,701	461,266	512,233	594,858
Options granted to Cantor employees				2,850,073
Other	15,235	500,034	606,850	1,526,991
Total expenses	2,486,758	13,321,989	15,116,370	20,062,610
Loss before benefit for income taxes	$ (538,508)	$ (2,752,633)	$ (3,494,507)	$ (6,013,154)

Liquidity and Capital Resources

Before our initial public offering, we relied on Cantor to provide financing and cash flow for our operations. Proceeds to us from our initial public offering were approximately

$139.6 million. Since our initial public offering, we have relied on our cash flow from operations and the proceeds from our initial public offering to provide for our cash needs.

Our cash flow is comprised of transaction revenues and system services fees from Cantor, charges from Cantor of various fees, occupancy costs and other expenses paid by Cantor on our behalf and investment income. In acting in its capacity as a fulfillment services provider, Cantor processes and settles the transaction and, as such, collects and pays the funds necessary to clear the transaction 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 will be 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 a substantial 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 flow from operations and the net proceeds from our initial public offering 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, acquisitions, joint ventures, strategic alliances or other investments. We are currently considering such options and their effect on our capital requirements.

Impact of the Year 2000

The year 2000 computer problem refers to the potential for system and processing failures of date related data as a result of computer controlled systems using two digits rather than four to define the applicable year. For example, computer programs that have time sensitive software may recognize a date represented as 00 as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions in operations, including, among other things, a temporary inability to process transactions, send transmissions to clearing agents or engage in similar normal business activities.

As a result of the work performed by us and Cantor, we experienced no adverse impact from a Year 2000 problem. Our and Cantor's combined costs associated with upgrades to hardware and software, testing and remediating our systems were approximately $9.2 million through December 31, 1999.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have invested $134,644,521 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 to provide 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.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS
eSpeed, Inc. and Subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of eSpeed, Inc.:

We have audited the accompanying consolidated statement of financial condition of eSpeed, Inc. and Subsidiaries (the "Company") as of December 31, 1999, and the related statements of operations, cash flows and changes in stockholders' equity for the period from March 10, 1999 (date of commencement of operations) to December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1999, and the results of their operations and their cash flows for the period from March 10, 1999 (date of commencement of operations) to December 31, 1999, in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

New York, New York
March 24, 2000

eSpeed, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 1999

Assets	
Cash	$ 201,001
Securities purchased under agreements to resell	134,644,521
Fixed assets, at cost	12,556,627
Less accumulated depreciation and amortization	(3,086,555)
Fixed assets, net	9,470,072
Prepaid expenses, principally computer maintenance agreements	11,495
Total assets	$ 144,327,089
Liabilities and Stockholders' Equity	
Liabilities	
Payable to affiliates, net	$ 6,743,929
Accounts payable and accrued liabilities	2,071,347
Total liabilities	8,815,276
Stockholders' Equity	
Preferred stock, par value $.01 per share; 50,000,000 shares authorized, no shares issued or outstanding.	
- Class A common stock, par value $.01 per share; 200,000,000 shares authorized; 10,350,000 shares issued and outstanding	103,500
Class B common stock, par value $.01 per share; 100,000,000 shares authorized; 40,650,000 shares issued and outstanding	406,500
Additional paid in capital	147,588,726
Accumulated deficit	(12,586,913)
Total stockholders' equity	135,511,813
Total liabilities and stockholders' equity	$ 144,327,089

See notes to consolidated financial statements

eSpeed, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF OPERATIONS

	December 31, 1999
Revenues:	
Transaction revenues	$ 25,381,547
Interest income	347,804
System service fees from affiliates	12,459,574
Total revenues	38,188,925
Expenses:	
Compensation and employee benefits	21,502,326
Occupancy and equipment	10,292,349
Professional and consulting fees	5,148,796
Communications and client networks	3,355,070
Fulfillment fees paid to affiliates	3,527,945
Administrative fees paid to affiliates	1,662,058
Options granted to Cantor employees	2,850,073
Other	2,649,110
Total expenses	50,987,727
Loss before benefit for income taxes	(12,798,802)
Income Taxes:	
Federal	--
State and local	211,889
Total taxes	211,889
Net loss	$ (12,586,913)
Per Share Data:	
Basic and diluted net loss per share	$ (0.28)
Weighted average shares of common stock outstanding	44,495,000

See notes to consolidated financial statements

eSpeed, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOW

December 31, 1999

Cash flows from operating activities:	
Net loss	$ (12,586,913)
Non-cash item included in net loss:	
Depreciation and amortization	3,086,555
Issuance of stock options	2,850,073
Decrease in operating assets:	
Prepaid expenses	1,190,728
Increase (decrease) in operating liabilities:	
Payable to affiliates, net	6,743,929
Accrued compensation and benefits	(1,490,836)
Accounts payable and accrued liabilities	444,699
Cash provided by operating activities	238,235
Cash flows from investing activities:	
Acquisitions of fixed assets	(2,717,462)
Capitalization of software development costs	(2,468,605)
Increase in securities purchased under agreements to resell	(134,644,521)
Cash used in investing activities	(139,830,588)
Cash flows from financing activities:	
Capital contribution	200,000
Proceeds from initial public offering, net	143,990,000
Payment of offering costs	(4,396,646)
Cash provided by financing activities	139,793,354
Net increase in cash	201,001
Cash balance, beginning of period	--
Cash balance, end of period	$ 201,001
Supplemental disclosure of non-cash financing activities:	
Effective March 10, 1999, the Company received an initial capital contribution as follows:	
Fixed assets	$ 7,370,560
Prepaid expenses	1,202,223
Accrued compensation and benefits	(1,490,836)
Accounts payable and accrued expenses	(1,626,648)
Total non-cash capital contributed	$ 5,455,299

See notes to consolidated financial statements

	Common Stock Class A	Common Stock Class B	Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, March 10, 1999	$ --	$ --	$ --	$ --	$ --
Cash capital contribution (100 Shares)		1	199,999		200,000
Non-cash capital contribution (43,999,900 Shares)		439,999	5,015,300		5,455,299
Conversion of Class B common stock to Class A common stock (3,350,000 Shares)	33,500	(33,500)			--
Initial public offering of Class A common stock (7,000,000 Shares)	70,000		143,920,000		143,990,000
Costs of initial public offering			(5,749,481)		(5,749,481)
Issuance of options			2,850,073		2,850,073
Issuance of warrant			1,352,835		1,352,835
Net loss				(12,586,913)	(12,586,913)
Balance, December 31, 1999	$ 103,500	$ 406,500	$ 147,588,726	$ (12,586,913)	$135,511,813

See notes to consolidated financial statements

1. Organization and Formation Transaction

eSpeed, Inc. (eSpeed or, together with its wholly owned subsidiaries, the Company) is a majority owned subsidiary of Cantor Fitzgerald Securities (CFS), which in turn is a 99.5% owned subsidiary of Cantor Fitzgerald, L.P. (CFLP, or together with its subsidiaries, Cantor). eSpeed commenced operations on March 10, 1999 as a division of CFS. eSpeed is a Delaware corporation that was incorporated on June 3, 1999. The Company engages in the business of operating interactive business-to-business vertical electronic marketplaces designed to enable market participants to trade financial and non-financial products more efficiently and at a lower cost that traditional trading environments permit.

In December 1999, the Company completed its initial public offering (the Offering) of 10,350,000 shares of Class A common stock at $22 per share, of which 7 million shares were sold by the Company, raising approximately $144 million in proceeds before Offering expenses. The remaining shares were sold by CFS.

The accompanying financial statements include activities of the Company while operating as a division of CFS from March 10, 1999 to the Offering. The formation transactions include the initial capital contribution of net assets of $5,455,299. This contribution includes fixed assets with a net book value of $7,370,560 and prepaid expenses of $1,202,223, and the assumption of liabilities consisting of accrued compensation, accounts payable and other liabilities of $3,117,484. In exchange for the contribution of net assets, the Company issued Cantor 43,999,900 shares of Class B common stock. Immediately thereafter, Cantor converted 3,350,000 shares of Class B common stock to Class A common stock and sold them in the Offering.

2. Summary of Significant Accounting Policies

Use of Estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the consolidated financial statements. Estimates, by their nature, are based on judgment and available information. As such, actual results could differ from the estimates included in these consolidated financial statements.

Transaction Revenues: Securities transactions and the related transaction revenues are recorded on a trade date basis.

Fixed Assets: Fixed assets, which comprise computer and communication equipment and software, are depreciated over their estimated economic useful lives of three to five years using an accelerated method. Internal and external direct costs of application development and of obtaining software for internal use are capitalized and amortized over their estimated economic useful life of three years on a straight-line basis.

Securities Purchased under Agreements to Resell: Securities purchased under agreements to resell (Resale, or Reverse Repurchase, Agreements) are accounted for as

collateralized investment transactions. It is the policy of the Company to obtain possession of the collateral with a market value equal to or in excess of the principal amount loaned. Collateral is valued daily and the Company may require counter-parties to deposit additional collateral or return amounts loaned when appropriate. The Company generally does not report assets received as collateral in Resale Agreements because the debtor typically has the right to substitute or redeem the collateral on short notice.

Stock Options: Awards to employees of options to purchase the Class A common stock of the Company are accounted for under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees". No expense is recognized for awards under non-compensatory plans. Options granted to non-employees are accounted for under the Financial Accounting Standards Board's Statement of Financial Accounting Standard (SFAS) No. 123, "Accounting for Stock-Based Compensation", where the options granted are recognized based on the fair value of the options at the time of the grant.

New Accounting Pronouncements: In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The statement, as amended, is effective for fiscal years beginning after June 15, 2000. The Company has evaluated the impact of adopting SFAS No. 133 and believes it will not have a material effect on its financial statements.

3. Fixed Assets

Fixed assets consist of the following:	December 31, 1999
Computer and communication equipment	$ 9,544,265
Software, including software development costs	3,012,362
	12,556,627
Less accumulated depreciation and amortization	(3,086,555)
Fixed assets, net	$ 9,470,072

4. Income Taxes

Through December 9, 1999, the Company operated as a division of CFS, which is a New York partnership. Under applicable federal and state income tax laws, the taxable income or loss of a partnership is allocated to each partner based upon their ownership interest. CFS is, however, subject to the Unincorporated Business Tax (UBT) of the City of New York, and the benefit for income taxes represents a reduction in UBT. The loss generated by the Company while it operated as a division of CFS will be used as a reduction of the taxable income of CFS and, as such, the Company will be reimbursed for such tax and has recognized the tax benefit as an offset to payable to affiliates.

Since the commencement date of the Offering, December 10, 1999, the Company has been subject to income tax as a corporation. The net operating losses from that date, in the amount of $4,409,883 will be available on a carry forward basis through 2014 to offset future operating income of the Company.

5. Commitments and Contingencies

Leases: Under an administrative services agreement, eSpeed is obligated for minimum rental payments under various non-cancelable leases with third parties, principally for office space and computer equipment, expiring at various dates through 2014 as follows:

For the Period Ending December 31:

2000	$ 4,435,118
2001	4,273,899
2002	4,193,291
2003	4,152,367
2004	4,115,995
Thereafter	20,352,341
Total	$ 41,523,011

Rental expense under the above and under all other operating leases amounted to $3,738,303 for the period ended December 31, 1999.

Legal Matters: On June 21, 1999, Cantor and its affiliate CFPH, LLC, brought suit against Liberty Brokerage Investment Corporation and Liberty Brokerage Inc. in the United States District Court for the District of Delaware for infringement of the Fraser et al. U.S. patent 5,905,974, entitled "Automated Auction Protocol Processor." Cantor alleged in the complaint that Liberty was infringing the `974 patent by making, using, selling and/or offering for sale systems and methods that embody or use the inventions claimed in the `974 patent. On August 10, 1999, Cantor and CFPH, L.L.C. voluntarily dismissed the suit without prejudice. Subsequently, on August 10, 1999, Liberty filed an action for declaratory judgment in the United States District Court for the District of Delaware against Cantor and two of its affiliates, Cantor Fitzgerald Securities and CFPH, LLC, claiming that the `974 patent was invalid, unenforceable and not infringed by Liberty. On October 12, 1999, Cantor, Cantor Fitzgerald Securities and CFPH, LLC moved (1) to dismiss all claims against Cantor Fitzgerald Securities for failure to state a claim upon which relief can be granted and (2) to dismiss the action as against Cantor, Cantor Fitzgerald Securities and CFPH, LLC for lack of an actual case or controversy within the meaning of 28 U.S.C. Section 2201. On November 22, 1999, the Court granted the motion to dismiss the action as against Cantor Fitzgerald Securities, and denied the motion to dismiss the action as against Cantor and its affiliate CFPH, LLC. On January 5, 2000, Liberty filed an Amended Complaint naming the Company as a defendant. On January 19, 2000, Cantor and CFPH, LLC filed a Second Renewed Motion to Dismiss the action. On March 8, 2000, oral

arguments took place on the Second Renewed Motion to Dismiss. No decision has been rendered. The Company has assumed responsibility for defending this suit on behalf of Cantor and its affiliates and the risk of loss associated with it.

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 CFI, and Rodney Fisher are limited partners of Cantor Fitzgerald, L.P.

In April 1998, Cantor Fitzgerald, L.P. 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 Cantor Fitzgerald, L.P. with respect to the electronic trading system mentioned above. The complaint further alleges that Market Data Corporation and Chicago Board Brokerage tortuously 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 Cantor Fitzgerald, L.P. and (2) a declaration that Cantor Fitzgerald, L.P. breached the implied covenant of good faith and fair dealing. Cantor has agreed to indemnify the Company for any liabilities that the Company incurs with respect to any current or future litigation involving (1) Market Data Corporation, (2) Iris Cantor, (3) CFI or (4) Rodney Fisher.

Cantor Fitzgerald, L.P. settled its dispute with Chicago Board Brokerage in April 1999 and Chicago Board Brokerage subsequently announced it was disbanding its operations. On March 17, 2000, the Delaware Court of Chancery ruled in favor of Cantor Fitzgerald, L.P., finding that Iris Cantor, CFI and Rodney Fisher had breached the Partnership Agreement of Cantor Fitzgerald, L.P., and that Market Data Corporation had aided and abetted that breach. The court awarded Cantor Fitzgerald, L.P. declaratory judgment relief and court costs and attorneys' fees. Counsel for the defendants have expressed their intentions to appeal this result. The Company believes Market Data Corporation's technology for electronic trading systems will be of substantial assistance to competitors in the wholesale market if provided to them.

Two related actions are pending in New York. In a case pending in the Supreme Court of New York, New York County, plaintiff Cantor Fitzgerald, L.P. alleges, among other things, that defendants Market Data Corporation, CFI, Iris Cantor and Rodney Fisher misused confidential information of Cantor Fitzgerald, L.P. 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 Cantor Fitzgerald, L.P. 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 has been pursued during the pending of the court proceedings in Delaware.

In addition to the allegations set forth in the pending lawsuits, Cantor has received correspondence from the attorneys representing Iris Cantor, CFI, Market Data Corporation and Rodney Fisher in the proceedings in Delaware, expressing a purported concern that Cantor and/or certain of its partners may be in breach of Cantor's partnership agreement (including, among other things, the partnership agreement's provisions relating to competition with the partnership) and the general partnership agreement of Cantor Fitzgerald Securities with respect to the Company's initial public offering. Generally, these attorneys have alleged that various purported conflicts of interest will exist arising from the fact that certain of the Company's directors and officers will simultaneously hold positions with Cantor Fitzgerald, L.P. Moreover, these attorneys have asserted that the Company's business plan may not be consistent with certain purported rights of Market Data Corporation (including purported intellectual property rights) and other parties and they requested more information regarding the Company's initial public offering.

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.

Cantor and Reuters were parties to a confidential arbitration under the auspices of the American Arbitration Association in New York, New York, which began in June 1995 with respect to a January 1993 agreement among Reuters, Cantor and Market Data Corporation. The agreement executed in 1993 involved, among other things, the delivery by Cantor of certain market data arising out of non-United States government bond and U.S. municipal bond interdealer brokerage transactions for transmittal over Reuters' network. The agreement also contemplated the joint development by Cantor and Reuters of an electronic trading system for certain transactions in non-United States government bonds. Cantor and Reuters did not develop this electronic trading system. In the arbitration, Reuters alleged that Cantor materially breached the agreement primarily by failing to provide non-screen, voice brokerage data concerning non-United States government bonds and U.S. municipal bonds that Reuters contends are subject to the agreement and fraud. Reuters sought to recover from Cantor amounts representing past payments for market data, the reimbursement of attorneys' fees and other damages. Cantor denied Reuters' allegations that there had been any material breach of this agreement or fraud, and asserted a breach of contract claim and various other counterclaims against Reuters, including claims for Reuters' failure since February 1997 to pay any of the money due Cantor for data under this agreement. In February 1997, Reuters unilaterally ceased making such payments to Cantor in connection with the dispute and in November 1999 stopped distributing Cantor's market data that was provided to Reuters.

On December 30, 1999, Cantor entered into a new agreement with Reuters pursuant to which Cantor and Reuters settled outstanding disputes and terminated the 1993 agreement. The Company cannot assure you that Market Data Corporation will not seek to assert claims against

the Company or Cantor relating to our activities with respect to the 1993 agreement or the arbitration. Cantor has agreed to indemnify the Company with respect to any claims that may be asserted by Market Data Corporation or Reuters relating to the 1993 agreement or arising out of the arbitration.

On May 5, 1999, Cantor, The Board of Trade of the City of Chicago, The New York Mercantile Exchange and The Chicago Mercantile Exchange, were sued by Electronic Trading Systems, Inc. in the United States District Court for the Northern District of Texas (Dallas Division) for alleged infringement of Wagner United States patent 4,903,201, entitled "Automated Futures Trade Exchange". The patent relates to a system and method for implementing an electronic, computer-automated futures exchange. On July 1, 1999, Cantor answered the complaint, asserting, among other things, that the `201 patent was invalid and not infringed by Cantor and that Cantor was not the real party in interest. Although not identified by the complaint, Cantor believes that the system being charged with infringement is a version of the electronic trading system used by the Cantor Exchange((Service Mark)), which Cantor contributed to the Company in December 1999. Electronic Trading Systems Corporation executed a Covenant Not to Sue, Release and Settlement Agreement, dated February 18, 2000, pursuant to which it agreed not to sue Cantor Fitzgerald, L.P. or any of its affiliates or successors, including the Company, or any customers, for infringement of the `201 patent by the Cantor Exchange((Service Mark)). On March 22, 2000, counsel to the parties filed with the court a Joint Stipulation and (proposed) Order of Dismissal requesting that Cantor Fitzgerald, L.P. be dismissed from the case without prejudice by Electronic Trading Systems Corporation. On March 23, 2000, the Court signed an Agreed Order of Dismissal and on March 24, 2000 Cantor Fitzgerald, L.P. was dismissed from the case.

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.

Risks and Uncertainties: The majority of the Company's revenues consist of fees earned from Cantor in connection with its interactive electronic business-to-business vertical marketplaces. Revenues for these services are transaction based. As a result, the Company's revenues could vary based on the transaction volume of financial markets around the world.

6. Related Party Transactions

At December 31, 1999, the Company had overnight Resale Agreements with CFS totaling $134,644,521, including accrued interest. 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 among the Company and Cantor, the Company earns transaction revenue equal to a percentage of Cantor's commission revenue on customer transactions for services provided by the Company. The percentage of the transaction revenues range from 2.5% to 100%, depending on the type of electronic services provided for the

transaction. Revenues from such transactions during the period ended December 31, 1999 totaled $25,381,547.

On certain transactions (those where 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 revenue earned on the transaction. Charges to the Company from Cantor for such fulfillment services during the period ended December 31, 1999 totaled $3,527,945.

Under the Administrative Services Agreement, the Company 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 received from Cantor during the period ended December 31, 1999 totaled $12,459,574.

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 Service Agreement has a three-year term which will renew automatically for successive one-year terms unless cancelled upon six month's prior notice by either the Company or Cantor. The Company incurred administrative fees for such services during the period ended December 31, 1999 totaling $1,662,058.

7. Capitalization

The rights of holders of shares of Class A and Class B common stock are substantially identical, except that holders of Class B common stock are entitled to 10 votes per share, while holders of Class A common stock are entitled to one vote per share. Additionally, each share of Class B common stock is convertible at any time, at the option of the holder, into one share of Class A common stock.

8. Regulatory Capital Requirements

Through its subsidiary, eSpeed Government Securities, Inc., the Company is subject to Securities and Exchange Commission (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 December 31, 1999, eSpeed Government Securities, Inc.'s liquid capital of $1,536,699 was in excess of minimum requirements by $1,511,699.

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 December 31, 1999, eSpeed Securities, Inc. had net capital of $1,048,849, which was $572,325 in excess of its required net capital of $476,524, and eSpeed Securities, Inc.'s net capital ratio was 3.63 to 1.

9. Deferred Compensation Plan

Employees of the Company are eligible to participate in the Cantor Fitzgerald Deferral Plan (the Plan), which is a deferred-salary plan sponsored by CFLP, whereby an eligible employee may elect to defer a portion of his salary by directing the Company to contribute to the Plan. The Plan is available to all employees of the Company meeting certain eligibility requirements and is subject to the provisions of the Employee Retirement Income Security Act of 1974. While the Company has the option to contribute to the Plan on behalf of its participants, no such contribution was made during the period ended December 31, 1999. The administration of the Plan is performed by CFLP. The Company pays its proportionate share of such administrative costs under the Administrative Services Agreement.

10. Long-Term Incentive Plan

The Company has adopted a Long-Term Incentive Plan (the LT Plan) which will provide for awards in the form of 1) either incentive stock options or non-qualified stock options (NQSOs); 2) stock appreciation rights; 3) restricted or deferred stock; 4) dividend equivalents; 5) bonus shares and awards in lieu of obligations to pay cash compensation; and 6) other awards, the value of which is based in whole or in part upon the value of eSpeed's common stock.

The Compensation Committee of the Board of Directors administers the LT Plan and is generally empowered to select the individuals who will receive the awards and the terms and conditions of those awards.

The LT Plan also authorizes the automatic grant of NQSOs to non-employee directors upon initial election as a director and additional grants at each annual meeting thereafter. These options will have an exercise price equal to the fair market value of the Class A common stock on the date of grant.

11. Stock Purchase Plan

The Company has adopted a Stock Purchase Plan to permit eligible, including employees of Cantor, employees to purchase shares of eSpeed common stock at a discount. At the end of each purchase period, as defined, accumulated payroll deductions will be used to purchase stock at a price determined by a Stock Purchase Plan Administrative Committee, which will generally not be less than 85% of the lowest market price at various defined dates during the purchase period. The Company has reserved 425,000 shares of Class A common stock for issuance under the Stock Purchase Plan.

12. Options and Warrants

In connection and concurrent with the Offering, the Company issued options under the LT Plan to employees of Cantor, outside directors of the Company, and employees of the Company. In addition, the Company issued a warrant to a consultant. The options and warrants have contractual expiration dates of either five or ten years from the grant date, and give the holder the right to purchase shares of the Company's Class A common stock at the initial public offering price of $22. No options or warrants were exercised or expired and 24,900 options were forfeited during the period ended December 31, 1999.

The fair value of the options and warrants was estimated using a modified Black-Scholes option pricing model and the following assumptions: risk-free interest rate of 6%, no expected dividends, expected stock price volatility of 55%, and expected lives ranging from three to eight years from the grant date. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options or warrants.

The Company issued 135,000 warrants to a consultant in connection with the Offering. The grant date estimated fair value of $1,352,835 has been recorded as an increase to additional paid in capital and as an increase in Offering costs which have been charged against additional paid in capital. Accordingly, the issuance of the warrants resulted in no net change in additional paid in capital. The warrants are exercisable commencing on the one-year anniversary of the Offering.

The Company issued 282,005 vested options to Cantor employees that are exercisable on the first anniversary of the Offering and issued 10,000 immediately exercisable options to a consultant. The estimated fair value of the options at the time of the Offering resulted in a one-time non-cash charge to the Company of $2,850,073.

The Company also issued 6,227,445 options to employees and outside directors of the Company, of which 500,000 are immediately exercisable. The remaining options vest as follows: 3,915,000 spread ratably over the five successive anniversaries of the Offering, 1,752,445 spread ratably over the four successive anniversaries of the Offering, and 60,000 spread ratably over the three successive six month anniversaries of the Offering. The options had an estimated fair value of $82,758,567 as of the grant date. Had the Company accounted for these options in its stock based compensation plan based on the fair value of awards at grant date in a manner consistent with the methodology of SFAS 123, the Company's net loss and loss per common share would have increased by $6,642,591 and $0.15, respectively.

As of December 31, 1999, the weighted average remaining contractual life of options and warrants outstanding was approximately 9-1/4 years; and options for 510,000 shares were currently exercisable.

13. 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 66% of revenues for the period ended December 31, 1999. The remainder of the Company's revenues was derived from system services fees received 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 judgement, provides a reasonable representation of the activities of each region as of and for the period ended December 31, 1999:

TRANSACTION REVENUES

Europe	$ 5,392,923
Asia	450,457
Total Non-Americas	5,843,380
Americas	19,538,167
TOTAL	25,381,547

AVERAGE LONG-LIVED ASSETS	
Europe	$ 2,257,914
Asia	925,790
Total Non-Americas	3,183,704
Americas	5,236,613
TOTAL	$ 8,420,317

Quarterly Information (Unaudited)

The unaudited quarterly results of operations of the Company for 1999 are prepared in accordance with generally accepted accounting principles. The information presented reflects all adjustments (which consist of normal recurring accruals) that are, in management's opinion, necessary for the fair presentation of results of operations for the periods presented. Results of any period are not necessarily indicative of results for a full year.

		Quarter Ended		
	March 10 through 26, 1999	June 25, 1999	September 24, 1999	December 31, 1999
Total revenues	$ 1,948,250	$ 10,569,356	$ 11,621,863	$ 14,049,456
Total expenses	2,486,758	13,321,989	15,116,370	20,062,610
Loss before provision for income taxes	(538,508)	(2,752,633)	(3,494,507)	(6,013,154)
Income tax benefit	13,470	68,849	89,488	40,082
Net loss	$ (525,038)	$ (2,683,784)	$ (3,405,019)	$ (5,973,072)
Net loss per share	$ (0.01)	$ (0.06)	$ (0.08)	$ (0.13)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides information regarding our directors and executive officers:

Name	Age	Title
Howard W. Lutnick.....	38	Chairman of the Board and Chief Executive Officer
Frederick T. Varacchi.....	34	President and Chief Operating Officer; Director
Douglas B. Gardner.....	38	Vice Chairman; Director
Kevin C. Piccoli.....	42	Senior Vice President and Chief Financial Officer
Stephen M. Merkel.....	41	Senior Vice President, General Counsel and Secretary
Richard C. Breeden.....	50	Director(1)
Larry R. Carter.....	56	Director(1)
William J. Moran.....	58	Director(1)
Joseph P. Shea.....	45	Director

(1) Non-employee director.

Howard W. Lutnick. Mr. Lutnick has been our Chairman of the Board of Directors and Chief Executive Officer since June 1999. Mr. Lutnick joined Cantor in 1983 and has served as President and Chief Executive Officer of Cantor since 1991. He directs all facets of eSpeed's and Cantor's worldwide operations. Mr. Lutnick's company, CF Group Management, Inc., is the managing general partner of Cantor. Mr. Lutnick serves as co-chairman of the Cantor Exchange((Service Mark)). Mr. Lutnick is a member of the Executive Committee of the Intrepid Museum Foundation's Board of Trustees, the Zachary and Elizabeth M. Fisher Center for Alzheimer's Disease Research at Rockefeller University, the Board of Managers of Haverford College, the Board of Directors of City Harvest and the Board of Directors of New York City Public/Private Initiatives, Inc.

Frederick T. Varacchi. Mr. Varacchi has been our President and Chief Operating Officer since June 1999. Mr. Varacchi has been an Executive Managing Director and the Chief Operating Officer of Cantor since October 1999. From March 1998 to October 1999, he served as Senior Managing Director and Chief Information Officer of Cantor. Before joining Cantor, Mr. Varacchi was Senior Vice President and Chief Technology Officer of Greenwich/Natwest Capital Markets, overseeing information technology for the company from January 1995 to February 1998. From March 1990 to January 1995, Mr. Varacchi worked for Chase Manhattan Bank, where he held a variety of senior technology positions, including Head of Global Network Systems for Private Banking. From January 1989 to March 1990, Mr. Varacchi served in a variety of positions with Salomon Smith Barney, including as Head of Front Office Systems. Mr.

Varacchi is a member of the Board of Directors of Expert Ease Software and QV Trading Systems Inc.

Douglas B. Gardner. Mr. Gardner has been our Vice Chairman since June 1999. Mr. Gardner has been an Executive Managing Director of Cantor since October 1999. He previously served as Senior Managing Director and Chief Administrative Officer of Cantor from January 1994 to October 1999, where he was responsible for overseeing all worldwide finance and support related functions. Mr. Gardner serves as a director and is on the executive and finance committees of the Cantor Exchange((Service Mark)). Prior to joining Cantor, Mr. Gardner was a partner of DG Equities, a commercial and residential real estate developer and owner. From 1983 to 1985, Mr. Gardner was associated with Lehman Brothers in the High-Technology Division of its Corporate Finance Department.

Kevin C. Piccoli. Mr. Piccoli has been our Senior Vice President and Chief Financial Officer since September 1999. He has been a Managing Director of Cantor since October 1999 and Senior Vice President and Chief Financial Officer of Cantor, responsible for its global accounting, regulatory, management reporting and treasury functions, since July 1999. Prior to joining Cantor, he was a Managing Director and Chief Financial Officer at Greenwich Capital Holdings, Inc., a subsidiary of National Westminster Bank, from April 1992 to July 1999. Mr. Piccoli's responsibilities at Greenwich included global accounting, tax and regulatory reporting. Prior to joining Greenwich in April 1992, Mr. Piccoli was an audit partner at Coopers & Lybrand.

Stephen M. Merkel. Mr. Merkel has been our Senior Vice President, General Counsel and Secretary since June 1999. Mr. Merkel has also been Senior Vice President, General Counsel and Secretary of Cantor since 1993, where he is responsible for Cantor's legal, compliance, tax, risk and credit departments. Mr. Merkel serves as a director and Secretary of the Cantor Exchange((Service Mark)). Prior to joining Cantor, Mr. Merkel was Vice President and Assistant General Counsel of Goldman Sachs & Co. from February 1990 to May 1993. From September 1985 to January 1990, Mr. Merkel was associated with the law firm of Paul, Weiss, Rifkind, Wharton & Garrison.

Richard C. Breeden. Mr. Breeden has been our director since December 1999. Mr. Breeden has been Chairman of the Board and Chief Executive Officer of Equivest Finance, Inc., a publicly traded vacation ownership company, since October 1997 and President since October 1998. Mr. Breeden has served as Trustee for the Bennett Funding Group, Inc. since 1996. Mr. Breeden also has served as President of Richard C. Breeden & Co., a consulting firm, since 1996. From 1993 to 1996, Mr. Breeden served as Chairman of the worldwide financial services practice of Coopers & Lybrand and, from 1989 to 1993, Mr. Breeden was Chairman of the U.S. Securities and Exchange Commission. Mr. Breeden was a director of The Philadelphia Stock Exchange, Inc.

Larry R. Carter. Mr. Carter has been our director since December 1999. Mr. Carter joined Cisco Systems in January 1995 as Vice President, Finance and Administration and as Chief Financial Officer and Secretary. In July 1997, he was promoted to Senior Vice President, Finance and Administration, Chief Financial Officer and Secretary. From 1992 to January 1995, Mr. Carter was Vice President and Corporate Controller at Advanced Micro Devices. His career

also includes four years with V.L.S.I. Technology Inc. as Vice President, Finance and Chief Financial Officer and two years at S.G.S. Thompson Microelectronics Inc. as Vice President, Finance, Administration and Chief Financial Officer. He also spent 19 years at Motorola, Inc., where he held a variety of financial positions, the last being Vice President and Controller, M.O.S. Group. Mr. Carter is on the Board of Directors of Network Appliance, Inc., Ultratech Stepper, Inc. and QLogic Corporation.

William J. Moran. Mr. Moran has been our director since December 1999. Mr. Moran joined the Chase Manhattan Corporation and the Chase Manhattan Bank in 1975 as Internal Control Executive. After several promotions, Mr. Moran was named General Auditor in 1992, Executive Vice President in 1997 and a member of the Management Committee in 1999. Before joining Chase, Mr. Moran was with the accounting firm of Peat, Marwick, Mitchell & Co. for nine years.

Joseph P. Shea. Mr. Shea has been our director since December 1999. Mr. Shea has been with Cantor since 1989. He has been Executive Managing Director since October 1999, was Senior Managing Director in charge of U.S. taxable fixed income securities from 1997 to 1999, was Managing Director of the corporate bond and U.S. government agency securities departments from 1995 to 1997 and was Managing Director of the corporate bond department from 1989 to 1995.

Committees of the Board

The members of the Audit Committee are Messrs. Breeden, Carter and Moran, all of whom are non-employee directors. The Audit Committee is responsible for recommending to the board of directors the engagement of our independent auditors and reviewing with our independent auditors the conduct and results of the audits, our internal accounting controls, audit practices and the professional services furnished by our independent auditors.

The members of the Compensation Committee are Messrs. Breeden, Carter and Moran, all of whom are non-employee directors. The Compensation Committee is responsible for reviewing and approving all compensation agreements for our officers and for administering our stock option plan and our stock purchase plan.

The Audit Committee and the Compensation Committee were each formed upon the closing of the initial public offering in December 1999. Neither committee met during the year ended December 31, 1999.

Compensation of Directors

Directors who are also our employees do not receive additional compensation for serving as directors. We have granted our initial non-employee directors options to purchase 20,000 shares of our common stock at an exercise price per share equal to $22.00, which was the initial public offering price of our Class A common stock on December 10, 1999. Any other options to be granted to non-employee directors will be in amounts to be determined by our board of directors. Non-employee directors are also reimbursed for out-of-pocket expenses incurred in attending meetings of our board of directors or committees of our board of directors.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the United States, our directors, executive officers and any person holding more than 10% of our Class A common stock are required to file initial forms of ownership of our Class A common stock and reports of changes in that ownership at the Securities and Exchange Commission. Specific due dates for these forms have been established, and we are required to disclose in this report any failure to file by these dates.

Based solely on our review of the copies of such forms received by it with respect to fiscal 1999, or written representations from certain reporting persons, to the best of our knowledge, all reports were filed on a timely basis, except for Mr. Moran's Form 3, which was amended to report inadvertently omitted information, and Mr. Merkel's Form 4, which was filed late.

ITEM 11. EXECUTIVE COMPENSATION

The following table provides certain summary information concerning all compensation earned by our Chief Executive Officer and each of the other four most highly compensated executive officers (collectively, the "Named Executive Officers") whose annual salary and bonus for the year ended December 31, 1999 exceeded $100,000 in the aggregate.

Summary Compensation Table

Name and Principal Position	Year	March 10, 1999 through December 31, 1999 Compensation-Salary	Long-Term Compensation Awards Securities Underlying Options (#)
Howard W. Lutnick..... Chairman and Chief Executive Officer	1999	$280,000	2,500,000
Frederick T. Varacchi..... President and Chief Operating Officer	1999	400,000	800,000
Douglas B. Gardner..... Vice Chairman	1999	200,000	375,000
Kevin C. Piccoli..... Senior Vice President and Chief Financial Officer	1999	100,000	65,000
Stephen M. Merkel..... Senior Vice President and General Counsel	1999	120,000	100,000

The following table sets forth the options granted during 1999 and the value of the options held on December 31, 1999 by our Named Executive Officers:

OPTION GRANTS IN LAST FISCAL YEAR
Individual Grants

Name	Number of Shares Underlying Options Granted	Percent of Total Options Granted to Employees in 1999	Exercise or Base Price ($/share)	Expiration Date	Grant Date Present Value ($)(3)
Howard W. Lutnick.....	2,000,000(1)	34.9%	$22.00	12/09/09	$ 29,089,173
Howard W. Lutnick.....	500,000(2)	8.7%	$22.00	12/09/04	$ 5,344,797
Frederick T. Varacchi.....	800,000(1)	13.9%	$22.00	12/09/09	$ 11,635,669
Douglas B. Gardner.....	375,000(1)	6.5%	$22,00	12/09/09	$ 5,454,220
Kevin C. Piccoli.....	65,000(1)	1.1%	$22.00	12/09/09	$ 945,398
Stephen M. Merkel.....	100,000(1)	1.7%	$22.00	12/09/09	$ 1,454,459

(1) The options vest and become exercisable in five annual installments beginning December 10, 2000.

(2) These options are immediately vested and exercisable.

(3) The fair value of the options was estimated using a modified Black-Scholes option pricing model and the following assumptions: risk-free interest rate of 6%, no expected dividends, expected stock price volatility of 55 and assumed to be exercised at 80% of their original life.

The following table provides information, with respect to the Named Executive Officers, concerning options held as of December 31, 1999.

Aggregated Option/Exercises In Last Fiscal Year and Fiscal Year-End Option/Values

Name	Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End (#) Exercisable	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End (#) Unexercisable	Value of Unexercised In-the-Money Options/ SARs at Fiscal Year-End($)(1) Exercisable	Value of Unexercised In-the-Money Options/ SARs at Fiscal Year-End($)(1) Unexercisable
Howard W. Lutnick.....	0	--	500,000	2,000,000	$6,781,250	$27,125,000
Frederick T. Varacchi.....	0	--	0	800,000	0	10,850,000
Douglas B. Gardner.....	0	--	0	375,000	0	5,085,938
Kevin C. Piccoli.....	0	--	0	65,000	0	881,563
Stephen M. Merkel.....	0	--	0	100,000	0	1,356,250

(1) Based on the last reported price of $35.5625 for the Class A common stock on December 31, 1999.

Compensation Committee Interlock and Insider Participation

The Compensation Committee of the board of directors consists of Messrs. Breeden, Carter and Moran. All of the members of the Compensation Committee are non-employee directors and are not former officers. During 1999, none of our executive officers served as a member of the board of directors or on the compensation committee of a corporation where any of its executive officers served on our Compensation Committee or on our board of directors.

1999 Long-Term Incentive Plan

In December 1999, our board of directors and stockholder approved the adoption of our 1999 Long-Term Incentive Plan. The purpose of the plan is to allow us to attract, retain and award present and prospective officers, employees, directors, consultants and certain other individuals (including employees of Cantor) and to compensate them in a way that provides additional incentives and enables such individuals to increase their ownership interests in our Class A common stock. Individual awards under the plan may take the form of:

o either incentive stock options or non-qualified stock options;

o stock appreciation rights;

o restricted or deferred stock;

o dividend equivalents;

o bonus shares and awards in lieu of our obligations to pay cash compensation; and

o other awards, the value of which is based in whole or in part upon the value of our Class A common stock.

The plan is generally administered by the Compensation Committee, except that our board will perform the committee's functions under the plan for purposes of grants of awards to non-employee directors, and may perform any other function of the committee as well. The Compensation Committee generally is empowered to select the individuals who will receive awards and the terms and conditions of those awards, including the number of shares subject to the award exercise prices for options and other exercisable awards, vesting and forfeiture conditions (if any), performance conditions, the extent to which awards may be transferable and periods during which awards will remain outstanding. Awards may be settled in cash, shares, other awards or other property, as determined by the Compensation Committee. In January 2000, our board delegated its authority to grant awards under the plan, other than grants to executive officers and directors, to a combination of either (i) Mr. Lutnick and Mr. Varacchi or (ii) Mr. Lutnick and Mr. Gardner, provided that the Compensation Committee will review such grants on a quarterly basis.

The maximum number of shares of our Class A common stock that may be subject to outstanding awards under the plan will not exceed 20% of the aggregate number of shares of all classes of common stock outstanding determined immediately after each award is granted. The number of shares deliverable upon exercise of incentive stock options is limited to 10,000,000 shares of Class A common stock.

In connection with our initial public offering on December 10, 1999, options in the form of non-qualified stock options to purchase a total of 6,227,445 shares of Class A common stock had been granted to our directors, executive officers and other employees as follows: 20,000 shares to each of our three initial non-employee directors, 250,000 shares to Joseph Shea, 2,500,000 shares to Howard Lutnick, 800,000 shares to Frederick Varacchi, 375,000 shares to Douglas Gardner, 100,000 shares to Stephen Merkel, 65,000 shares to Kevin Piccoli, 2,077,445 shares to our other employees and other persons eligible to receive options under our plan. In addition, options to purchase 282,005 shares to employees of Cantor and 10,000 shares to a consultant were also issued in connection with our initial public offering. Each of the above options has an exercise price per share equal to the initial public offering price. Except as to Mr. Lutnick, all options are non-transferable. As to Mr. Lutnick, the options to purchase 500,000 shares are immediately exercisable and are transferable to members of his family (or a trust established for the benefit of his family) in order to facilitate his estate planning. In addition, the options issued to the consultant are exercisable immediately. The options granted to our executive officers vest over a period of five years and the options granted to all other employees vest over a period of four years. All options and expire on the earlier of 10 years after the date of grant or in connection with a termination of employment. However, Mr. Lutnick's immediately exercisable options and the options granted to Cantor employees expire five years after the date of grant and generally do not terminate in connection with a termination of employment. All options generally shall vest and become exercisable upon a change in control of eSpeed, except that as to Messrs. Varacchi, Gardner, Merkel, Piccoli, Shea and Lee Amaitis (the "Covered Employees"), their options shall vest but continue to become exercisable in accordance with their original vesting schedule (regardless of whether their employment with eSpeed continues).

However, if, following the change in control of eSpeed, Mr. Lutnick at any time ceases to be eSpeed's chairman and chief executive officer (other than by reason of his death or disability), all then-unexercisable options held by the Covered Employees shall become fully exercisable as of such date.

The plan will remain in effect until terminated by our board. The plan may be amended by our board without the consent of our stockholders, except that any amendment, although effective when made, will be subject to stockholder approval if required by any Federal or state law or regulation or by the rules of any stock exchange or automated quotation system on which our common stock may then be listed or quoted.

The number of shares reserved or deliverable under the plan and the number of shares subject to outstanding awards are subject to adjustment in the event of stock splits, stock dividends and other extraordinary corporate events.

We generally will be entitled to a tax deduction equal to the amount of compensation realized by a participant through awards under the plan, except (1) no deduction is permitted in connection with incentive stock options if the participant holds the shares acquired upon exercise for the required holding periods; and (2) deductions for some awards could be limited under the $1.0 million deductibility cap of Section 162(m) of the Internal Revenue Code. This limitation, however, should not apply to awards granted under the plan during a grace period of approximately three years following our initial public offering in December 1999 , and should not apply to certain options, stock appreciation rights and performance-based awards granted thereafter if we comply with certain requirements under Section 162(m).

Stock Purchase Plan

In November 1999, our board of directors and stockholder approved the adoption of our Stock Purchase Plan. The Stock Purchase Plan will permit our eligible employees to purchase shares of our common stock at a discount. Employees who elect to participate will have amounts withheld through payroll deductions during purchase periods. At the end of each purchase period, accumulated payroll deductions will be used to purchase stock at a price determined by the administrative committee that administers the Stock Purchase Plan, but which will not be less than 85% of the lower of the market price at the beginning of the purchase period or the end of the purchase period, including interim dates, as may be determined by the administrative committee. Our Class A common stock that is purchased under the Stock Purchase Plan may be subject to a holding period. We have reserved 425,000 shares of our Class A common stock for issuance under the Stock Purchase Plan.

The Stock Purchase Plan will remain in effect until terminated by our board or until no shares of our Class A common stock are available for issuance under the Stock Purchase Plan. The Stock Purchase Plan may be amended by our board without the consent of our stockholders, except that any amendment, although effective when made, will be subject to stockholder approval if required by any federal or state law or regulation or by the rules of any stock exchange or automated quotation system on which our common stock may then be listed or quoted.

The Stock Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code, and as such, we will not be entitled to any tax deduction where a participant holds the purchased shares for the longer of two years from the beginning of the purchase period, or one year from the end of the purchase period.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

By Management. The following table sets forth certain information, as of March 15, 2000, with respect to the beneficial ownership of our common equity by: (i) each director; (ii) each of the Named Executive Officers; and (iii) all executive officers and directors as a group. Each person listed below can be reached at our headquarters located at One World Trade Center, 103rd Floor, New York, NY 10048. Shares of Class B common stock are convertible into shares of Class A common stock at any time in the discretion of the holder on a one-for-one basis. Accordingly, a holder of Class B common stock is deemed to be the beneficial owner of an equal amount of number of shares of Class A common stock for purposes of this table.

	Beneficial Ownership(1)			
	Class A Common Stock		Class B Common Stock	
Name	Shares	%	Shares	%
Howard W. Lutnick	41,150,000(2)	79.9%	40,650,000(3)	100%
Frederick T. Varacchi	--	--	--	--
Douglas B. Gardner	--	--	--	--
Kevin C. Piccoli	--	--	--	--
Stephen M. Merkel(4)	2,250	*	--	--
Richard C. Breeden	22,500	*	--	--
Larry R. Carter(5)	45,500	*	--	--
William J. Moran	3,000	*	--	--
Joseph P. Shea	--	--	--	--
All executive officers and directors as a group (9 persons)	41,223,250	80.0%	40,650,000	100%

* Less than 1 %

(1) Based upon information supplied by officers and directors, and filings under Sections 13 and 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(2) Consists of (1) 500,000 immediately exercisable options, (2) 8,800,000 shares of Class B common stock held by Cantor Fitzgerald, L.P., which shares are immediately convertible into shares of Class A common stock, and (3) 31,850,000 shares of Class B common stock held by Cantor Fitzgerald Securities, which shares are immediately convertible into Class A common stock. Cantor Fitzgerald, L.P. is the managing partner of Cantor Fitzgerald Securities. CF Group Management, Inc. is the Managing General Partner of Cantor Fitzgerald, L.P. and Mr. Lutnick is the President and sole stockholder of CF Group Management, Inc.

(3) Consists of (1) 8,800,000 shares of Class B common stock held by Cantor Fitzgerald, L.P., which shares are immediately convertible into shares of Class A common stock, and (2) 31,850,000 shares of Class B common stock held by Cantor Fitzgerald Securities, which shares are immediately convertible into Class A common stock. Cantor Fitzgerald, L.P. is the managing partner of Cantor Fitzgerald Securities. CF Group Management, Inc. is the Managing General Partner of Cantor Fitzgerald, L.P. and Mr. Lutnick is the President and sole stockholder of CF Group Management, Inc.

(4) These shares are beneficially owned by Mr. Merkel's spouse.

(5) The shares are owned by Cavallino Ventures LLC, of which Mr. Carter is the President.

By Others. The following table sets forth certain information, as of March 15, 2000, with respect to the beneficial ownership of our common equity by each person or entity known to us to beneficially own more than 5% of our Class A common stock and Class B common stock, other than our officers and directors. Unless indicated otherwise, the address of each entity listed is One World Trade Center, New York, NY 10048, and each entity listed has sole voting and investment powers over the shares beneficially owned. Shares of Class B common stock are convertible into shares of Class A common stock at any time in the discretion of the holder on a one-for-one basis. Accordingly, a holder of Class B common stock is deemed to be the beneficial owner of an equal amount of number of shares of Class A common stock for purposes of this table.

	Beneficial Ownership(1)			
	Class A Common Stock		Class B Common Stock	
Name	Shares	%	Shares	%(2)
Cantor Fitzgerald Securities	31,850,000(3)	75.5%(4)	31,850,000	78.35%
Cantor Fitzgerald, L.P.	40,650,000(5)	79.7%(6)	40,650,000(5)	100%
CF Group Management, Inc.	40,650,000(7)	79.7%(6)	40,650,000(7)	100%
Fred Alger(8)	874,200	8.5%(9)	--	--
Essex Investment Management Company(10)	1,291,405	12.5%(9)	--	--
Nicholas Applegate Capital Management(11)	703,011	6.8%(9)	--	--

(1) Based upon filings under Section 13 of the Exchange Act.

(2) Based on 40,650,000 shares of Class B common stock outstanding on March 15, 2000.

(3) Consists of 31,850,000 shares of Class B common stock which are immediately convertible into shares of Class A common stock.

(4) Percentage based on 10,350,000 shares of Class A common stock outstanding on March 15, 2000 and 31,850,000 shares of Class B common stock immediately convertible into Class A common stock.

(5) Consists of 8,800,000 shares of Class B common stock owned by Cantor Fitzgerald, L.P. and 31,850,000 shares of Class B common stock owned by Cantor Fitzgerald Securities, which shares are immediately convertible into Class A common stock. Cantor Fitzgerald, L.P. is the managing partner of Cantor Fitzgerald Securities.

(6) Percentage based on 10,350,000 shares of Class A common stock outstanding on March 15, 2000 and 40,650,000 shares of Class B common stock immediately convertible into Class A common stock.

(7) Includes 31,850,000 shares of Class B common stock held by Cantor Fitzgerald Securities and 8,800,000 shares of Class B common stock held by Cantor Fitzgerald L.P., which shares are immediately convertible into Class A common stock. CF Group Management, Inc. is the Managing General Partner of Cantor Fitzgerald, L.P.

(8) Fred Alger Management, Inc. and Fred M. Alger III beneficially own the 874,200 shares of Class A common stock as a group. They have shared voting and sole dispositive power with respect to the shares. The address of Fred Alger Management Inc. and Fred M. Alger III is One World Trade Center, Suite 9333, New York, NY 10048.

(9) Percentage based on 10,350,000 shares of Class A common stock outstanding on March 15, 2000.

(10) The address of Essex Investment Management Company is 125 High Street, Boston, MA 02110. Essex Investment Management Company has sole voting power with respect to only 943,485 shares of Class A common stock.

(11) The address of Nicholas Applegate Capital Management is 600 West Broadway, 29th Floor, San Diego, CA 92101. Nicholas Applegate Capital Management has sole voting power with respect to only 550,917 shares of Class A common stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Formation Transactions

Concurrently with our initial public offering, Cantor contributed to us substantially all of our assets. These assets primarily consist of proprietary software, network distribution systems, technologies and related contractual rights that comprise our eSpeed((Service Mark)) system. In exchange for these assets, we issued to Cantor 43,999,900 shares of our Class B common stock, representing approximately 98% of the voting power of our outstanding capital stock. Cantor converted 3,350,000 of these shares into shares of the Class A common stock which it sold in our initial public offering.

Cantor conceived of and has been developing systems to promote fully electronic marketplaces since the early 1990's. Since 1996, Cantor has invested more than $200 million in information technology, which culminated in the development of our eSpeed((Service Mark)) system. Cantor's technology initiatives during this period included software development, infrastructure and maintenance associated with operating Cantor's entire global securities business. The evolutionary process which led to the development of our eSpeed((Service Mark)) system was a combination of the development of Cantor's brokerage, trading, clearance, settlement, analytical pricing and related systems and was impacted by the continual improvement in computer processing and the changing trading environment. Accordingly, it is difficult to separately quantify development or other systems costs associated with the ultimate development of our eSpeed((Service Mark)) system as it emanated in part from all of the information technology initiatives of Cantor.

Since January 1996, Cantor has used our eSpeed((Service Mark)) system internally to conduct electronic trading. In March 1999, the first fully electronic transaction using our eSpeed((Service Mark)) system was executed by a client.

Cantor has previously entered into contractual agreements or other arrangements with many of the participants that trade in our electronic marketplaces. These agreements and arrangements provide the general terms and conditions, including those relating to warranties and allocations of liability, under which those participants may electronically execute trades in our marketplaces; none of these participants are obligated to use our marketplaces under these agreements. We have the rights and obligations under many of these arrangements as they relate to operating our eSpeed((Service Mark)) system. Certain of our subsidiaries have been registered as broker-dealers with the National Association of Securities Dealers, Inc. We also intend to obtain any foreign regulatory approvals for our foreign subsidiaries that are necessary or advisable. As we receive the regulatory approvals and licenses necessary to operate our electronic marketplaces

globally and increase client awareness of our electronic marketplaces, we intend to enter directly into tri-party agreements and other arrangements with clients and Cantor. We assist market participants, including Cantor, in participating in the electronic marketplaces that are created and supported by our eSpeed((Service Mark)) system. We share with Cantor a portion of the transaction-based revenues paid by market participants for transactions effected through our electronic marketplaces or which are otherwise electronically assisted. Cantor and many of the largest financial institutions in the world are currently our primary clients.

Cantor operates its equity dealing business, money market and securities lending business, matched book repurchase agreement business, investment advisory business and other specified businesses, including those in which Cantor acts as a dealer. These businesses are carried out in over 10 locations around the world. We do not share in any revenues generated by these businesses, other than service fees we may become entitled to receive in connection with hardware maintenance and other systems support development services we may provide to Cantor. Cantor also provides voice brokerage services, clearance, settlement and fulfillment services and other related services in connection with our electronic marketplaces. Accordingly, upon conversion of Cantor's marketplaces to our eSpeed((Service Mark)) platform, orders for financial instruments will continue to be received and executed by Cantor brokers over the telephone, and this method of order entry by Cantor into our electronic trading platform is contemplated to continue for the foreseeable future. It is anticipated that a significant percentage of orders and revenues will continue to be recorded by Cantor, and a sharing of commissions (as described below under "Joint Services Agreement") with us will occur. Since it is not possible to predict the level of acceptance by clients, and individual traders located within each client, of fully electronic order entry processing, we anticipate that each marketplace product will experience widely varying direct electronic usage rates by clients and their trading personnel.

We entered into the agreements described below in connection with the formation transactions and to help define the terms of our relationship with Cantor in the future. In an effort to mitigate conflicts of interest between us and Cantor, we and Cantor have agreed that none of these agreements may be amended without the approval of a majority of our disinterested directors.

Assignment and Assumption Agreements

In December 1999, we entered into Assignment and Assumption Agreements with Cantor pursuant to which Cantor contributed to us rights and interests in the assets and contractual and other arrangements which comprise our eSpeed((Service Mark)) system. In consideration for the contribution of these assets, rights and interests, we issued to Cantor shares of our Class B common stock representing approximately 100% of the outstanding shares of our capital stock prior to our initial public offering and we assumed certain liabilities relating to the assets which Cantor contributed to us. These liabilities include accrued compensation and benefits and other accrued liabilities. Under the terms of the Assignment and Assumption Agreements, Cantor has agreed to indemnify us with respect to liabilities and losses we suffer which result from the operation of, and events relating to, the assets transferred to us prior to and in connection with their transfer, except that we will assume the defense of and indemnify Cantor with respect to any liabilities arising out of the patent litigation involving Liberty Brokerage. We have agreed to indemnify

Cantor with respect to liabilities and losses which they suffer which result from our ownership and operation of these assets.

Joint Services Agreement

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 non-financial products. This agreement provides for a perpetual term. Under the agreement, we own and operate the electronic trading systems and are responsible for providing electronic brokerage services, and Cantor will provide voice-assisted brokerage services, clearance, settlement and fulfillment services and related services, such as credit and risk management services, oversight of client suitability and regulatory compliance, sales positioning of products and other services customary to brokerage operations.

All information and data (other than information relating to bids, offers or trades or other information that is input into, created by or otherwise resides on an electronic trading system for financial products) created, developed, used in connection with or relating to the operation of and effecting of transactions in any marketplace are the sole property of Cantor or us, as applicable, on the following basis: (1) if the data relate to financial products, the data belong solely to Cantor, (2) if the data relate to a collaborative marketplace in which only products that are non-financial products are traded, the ownership of the data will be determined by Cantor and us on a case-by-case basis through good faith negotiations, (3) if the data relate to a marketplace in which we do not collaborate with Cantor but in which we provide electronic brokerage services and only non-financial products are traded, the data belong solely to us and (4) if the data relate to a non-collaborative marketplace that is not a marketplace in which we provide electronic brokerage services and in which financial products are traded, the data belong solely to Cantor. All right, title and interest in the data relating to bids, offers or trades or other information that is input into, created by or otherwise resides on an electronic trading system for financial products belong to Cantor. We have the right to use such data only in connection with the execution of transactions in such markets.

Commission Sharing Arrangement

Under this agreement, we and Cantor share revenues derived from transactions effected in the marketplaces in which we collaborate and other specified markets. We have agreed to collaborate with Cantor to determine the amount of commissions to be charged to clients that effect transactions in these marketplaces; however, in the event we are unable to agree with Cantor with respect to a transaction pricing decision, Cantor is entitled to make the final pricing decision with respect to transactions for which Cantor provides voice-assisted brokerage services and we are entitled to make the final pricing decision with respect to transactions that are fully electronic. We may not make a final transaction pricing decision that results in the share of transaction revenues received by Cantor being less than Cantor's actual cost of providing clearance, settlement and fulfillment services and other transaction services. In some cases, we receive the aggregate transaction revenues and pay a service fee to Cantor. In other cases, Cantor receives the aggregate transaction revenues and pays a service fee to us. The amount of the

service fee and the portion of the transaction revenues that we and Cantor receive is based on several factors, including whether: (1) the marketplace is one in which we collaborate with Cantor; (2) the transaction is fully electronic or Cantor provides voice-assisted brokerage services; (3) the product traded is a financial product; and (4) the product is traded on the Cantor Exchange((Service Mark)). Generally, we share revenues as follows:

Fully Electronic Transactions in Collaborative Marketplaces. If a transaction is fully electronic and is effected in a marketplace in which we collaborate with Cantor, we receive the aggregate transaction revenues and pay to Cantor a service fee equal to:

o 35% of the transaction revenues, if the product is a financial product that is not traded on the Cantor Exchange((Service Mark));

o 20% of the transaction revenues, if the product is traded on the Cantor Exchange((Service Mark));

o an amount determined on a case-by-case basis, if the product is not a financial product and is not traded on the Cantor Exchange((Service Mark)).

Voice-Assisted Transactions in Collaborative Marketplaces. Generally, if Cantor provides voice-assisted brokerage services with respect to a transaction that is effected in a marketplace in which we collaborate with Cantor:

o Cantor receives the aggregate transaction revenues and pays to us a service fee equal to 7% of the transaction revenues, if the product is a financial product that is not traded on the Cantor Exchange((Service Mark)) other than in certain instances in which we receive the aggregate transaction revenues and Cantor receiving a 35% service fee;

o we receive the aggregate transaction revenues and pay to Cantor a service fee equal to 55% of the transaction revenues, if the product is traded on the Cantor Exchange((Service Mark)); and

o we receive an amount determined on a case-by-case basis, if the product is not a financial product and is not traded on the Cantor Exchange ((Service Mark)).

Non-Collaborative Marketplaces Involving Electronic Brokerage Services. If a transaction is effected in a marketplace in which we do not collaborate with Cantor:

o Cantor receives the aggregate transaction revenues and pays to us a service fee equal to 30% of the portion of the transaction revenues we would have received had we collaborated with Cantor, if Cantor either itself or through a third party provides electronic brokerage services in that marketplace;

o we receive the aggregate transaction revenues and pay to Cantor a service fee equal to 20% of the transaction revenues, if the product is a financial product and we provide electronic brokerage services; and

o we receive 100% of the transaction revenues and do not pay Cantor a service fee, if the product is not a financial product and we provide electronic brokerage service.

Electronically Assisted Transactions in Non-Electronic Marketplaces. If a transaction is not effected in an electronic marketplace, but is electronically assisted, such as a screen assisted open outcry transaction, we receive 2.5% of the transaction revenues.

In the event that Cantor's direct costs payable to third parties for providing clearance, settlement and fulfillment services with respect to a transaction in a collaborative marketplace with respect to any financial product for any month exceed the direct costs incurred by Cantor to clear and settle a cash transaction in United States Treasury securities for such month, the cost of the excess is borne pro rata by Cantor and us in the same proportion as the transaction revenues and service fees for such transaction are to be shared.

In the event that a client does not pay, or pays only a portion of, the transaction revenues relating to a transaction, then we and Cantor each bear our respective share of the loss based on the percentage of the transaction revenues we would otherwise have been entitled to receive with respect to such transaction.

System Services

We also provide to Cantor technology support services, 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, settlement and fulfillment services, (7) systems support for Cantor brokers, (8) electronic applications systems and network support and development for the unrelated dealer businesses with respect to which we do 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 gaming business. Cantor pays to us an amount equal to the direct and indirect costs, including overhead, that we incur in performing these services. We do not receive service fees or are otherwise entitled to share in transaction revenues relating to the system services that we provide to Cantor for unrelated dealer businesses. We have agreed not to use confidential information, including business plans and software, obtained from or used by Cantor in connection with the provision of these services to parties other than Cantor. For the purposes of the Joint Services Agreement, an unrelated dealer business means (1) Cantor's equity businesses as they exist from time to time, (2) Cantor's money market instruments and securities lending division, as they exist from time to time, (3) any business or portion thereof or activity in which Cantor acts as a dealer or otherwise takes market risk or positions, including in the process of executing matched principal transactions,

providing the services of a specialist or market maker or providing trading or arbitrage operations, (4) activities wherever located that would, if conducted in the United Kingdom, be subject to the United Kingdom Gaming Act of 1963 or activities wherever located currently or in the future involving betting, gambling, odds making, lotteries, gaming, wagering, staking, drawing or casting losts and similar or related activities and (5) any business not involving operating a marketplace.

Intellectual Property

Cantor has granted to us a license covering Cantor's patents and patent applications that relate to the eSpeed((Service Mark)) system. The license is perpetual, irrevocable, world-wide and royalty free and is exclusive, except in the event that (1) we are unwilling to provide to Cantor any requested services covered by the patents with respect to a marketplace and Cantor elects not to require us to do so, or we are unable to provide such services or (2) we do not exercise our right of first refusal to provide to Cantor electronic brokerage services with respect to a marketplace, in which events Cantor will have a limited right to use the patents and patent applications solely in connection with the operation of that marketplace. Cantor will cooperate with us, at our expense, in any attempt by us to prevent any third party infringement of our patent rights under the license.

Cantor has also granted to us a non-exclusive, perpetual, irrevocable worldwide, royalty-free right and license to use the trademarks "Cantor Exchange," "Interactive Matching" and "CX".

Non-competition and Market Opportunity Provisions

The Joint Services Agreement imposes the following performance obligations on us and restricts our ability to compete with Cantor and Cantor's ability to compete with us in the following circumstances:

o If Cantor wishes to create a new financial product marketplace, Cantor may require us to provide electronic brokerage services with respect to that marketplace. We must use our commercially reasonable efforts to develop an electronic trading system for that marketplace within a specified time period. If, after diligent effort, we are unable to do so, we have no liability to Cantor for our failure and Cantor may create and operate the marketplace in any manner that Cantor deems to be acceptable. Cantor's proposal to create a new marketplace must be commercially reasonable and Cantor must diligently pursue the development of the marketplace and cause the new marketplace to become operational within a specified time period.

o If Cantor wishes to create a new financial product marketplace and Cantor does not require us to develop an electronic trading system for that marketplace as described in the preceding paragraph, Cantor must, in any event, notify us of its intention to create the new marketplace. We will have a right of first refusal to provide electronic brokerage services with respect to that marketplace. We must use commercially reasonable efforts to develop and put into operation an electronic trading system for the marketplace within a specified time period. If

we are able to do so, transactions in the marketplace will be subject to the revenue sharing arrangements described above. If we are unable to do so, or we elect not to provide electronic brokerage services with respect to the new marketplace, Cantor may provide or otherwise obtain electronic brokerage services for that marketplace in any manner that Cantor deems to be acceptable. Cantor's proposal to create a new marketplace must be commercially reasonable and Cantor must diligently pursue the development of the marketplace and cause the new marketplace to become operational within a specified time period.

o If Cantor wishes to create a new electronic marketplace for a product that is not a financial product, Cantor must notify us of its intention to do so. We will have the opportunity to offer to provide the electronic brokerage services with respect to the new marketplace. If Cantor rejects our offer, Cantor may operate the marketplace in any manner that Cantor deems to be acceptable.

o If we wish to create a new electronic marketplace for a financial product, we must notify Cantor of our intention to do so. Cantor will have a right of first refusal to provide the applicable voice-assisted brokerage services, clearance, settlement and fulfillment services and/or related services for that marketplace. If Cantor (1) elects not to provide such services or (2) fails to notify us within a specified time period that it will provide such services, we may provide or otherwise obtain those services for that marketplace in any manner that we deem to be acceptable.

o If we wish to create a new electronic marketplace for a product that is not a financial product, we must notify Cantor of our intention to do so. Cantor will have the opportunity to offer to provide the applicable voice-assisted brokerage services, clearance, settlement and fulfillment services and/or related services for that marketplace. If we reject Cantor's offer, we may create and operate the marketplace in any manner that we deem to be acceptable.

o Subject to the exceptions described below, we may not directly or indirectly: (1) engage in any activities competitive with a business activity conducted by Cantor now or in the future; or (2) provide or assist any other person in providing voice-assisted brokerage services, clearance, settlement and fulfillment services and/or related services. We are permitted to engage in these activities:

o in collaboration with Cantor;

o with respect to a new marketplace involving a financial product, after Cantor has indicated that it is unable or unwilling to provide such voice-assisted brokerage services, clearance, settlement and fulfillment services and/or related services with respect to that marketplace;

o with respect to a new marketplace involving a product that is not a financial product, after having considered in good faith any proposal submitted by Cantor relating to the provision of those services; or

o with respect to an unrelated dealer business in which we develop and operate a fully electronic marketplace.

o Subject to the exceptions described below, Cantor may not directly or indirectly provide or assist any other person in providing electronic brokerage services. Cantor is permitted to engage in these activities:

o in collaboration with us; or

o with respect to a new marketplace, after (1) we have indicated that we are unable to develop an electronic trading system for that new marketplace within a specified time period or (2) we have declined to exercise our right of first refusal or have exercised our right of first refusal but are unable to develop an electronic trading system within a specified time period.

o The unrelated dealer businesses retained by Cantor are expressly excluded from our rights of first refusal and the restrictions on Cantor's ability to compete with us. However, we may create fully electronic marketplaces in unrelated dealer businesses.

We and Cantor are entitled to pursue and may enter into alliance opportunities, including strategic alliances, joint ventures, partnerships or similar arrangements, with third parties and consummate business combinations with third parties on the following basis only. If an alliance opportunity (1) relates to a person that directly or indirectly provides voice-assisted brokerage services and engages in business operations that do not involve electronic brokerage services, then Cantor is entitled to pursue and consummate a transaction with respect to that alliance opportunity, (2) relates to a person that directly or indirectly provides electronic brokerage services and engages in business operations that do not involve any voice-assisted brokerage service, then we are entitled to pursue and consummate a transaction with respect to that alliance opportunity or (3) is an alliance opportunity with respect to a person other than those described in clauses (1) and (2) above, then we and Cantor will cooperate to jointly pursue and consummate a transaction with respect to such alliance opportunity on mutually agreeable terms. A business combination includes a transaction initiated by and in which either we or Cantor is/are the acquirer involving (A) a merger, consolidation, amalgamation or combination, (B) 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, (C) any tender offer (including without limitation of a self-tender), exchange offer, recapitalization, dissolution or similar transaction, (D) 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 (E) entering into any agreement or understanding, or the granting of any rights or options, with respect to any of the foregoing.

Administrative Services Agreement

We have entered into an Administrative Services Agreement with Cantor that states the terms under which Cantor provides certain administrative and management services to us. Cantor

makes available to us some of its administrative and other staff, including its internal audit, treasury, legal, tax, human resources, corporate development and accounting staffs. Members of these staffs arrange for our insurance coverage and provide a wide array of services, including administration of our personnel and payroll operations, benefits administration, internal audits, facilities management, promotional sales and marketing, legal, risk management, accounting and tax preparation and other services. We reimburse Cantor for the actual costs incurred by Cantor, plus other reasonable costs, including reasonably allocated overhead and any applicable taxes. We have also entered into arrangements with Cantor under which we have the right to use certain assets, principally computer equipment, from Cantor relating to the operation of our eSpeed((Service Mark)) system. These assets are subject to operating leases with third party leasing companies. Under this provision of the Administrative Services Agreement, we have agreed to be bound by the general terms and conditions of the operating leases relating to the assets used by us. Under the Administrative Services Agreement, we provide sales, marketing and public relations services to Cantor. Cantor reimburses us for the actual costs incurred by us, plus other reasonable costs, including reasonably allocated overhead. The Administrative Services Agreement has a three-year term which will renew automatically for successive one-year terms unless canceled by either us or Cantor upon six months' prior notice; provided, however, that our right to use our New York space expires at the time that Cantor's lease expires in 2006 and our right to use our London office space expires at the earlier of (1) the time Cantor's lease expires in 2016 or (2) until Cantor ceases to be an affiliate of ours and Cantor asks us to vacate.

Registration Rights Agreement

Pursuant to the Registration Rights Agreement entered into by Cantor and us, Cantor has received piggyback and demand registration rights.

The piggyback registration rights allow Cantor to register the shares of Class A common stock issued or issuable to it in connection with the conversion of its Class B common stock whenever we propose to register any shares of Class A common stock for our own or another's account under the Securities Act for a public offering, other than:

o any shelf registration of shares of Class A common stock to be used as consideration for acquisitions of additional businesses; and

o registrations relating to employee benefit plans.

Cantor also has the right, on three occasions, to require that we register under the Securities Act any or all of the shares of Class A common stock issued or issuable to it in connection with the conversion of its Class B common stock. No more than one of these registrations may be demanded within the first year after the closing of our initial public offering. The demand and piggyback registration rights apply to Cantor and to any transferee of shares held by Cantor who agrees to be bound by the terms of the Registration Rights Agreement.

We have agreed to pay all costs of one demand and all piggyback registrations, other than underwriting discounts and commissions. All of these registration rights are subject to conditions and limitations, including (1) the right of underwriters of an offering to limit the number of

shares included in that registration; (2) our right not to effect any demand registration within six months of a public offering of our securities; and (3) that Cantor agrees to refrain from selling its shares during the period from 15 days prior to and 90 days after the effective date of any registration statement for the offering of our securities.

Potential Conflicts of Interest and Competition with Cantor

Various conflicts of interest between us and Cantor may arise in the future in a number of areas relating to our past and ongoing relationships, including potential acquisitions of businesses or properties, the election of new directors, payment of dividends, incurrence of indebtedness, tax matters, financial commitments, marketing functions, indemnity arrangements, service arrangements, issuances of our capital stock, sales or distributions by Cantor of its shares of our common stock and the exercise by Cantor of control over our management and affairs. A majority of our directors and officers also serve as directors and/or officers of Cantor. Simultaneous service as an eSpeed director or officer and service as a director or officer, or status as a partner, of Cantor could create or appear to create potential conflicts of interest when such directors, officers and/or partners are faced with decisions that could have different implications for us and for Cantor. Mr. Lutnick, our Chairman and Chief Executive Officer, is the sole stockholder of the managing general partner of Cantor. As a result, Mr. Lutnick controls Cantor. Cantor owns all of the outstanding shares of our Class B common stock, representing approximately 98% of the combined voting power of all classes of our voting stock. Mr. Lutnick's simultaneous service as our Chairman and Chief Executive Officer and his control of Cantor could create or appear to create potential conflicts of interest when Mr. Lutnick is faced with decisions that could have different implications for us and for Cantor.

Our relationship with Cantor may result in agreements that are not the result of arm's-length negotiations. As a result, the prices charged to us or by us for services provided under agreements with Cantor may be higher or lower than prices that may be charged by third parties and the terms of these agreements may be more or less favorable to us than those that we could have negotiated with third parties. However, we intend that transactions between us and Cantor and/or its other affiliates will be subject to the approval of a majority of our independent directors.

In addition, Cantor can compete with us under certain circumstances.

Consulting Services

For consulting services provided to us and Cantor by Martin J. Wygod in connection with our initial public offering, we have issued to Martin J. Wygod or his designees warrants to purchase 135,000 shares of our Class A common stock. The warrants have a five-year term and are exercisable commencing on the first anniversary of the date of issuance at a price per share equal to the initial public offering price. The warrants are not transferable, other than to charities and trusts established for the benefit of Mr. Wygod's children and grandchildren.

We granted Mr. Wygod piggyback and demand registration rights in connection with the warrants. The piggyback registration rights allow Mr. Wygod to have registered the shares of

Class A common stock issued or issuable upon exercise of the warrants and will be substantially similar to the piggyback registration rights to be granted to Cantor. Mr. Wygod also has the right, on one occasion, to require that we register under the Securities Act of 1933, a minimum of 75% of the aggregate number of shares of Class A common stock underlying the warrants. The demand registration right is only available when we are eligible to use Form S-3 to register the shares.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K:

(a)(1) Financial Statements. See index to Financial Statements on page 54.

(a)(2) All other schedules are omitted because they are not applicable, not required or the required information is in the Financial Statements or the Notes thereto.

(a)(3) The following Exhibits are filed as part of this Report as required by Regulation S-K. The Exhibits designated by an asterisk (*) are management contracts and compensation plans and arrangements required to be filed as Exhibits to this Report.

Exhibit Number		Description
2.1	--	Assignment and Assumption Agreement, dated as of December 9, 1999, by and among Cantor Fitzgerald, L.P., Cantor Fitzgerald Securities, CFFE, LLC, Cantor Fitzgerald L.L.C., CFPH, LLC Cantor Fitzgerald & Co. and eSpeed, Inc.
2.2	--	Assignment and Assumption Agreement, dated as of, December 9, 1999 by and among Cantor Fitzgerald International, eSpeed Securities International Limited and Cantor Fitzgerald International Holdings, L.P.
3.1	--	Amended and Restated Certificate of Incorporation of eSpeed, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 (Reg. No. 333-87475).
3.2	--	Amended and Restated By-Laws of eSpeed, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-1 (Reg. No. 333-87475)).
4.1	--	Specimen Class A Common Stock Certificate. (Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1 (Reg. No. 333-87475)).
10.1*	--	Long-Term Incentive Plan of eSpeed, Inc. (Incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 (Reg. No. 333-87475)).
10.2*	--	eSpeed, Inc. Stock Purchase Plan. (Incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-1 (Reg. No. 333-87475)).
10.3	--	Joint Services Agreement, dated as of December 15, 1999, by and among Cantor Fitzgerald, L.P., Cantor Fitzgerald International, Cantor Fitzgerald Gilts, Cantor Fitzgerald Securities, Cantor Fitzgerald & Co., Cantor Fitzgerald Partners, eSpeed, Inc., eSpeed Securities, Inc., eSpeed Government Securities, Inc., eSpeed Securities International Limited and eSpeed Markets, Inc.

10.4	--	Amendment No. 1 to Joint Services Agreement, dated as of January 1, 2000, by and among Cantor Fitzgerald L.P., Cantor Fitzgerald International, Cantor Fitzgerald Gilts, Cantor Fitzgerald Securities, Cantor Fitzgerald & Co., Cantor Fitzgerald Partners, eSpeed Inc., eSpeed Securities, Inc., eSpeed Government Securities, eSpeed Securities International Limited and eSpeed Markets, Inc.
10.5	--	Administrative Services Agreement, dated as of December 15, 1999, by and among Cantor Fitzgerald, L.P., Cantor Fitzgerald International, Cantor Fitzgerald Gilts, Cantor Fitzgerald Securities, Cantor Fitzgerald & Co., Cantor Fitzgerald Partners, eSpeed, Inc., eSpeed Securities, Inc., eSpeed Government Securities, Inc., eSpeed Securities International Limited and eSpeed Markets, Inc.
10.6	--	Registration Rights Agreement, dated as of December 9, 1999, by and among eSpeed and the Investors named therein.
10.7	--	Sublease Agreement, dated as of December 15, 1999, between Cantor Fitzgerald Securities and eSpeed, Inc.
10.8	--	Warrants issued to Martin J. Wygod and a related trust.
21	--	List of subsidiaries of eSpeed, Inc. (Incorporated by reference to Exhibit 21 to the Registrant's Registration Statement on Form S-1 (Reg. No. 333-87475)).
27	--	Financial Data Schedule.

(b) Reports on Form 8-K.

We did not file any Form 8-K Current Reports during the last quarter of the fiscal year ended December 31, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

/s/ Howard W. Lutnick

Howard W. Lutnick
Chairman of the Board and
Chief Executive Officer

Dated: March 27, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ Howard W. Lutnick Howard W. Lutnick	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 27, 2000
/s/ Frederick T. Varacchi Frederick T. Varacchi	President and Chief Operating Officer	March 28, 2000
/s/ Douglas B. Gardner Douglas B. Gardner	Vice Chairman	March 28, 2000
/s/ Kevin C. Piccoli Kevin C. Piccoli	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 27, 2000
/s/ Richard C. Breeden Richard C. Breeden	Director	March 28, 2000
/s/ Larry R. Carter Larry R. Carter	Director	March 28, 2000
/s/ William J. Moran William J. Moran	Director	March 27, 2000
/s/ Joseph P. Shea Joseph P. Shea	Director	March 28, 2000

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT is made and entered into as of December 9, 1999, among Cantor Fitzgerald, L.P., a Delaware limited partnership ("CFLP"), Cantor Fitzgerald Securities, a New York general partnership ("CFS"), CFFE, LLC, a Delaware limited liability company ("CFFE"), Cantor Fitzgerald L.L.C., a Delaware limited liability company ("CF"), CFPH, LLC, a Delaware limited liability company ("CFPH"), and Cantor Fitzgerald & Co., a New York general partnership ("CF&Co" and, together with CFLP, CFS, CFFE, CF, and CFPH, the "Assignors"), and eSpeed, Inc., a Delaware corporation ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignee is a recently-formed company that has been organized to engage in the business of operating interactive electronic marketplaces in accordance with the (i) Joint Services Agreement (as hereinafter defined) and
(ii) Administrative Services Agreement (as hereinafter defined) (the "Business"), initially to be used principally by financial and wholesale market participants to trade in fixed income securities, futures, options and other financial instruments and including the eSpeed system described in the final prospectus filed by Assignee (the "Prospectus") relating to Assignee's initial public offering.

WHEREAS, each of CFLP, CFS and CF&Co currently operate the Business and each Assignor owns or has the right to use the Assets (as hereinafter defined) used to operate the Business, including, without limitation, certain hardware, software, technologies, systems and other intellectual property and agreements that are principally used in the Business.

WHEREAS, Assignee desires to acquire such assets from the Assignors in exchange for the issuance to each Assignor of the number of shares of Class B Common Stock, par value $.01, of Assignee (the "Class B Shares") set out opposite the name of such Assignor on Schedule 1.04 hereto, being 43,999,900 Class B Shares in the aggregate for all of the Assignors (the "Consideration").

WHEREAS, each Assignor has determined that its share of the Consideration represents valuable and fair consideration for the transfer of its portion of such assets to Assignee and has determined that it is in its best interest to transfer its portion of such assets to Assignee in return for the Consideration.

NOW THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained herein, and upon the terms and conditions hereinafter set forth, the parties hereby agree as follows:

ARTICLE I

TERMS OF ASSIGNMENT

1.01. Assignment. On the terms and subject to the conditions in this Agreement and for the Consideration specified herein, at the Closing (as hereinafter defined), the Assignors shall sell, transfer, convey, assign and deliver to Assignee, and Assignee shall purchase, acquire and accept from the Assignors, free and clear of all mortgages, pledges, assessments, security interests, conditional sale or title retention contracts, leases, liens, adverse claims, Taxes (as hereinafter defined), levies, charges, options, rights of first refusal, transfer restrictions or other encumbrances of any nature, or any contracts, agreements or understandings to grant any of the foregoing (collectively, "Liens"), all of the Assignors' right, title and interest in, to and under the following assets and rights, including, but not limited to, the assets and rights identified on Schedule 1.01, in each case to the extent used or held for use principally in the Business, but excluding the Excluded Assets (as hereinafter defined) (the "Assignment"):

(a) all machinery, equipment, computers, network servers, monitors, servers and other related items of tangible personal property of the Assignors, principally used in the Business (the "Equipment");

(b) all fictional business names, trade names, d/b/a names, logos, Internet domain names (including, without limitation, www.eSpeed.com), trademarks, service marks (including, without limitation, eSpeed(sm)), trade dress and any and all federal, state, local and foreign applications, registrations and renewals therefor, and all the goodwill associated therewith principally used in the Business (collectively, "Marks"); all copyrights in both published works and unpublished works, and in online works such as Internet web sites, and any federal or foreign applications, registrations and renewals therefor principally used in the Business (collectively, "Copyrights"); all rights in any and all licensed or proprietary computer software, firmware, middleware, programs, systems applications, databases and files (in whatever form or medium), including all material documentation, relating thereto, and all source and object codes relating thereto principally used in the Business (collectively, "Computer Software and Files"); all know-how, trade secrets, confidential information, competitively sensitive and proprietary information (including but not limited to internal pricing information, supplier information, telephone and telefax numbers, and e-mail addresses), technical information, data, process technology, drawings and blue prints principally used in the Business, other than the Information (as hereinafter defined) (collectively, "Trade Secrets"); and the right to sue for past infringement, if any, in connection with any of the foregoing, including, but not limited to, the intellectual property disclosed in Schedule 1.01(b) hereto (collectively, the "Intellectual Property");

(c) all agreements and arrangements permitting any Assignor to use intellectual property, equipment and computer equipment owned by third parties, or permitting third party use of intellectual property, equipment or computer equipment owned by any Assignor,

or for the processing, use, licensing, leasing, storage, or retrieval of software, data and information principally used by, and related to, the Business (collectively, "Intellectual Property, Equipment and Computer Agreements");

(d) any and all accounting business information, management information and internal reporting data and related books and records (in whatever form or medium maintained), including but not limited to advertising, marketing and sales programs, business, marketing and strategic plans, research and development reports and records, and advertising copy (including radio and television scripts), creative materials, production agreements, and all other promotional brochures, flyers, inserts and other materials used principally in connection with the Business (collectively, the "Marketing Materials");

(e) all computer tapes, discs and other media which are used to store Intellectual Property (the "Computer Equipment");

(f) all agreements, contracts, instruments and other documents to which any Assignor is a party that are listed in Schedule 2.07 (the "Assigned Contracts");

(g) all claims of any Assignor against third parties relating to the Assets (as hereinafter defined), whether choate or inchoate, known or unknown or contingent or non-contingent;

(h) to the extent transferable, any and all Permits (as hereinafter defined) used exclusively in connection with the Business;

(i) all capital stock of eSpeed Securities International Limited, a limited company registered in England under number 3809189; and

all as the same shall exist on the Closing Date (items (a) through (i) being, collectively, the "Assets").

1.02. Excluded Assets. Notwithstanding anything in this Agreement to the contrary, all assets, properties and rights of the Assignors other than those set forth in Section 1.01 (including Schedule 1.01), including without limitation, the following assets, properties and rights of the Assignors (the "Excluded Assets"), shall be excluded from and shall not constitute part of the Assets, and Assignee shall have no rights, title or interest in or duties or obligations of any nature whatsoever with respect thereto by virtue of the consummation of the transactions contemplated by this Agreement:

(a) all contracts and other agreements to which any Assignor is a party, other than those described in Section 1.01 above (the "Excluded Contracts");

(b) all rights of the Assignors in and to the trademarks, service marks, and any applications, registrations and renewals therefor, and all the goodwill associated therewith, licensed by any Assignor and (x) which are subject to the Mutual Confidentiality Agreement ("Mutual Confidentiality Agreement"), dated March 19, 1993, between CFLP and Market Data Corporation ("MDC") or (y) which are listed (by country and trademark) on Schedule 1.02(b) hereto (collectively, the "Excluded Marks");

(c) all rights of the Assignors in, to or under, as applicable, the (x) MDC Mortgage- Backed Securities Broker System, MDC Odd Lots Broker System, MDC Options System, MDC OTR Broker System and MDC Buyside Terminal System (collectively, the "MDC Broker System"), including all documentation relating thereto and all source and object codes relating thereto and (y) Mutual Confidentiality Agreement (together, the "Excluded Software");

(d) any and all Confidential Information as defined in the Mutual Confidentiality Agreement;

(e) all rights of the Assignors in the Internet domain name "cantor.com" and in and to the Internet web site accessed via such domain name, including, but not limited to, all copyrights in all materials on such site and the software underlying such site, all trademarks, service marks, trade names and goodwill associated therewith, all proprietary computer software, programs, applications, databases, files (in whatever form or medium) and all proprietary information related thereto;

(f) all rights of the Assignors in, to and under the Data Purchase Agreement, Data Product Agency and Electronic Trading System Agreement, dated January 22, 1993, among CFLP, Reuters Limited ("Reuters") and MDC, as amended, and all other agreements between CFLP, Reuters and/or MDC or related thereto, as set forth in Schedule 1.02(f) hereto (the "Reuters Agreement");

(g) all rights of the Assignors with respect to the (x) Agreement, dated February 23, 1990, between Telerate, Inc. ("Telerate") and CFS, as amended, and
(y) Master Optional Services Agreement, dated February 23, 1990, between Telerate and MDC, as amended, and all other agreements between the Assignors, Telerate and/or MDC or related thereto, as set forth in Schedule 1.02(g) hereto (the "Telerate Agreement");

(h) all right, title and interest with respect to information relating to bids, offers or trades or any other information on Financial Products (as defined in the Joint Services Agreement (as hereinafter defined)) created or received by Assignors or any of their affiliates in a brokerage capacity, including, but not limited to, information licensed, sold, transferred or permitted to be published or displayed by Assignors pursuant to the Reuters Agreement and the Telerate Agreement (the "Information");

(i) all advertising, marketing and sales programs, advertising copy (including radio and television scripts), creative materials, production agreements, broadcasting rights, broadcasting and advertising time, space, allowances and credits and other promotional brochures, flyers, inserts and other materials used solely in connection with an Excluded Contract;

(j) Fraser et. al. U.S. Patent 5,905,974, entitled "Automated Auction Protocol Processor" (the "Fraser Patent") and all filed patent applications;

(k) any assets, properties, rights and interests relating to the Excluded Liabilities (as hereinafter defined); and

(l) all rights of the Assignors under this Agreement and the documents and instruments delivered to the Assignors pursuant to this Agreement.

Each Assignor shall bear and pay all of the costs and expenses of the assignment of its portion of the Assets, except for sales, transfer or other similar taxes, which shall be borne and paid by Assignee.

1.03. Assumption of Liabilities. Effective as of the Closing Date, Assignee will assume and agree to pay, perform and discharge, as and when due, and indemnify and hold each Assignor harmless from and against, (x) each liability listed in Schedule 1.03, (y) each obligation of each Assignor to be performed after the Closing Date with respect to the Assets and the Assigned Contracts and (z) each other liability of each Assignor thereunder (including liabilities for any breach of a representation, warranty or covenant, or for any claims for indemnification contained therein), to the extent and only to the extent that such liability is due to the actions of Assignee (or any of Assignee's affiliates, representatives or agents) after the Closing Date (collectively, the "Assumed Liabilities"). Assignee shall not assume, and shall not be obligated to pay, perform or discharge, any liability or obligation of any Assignor other than the Assumed Liabilities (whether or not related to the Assets or Business) (collectively, the "Excluded Liabilities"), and shall not be obligated for any other claim, loss or liability relating to any act, omission or breach by any Assignor with respect to the Business, the Assets or the Assigned Contracts, or for any claim, loss or liability related to the Excluded Assets or the Excluded Liabilities, all of which, the Assignors shall remain obligated to pay, perform and discharge and to indemnify and hold Assignee harmless against. Without limiting the foregoing, among other things, all liabilities arising from the matters described in the Prospectus under the caption "Legal Proceedings" shall be Excluded Liabilities except to the extent expressly assumed as provided on Schedule 1.03.

1.04. Consideration. In consideration of the Assignment, in addition to the assumption of the Assumed Liabilities as provided in Section 1.03, Assignee shall issue to each Assignor the number of Class B Shares set out opposite the name of such Assignor on Schedule 1.04 hereto, being 43,999,900 Class B Shares in the aggregate for all of the Assignors.

1.05. The Closing.

(a) Date and Place. The closing of the transactions contemplated hereby (the "Closing") shall take place at the New York offices of the Assignors, on the 105th Floor of One World Trade Center, New York, New York 10048, on the date the Assignors so elect, which date shall be no later than the fourth business day following the date that all of the conditions to Closing provided in Articles VI and VII hereof shall have been satisfied, or at such other time and/or place and/or on such other date as the parties may mutually agree (the "Closing Date").

(b) Documents to be Delivered by the Assignors. To the extent applicable, at the Closing, each Assignor shall deliver to Assignee;

(i) a duly executed counterpart to the Joint Services Agreement (the "Joint Services Agreement") substantially in the form of Exhibit A hereto;

(ii) a duly executed counterpart of the Administrative Services Agreement (the "Administrative Services Agreement") substantially in the form of Exhibit B hereto;

(iii) a duly executed counterpart of the General Assignment, Assumption and Bill of Sale (the "Bill of Sale") substantially in the form of Exhibit C hereto;

(iv) a duly executed counterpart of the Registration Rights Agreement (the "Registration Rights Agreement") substantially in the form of Exhibit D hereto;

(v) a duly executed counterpart of the Sublease Agreement substantially in the form of Exhibit E hereto (the "Sublease Agreement" and, together with the Joint Services Agreement, the Administrative Services Agreement, the Bill of Sale and the Registration Rights Agreement, the "Additional Agreements"); and

(vi) such other duly executed documents or instruments to effect the transfer of the Assets and the other transactions contemplated hereby, and in such form, as Assignee may reasonably request.

(c) Documents to be Delivered by Assignee. At the Closing, Assignee shall execute and deliver to the Assignors:

(i) a duly executed counterpart of the Joint Services Agreement;

(ii) a duly executed counterpart of the Administrative Services Agreement;

(iii) a duly executed counterpart of the Bill of Sale for the Assets transferred by such Assignor;

(iv) a duly executed counterpart of the Registration Rights Agreement;

(v) a duly executed counterpart of the Sublease Agreement; and

(vi) such other duly executed documents or instruments to effect the transfer of the Assets, the assumption of the Assumed Liabilities and the other transactions contemplated hereby, and in such form, as any Assignor may reasonably request.

1.06. Section 351 Transaction. Each party hereto acknowledges and agrees that the assignment of the Assets is intended to be treated for federal income tax purposes and relevant state and local tax purposes as an element of a tax-free transaction described in Section 351 of the Internal Revenue Code. No party hereto shall take, or cause or permit to be taken, any position that is inconsistent with such treatment in any tax return or filing or in any tax proceeding.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE ASSIGNORS

Each Assignor jointly and severally represents and warrants to Assignee as follows, except as otherwise disclosed in the disclosure schedules to this Agreement (the "Disclosure Schedules"), which Disclosure Schedules specifically reference the particular Sections hereof to which they relate:

2.01. Organization and Good Standing. Each Assignor is duly organized, validly existing and in good standing under the laws of the state of its organization and is duly qualified to do business and, except as would not singly or in the aggregate have a Material Adverse Effect, is in good standing in each jurisdiction in which the ownership, use or leasing of its assets or the conduct or nature of its business makes such qualification necessary. "Material Adverse Effect" means any event, change, changes, effect or effects that individually or in the aggregate are materially adverse to (x) the ownership, use, operation or value of the Assets, (y) the condition (financial or other) or results of operations of, or prospects for, the Business or (z) the ability to consummate the transactions contemplated by this Agreement, the Joint Services Agreement or the Administrative Services Agreement.

2.02. Authority. Each Assignor has the requisite corporate power and authority to execute and deliver this Agreement and the Additional Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each Assignor of this

Agreement and the Additional Agreements to which it is a party and the consummation by each Assignor of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate, stockholder, member or partner action, and no other corporate, partner or member proceedings on the part of any Assignor or any affiliate of any Assignor, respectively, are necessary to authorize the execution and delivery by an Assignor of this Agreement or the Additional Agreements to which that Assignor is a party or to consummate the transactions contemplated hereby and thereby. This Agreement has been, and at the Closing the Additional Agreements to which each Assignor is a party will be, duly executed and delivered by each Assignor that is a party thereto and constitutes or will constitute, as applicable, legal, valid and binding obligations of each Assignor enforceable against such Assignor in accordance with their respective terms.

2.03. No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance by each Assignor of this Agreement and the Additional Agreements to which it is a party do not, and the consummation of the transactions contemplated hereby and thereby will not, (i) conflict with or violate the partnership agreement, Certificate of Limited Liability Company, limited liability company operating agreement, By-Laws or similar organizational or governing document of any Assignor or any affiliate thereof, as the case may be; (ii) conflict with or violate any federal, state, local or foreign laws, rules, statutes, ordinances, regulations, judgments, settlement agreements, orders or decrees or arbitration proceedings or pronouncements (collectively "Laws") applicable to any Assignor or any affiliate thereof, the Business or the Assets or by which any Assignor or any affiliate thereof, the Business or the Assets are bound or affected; or (iii) result in any material breach of or constitute a material default (or an event that with notice or lapse of time or both would become a material default) under, or give to any other person any right of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on any of the Assets pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which any Assignor or any affiliate thereof is a party or by which any Assignor or any affiliate thereof, the Business or the Assets are bound or affected.

(b) The execution, delivery and performance by each Assignor of this Agreement and the Additional Agreements to which it is a party do not and the consummation of the transactions contemplated hereby and thereby do not require any Assignors or any of its affiliates to seek, obtain or receive any consent, approval, authorization or permit from, or make any filing with or notification to, any governmental agency, authority or court or any other person, body or committee, except for any consents, approvals, any authorizations or permits as have been obtained or filings or notifications as has been made or as would not singly or in the aggregate, if not obtained or made, have a Material Adverse Effect.

2.04. Permits; Compliance with the Law. Each Assignor is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary for it to own and use the Assets as presently owned and used and to carry on the Business as it is now being conducted (the "Permits"), except for those Permits the failure of which to obtain or maintain would not result in a Material Adverse Effect, and no suspension, revocation, cancellation or refusal to review any of the Permits has occurred, or to the knowledge of any Assignor, is threatened or anticipated. Each of the Permits is listed on Schedule 2.04. Each Assignor has conducted and is conducting the Business, and has owned, used and operated and owns, uses and operates the Assets in compliance with, and not in violation of, (i) any Law applicable to it or by which it, the Business or the Assets is bound or affected or (ii) any of the Permits (except in either case for any such violations as, singly or in the aggregate, would not have a Material Adverse Effect).

2.05. Title to Assets. Each Assignor owns, free and clear of any Liens, and has the full right to sell, assign and convey, all of the Assets, and at the Closing will convey the Assets to Assignee, free and clear of any Liens.

2.06. Absence of Litigation. Except as would not singly or in the aggregate have a Material Adverse Effect or is disclosed in the Prospectus, there is no pending or threatened, nor has there been at any time during the twelve months preceding the date hereof any, claim, complaint, action, suit, litigation, proceeding or arbitration or, to each Assignor's knowledge, any inquiry or investigation of any kind by any state attorney general, consumer protection agency or other governmental or self-regulatory agency, or any other person or entity which seeks to enjoin, delay or restrict any of the transactions contemplated by this Agreement, the Additional Agreements or which involves the Business or any of the Assets. Except as would not singly or in the aggregate have a Material Adverse Effect, none of the Assignors nor any affiliate of the Assignors are subject to any judgment, order, writ, injunction, decree or award which relates to any of the Assets or to the Business.

2.07. Contracts; No Default; Etc. Schedule 2.07 of the Disclosure Schedule lists each Assigned Contract. Correct and complete copies of each Assigned Contract, together with all amendments, supplements and other instruments (including side letters) thereto effecting a modification or waiver of the terms thereof, have been delivered to Assignee. Each Assigned Contract is valid, subsisting and, to each Assignor's knowledge, enforceable in accordance with its terms, save only that such enforceability may be affected by bankruptcy, insolvency, fraudulent conveyance, moratorium and similar laws affecting the rights of creditors generally and by general principles of equity (whether considered in a proceeding at law or in equity). Each such Assigned Contract is in full force and effect, no written notice of termination or non-renewal of any Assigned Contract has been given to any Assignor or, to the knowledge of any Assignor, is anticipated, and there is no material default (or any event known to any Assignor which, with the giving of notice or lapse of time or both, would constitute a material default) by any Assignor or, to the knowledge of any Assignor, by any other party to any

such Assigned Contract, in the due timely payment or performance of any obligation to be performed or paid under any Assigned Contract.

2.08. Intellectual Property and Computer Assets.

(a) Except as would not singly or in the aggregate have a Material Adverse Effect, each Assignor owns all right, title and interest in, or has valid and subsisting license rights sufficient to use and to continue to use, all Intellectual Property principally used in the conduct of the Business as currently conducted by each Assignor. All Intellectual Property necessary for the conduct of the Business as described in the Prospectus (other than the intellectual property included in the Excluded Assets) is being transferred or licensed to Assignee hereunder. Except as would not singly or in the aggregate have a Material Adverse Effect, all Intellectual Property is free and clear of any and all Liens.

(b) Schedule 2.08(b) lists all of each Assignor's United States and foreign registrations and applications issued by, filed with or recorded by any governmental regulatory authority with respect to the Intellectual Property. Except as singly or in the aggregate would not have a Material Adverse Effect, all of such registrations and applications are valid and in full force and effect and all necessary actions to maintain the registrations or applications for registration of such Intellectual Property have been taken or instructions have been given that such actions be taken, and such actions will be taken as of the date of this Agreement.

(c) Except as singly or in the aggregate would not have a Material Adverse Effect, all Computer Software and Files and Computer Equipment, to each Assignor's knowledge, are "Year 2000 Compliant." For purposes of this Agreement, "Year 2000 Compliant" means that the Computer Software and Files and Computer Equipment will (A) consistently and accurately process date and time information and data with values before, during and after January 1, 2000, including but not limited to, accepting date input, providing date output, and performing calculations on dates; and (B) function accurately and in accordance with its specifications without an adverse change in performance resulting from processing time data with values before, during and after January 1, 2000.

2.09. Taxes. Each Assignor has duly and timely filed all material returns, reports or statements (including information statements) ("Tax Returns") required to have been filed with respect to all federal, state, local or foreign net or gross income, gross receipts, net proceeds, sales, use, ad valorem, transfer, value added, franchise, bank shares, withholding, payroll, employment, disability, excise, property, alternative or add-on minimum, environmental or other taxes, assessments, duties, fees, levies or other governmental charges of any nature whatsoever, together with any interest, penalties, additions to tax or additional amounts with respect thereto ("Taxes"); each such Tax Return correctly and completely reflects the income, franchise or other Tax liability and all other information required to be reported thereon; and all Taxes due and payable by each Assignor, whether or not shown on

any Tax Return, have been paid, other than those that are the subject of a bona fide dispute and are being contested by an Assignor in appropriate proceedings. Notwithstanding anything to the contrary herein, the representations and warranties in this Section 2.09 are limited to matters that (i) include, relate to or otherwise affect the Business or the Assets, (ii) could result in the imposition of a Lien on, or the assertion of a claim against, the Assignee, the Business or the Assets or (iii) could affect the tax position of Assignee with respect to the Business or the Assets after the Closing Date.

2.10. Undisclosed Liabilities. Except as singly or in the aggregate would not have a Material Adverse Effect, there are no claims, losses, obligations or liabilities of, relating to or affecting the Assignors or any of the Assets.

2.11. Investment Representation. Each Assignor represents, warrants and agrees that it is acquiring the Class B Shares for its own account and not with a view to the resale or distribution thereof or any interest therein, except in compliance with the registration requirements of applicable securities laws or pursuant to an exemption therefrom. Any certificates evidencing the Class B Shares may contain a legend, in customary form, to such effect.

2.12. Entire Business. The Assets, together with the services to be provided by one or more of the Assignors pursuant to the (i) Administrative Services Agreement and (ii) Joint Services Agreement, constitute all the assets, properties and rights necessary for Assignee to conduct the Business in all material respects as described in the Prospectus.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF ASSIGNEE

Assignee hereby represents and warrants to the Assignors as follows:

3.01. Organization and Good Standing. Assignee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Assignee has the requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

3.02. Authority; Binding Effect. Assignee has taken all necessary corporate actions to authorize, execute and deliver this Agreement and to perform all of its obligations under, and to consummate the transactions contemplated by, this Agreement. This Agreement has been duly and validly executed by Assignee. This Agreement constitutes the valid and binding obligation of Assignee, enforceable against Assignee in accordance with its terms, subject to the effect of reorganization, bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally and court

decisions with respect thereto, and subject to the application of equitable principles and the discretion of the court (regardless of whether the enforceability is considered in a proceeding in equity or at law).

ARTICLE IV

COVENANTS

4.01. Assignment of Contracts. Each Assignor will give any notices to third parties, and will use its reasonable best efforts to obtain any third party consents, that Assignee may request in connection with the transaction contemplated by this Agreement, including, but not limited to, those consents listed on Schedule 4.01. Each party to this Agreement will give notices to, make any filings with, and use its reasonable best efforts to obtain any authorizations, consents, and approvals of governments and governmental agencies in connection with, the transactions contemplated by this Agreement.

4.02. Further Assurances. Each party hereto shall execute, deliver, file and record, or cause to be executed, delivered, filed and recorded, such further agreements, instruments and other documents and take, or cause to be taken, such further actions, as the other party may reasonably request as being necessary or advisable to effect or evidence the transactions contemplated by this Agreement.

4.03. Termination of Non-Exclusive Patent License. CFLP and CFPH shall terminate and cause its affiliates to terminate before the Closing Date Section 4 of a certain Assignment and License of Patent Rights, effective as of June 16, 1999, among CFLP, CFS and CFPH, whereby CFLP and CFPH granted a non-exclusive, worldwide, non-transferable license to CFS for "CFS Patents" as that term is defined therein.

4.04. Compliance with Laws. Each party hereto agrees to comply with all applicable Laws relating to the conduct of its business(es).

4.05. Stock Issuance. Each of CFFE, CF, CFPH and CF&Co agrees to transfer all of the Consideration issued to each of them, respectively, to CFS and CFLP in such proportion between CFS and CFLP as set forth on Schedule 4.05.

ARTICLE V

INDEMNIFICATION

5.01. Assignors' Indemnification Obligations. Subject to the terms and conditions of this Article V, each Assignor agrees, jointly and severally, to defend, indemnify and hold Assignee, its affiliates and assigns, and its respective officers, directors, agents, attorneys, employees and representatives harmless from and against any and all liabilities, losses, costs, damages, expenses, penalties, deficiencies, fines and Taxes, including, without limitation, reasonable legal and other expenses (collectively, "Damages"), directly or indirectly arising out of, resulting from or relating to:

(a) any breach of any representation, warranty, covenant, agreement or obligation of any Assignor contained in this Agreement;

(b) any Excluded Liability;

(c) the conduct of the Business, and the ownership, use and operation of the Assets, on or prior to the Closing Date;

(d) the use, operation or ownership of the Excluded Assets prior to or after the Closing including, without limitation, the Excluded Software; and

(e) (i) any claim by any employee of any Assignor not hired by Assignee with respect to his or her employment by any Assignor before or after the Closing, including any group insurance claims, workers' compensation claims or liabilities arising out of any accident, illness or other event occurring before or after the Closing and other claims with respect to pension, retirement and/or welfare benefits as they relate to such employee's services for any Assignor, and (ii) any contractual claims by any person who was an employee of any Assignor prior to the Closing and arising out of the consummation of the transactions contemplated by this Agreement.

(f) any claim for any breach by any Assignor of any covenant or obligation contained in the Agreement of Limited Partnership of Cantor Fitzgerald, L.P., as amended;

(g) any claim for any breach by any Assignor of any covenant or obligation contained in the (i) Cantor Fitzgerald Securities General Partnership Agreement, entered into September 25, 1992, by and between CFLP and Cantor Fitzgerald Incorporated, and (ii) Agreement to Admit CF Group Management, Inc. as a New Partner of Cantor Fitzgerald Securities, entered into as of July 2, 1996, by and between CFLP and CF Group Management, Inc.

5.02. Assignee's Indemnification Obligations. Subject to the terms and conditions of this Article V, Assignee agrees to defend, indemnify and hold each Assignor, its affiliates and their respective officers, directors, agents, attorneys, employees and representatives harmless from and against any and all Damages directly or indirectly arising out of, resulting from or relating to:

(a) any breach of any representation, warranty, covenant, agreement or obligation of Assignee contained in this Agreement;

(b) any Assumed Liability (including, without limitation, any failure by Assignee to perform pursuant hereto the obligations to be performed by it after the Closing under any Assigned Contracts or the use, operation or ownership of the Assets or operation of the Business after the Closing); and

(c) any claim by any employee of Assignor hired by Assignee with respect to his or her employment by Assignee or termination of such employment after the Closing (except to the extent covered by Section 5.01 (e)(ii)), including any group insurance claims, workers' compensation claims or liabilities arising out of any accident, illness or other event occurring after the Closing and other claims with respect to pension, retirement and/or welfare benefits as they relate to such employee's services for Assignee after the Closing.

5.03. Claims for Indemnification; Defense of Indemnified Claims. For purposes of this Section, the party entitled to indemnification shall be referred to as the Indemnified Party and the party required to indemnify shall be referred to as the Indemnifying Party. In the event that the Indemnifying Party shall be obligated to the Indemnified Party pursuant to this Article V or in the event that a suit, action, investigation, claim or proceeding is begun, made or instituted as a result of which the Indemnifying Party may become obligated to the Indemnified Party hereunder, the Indemnified Party shall give prompt written notice to the Indemnifying Party of the occurrence of such event, specifying the basis for such claim or demand, and the amount or estimated amount thereof to the extent then determinable (which estimate shall not be conclusive of the final amount of such claim or demand); provided, however, that the failure to give such notice shall not constitute a waiver of the right to indemnification hereunder, except to the extent that the Indemnifying Party is actually prejudiced in a material respect thereby. The Indemnifying Party agrees to defend, contest or otherwise protect against any such suit, action, investigation, claim or proceeding at the Indemnifying Party's own cost and expense with counsel of its own choice, who shall be, however, reasonably acceptable to the Indemnified Party. The Indemnifying Party may not make any compromise or settlement without the prior written consent of the Indemnified Party (which will not be unreasonably withheld or delayed) and the Indemnified Party shall receive a full and unconditional release reasonably satisfactory to it pursuant to such compromise or settlement. The Indemnified Party shall have the right but not the obligation to participate at its own expense in the defense thereof by counsel of its own choice. If requested by the Indemnifying Party, the Indemnified Party shall (at the Indemnifying Party's expense) (i) cooperate with the Indemnifying Party and its counsel in contesting any claim or demand which the Indemnifying Party defends, (ii) provide the Indemnifying Party with reasonable access during normal business hours to its books and records to the extent that such books and records relate to the condition or operation of the Business and are requested by the Indemnifying Party to perform its indemnification obligations hereunder, and to make

copies of such books and records, and (iii) make personnel available to assist in locating any books and records relating to the Business or whose assistance, participation or testimony is reasonably required in anticipation of, preparation for, or the prosecution and defense of, any claim subject to this Article V. In the event that the Indemnifying Party fails timely to defend, contest or otherwise protect the Indemnified Party against any such suit, action, investigation, claim or proceeding, the Indemnified Party shall have the right to defend, contest or otherwise protect the Indemnified Party against the same and may make any compromise or settlement thereof and recover the entire cost thereof from the Indemnifying Party, including, without limitation, reasonable attorneys' fees, disbursements and all amounts paid as a result of such suit, action, investigation, claim or proceeding or compromise or settlement thereof.

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

ARTICLE VI

CONDITIONS TO ASSIGNEE'S OBLIGATIONS

The obligation of Assignee to consummate the transactions contemplated hereby is subject to the fulfillment at or prior to the Closing of the following conditions, any or all of which may be waived in whole or in part by Assignee to the extent permitted by applicable law:

6.01. Representations, Warranties and Covenants of the Assignors. The Assignors shall have complied in all material respects with all of their agreements and covenants contained herein (including the obligations of the Assignors to deliver the documents specified in Section 1.05) to be performed at or prior to the Closing Date, and all of the representations and warranties of the Assignors contained herein shall be true in all material respects on and as of the Closing Date with the same effect as though made on and as of the Closing Date, except to the extent that such representations and warranties were made as of a specified date and, as to such representations and warranties, the same shall continue on the Closing Date to have been true in all material respects as of the specified date.

6.02. Other Consents and Filings. All material approvals and consents of or filings with governmental or regulatory authorities, and all material approvals and consents of any other persons (including, without limitation, all third party consents under each of the Assigned Contracts), required to permit the consummation of all of the transactions contemplated hereby shall have been obtained or made, as the case may be, to the reasonable satisfaction of Assignee; provided, however, that it shall not be a condition to Assignee's obligation to close the transactions contemplated hereby if the failure to obtain any such approvals, consents or filings would not be material to the Business or the Assets. For purposes of this Section 6.02, it is understood and agreed that the failure to obtain any of the approvals, consents and filings listed on Schedule 6.02 shall be deemed to be material to the Business or the Assets.

6.03. Absence of Litigation. No proceeding, action, suit, investigation, litigation or claim challenging the legality of, or seeking to restrain, prohibit or modify the transactions contemplated by this Agreement or the Additional Agreements shall have been instituted and not settled or otherwise terminated.

6.04. Initial Public Offering of Assignee's Class A Common Stock. The Registration Statement on Form S-1 registering shares of Assignee's Class A Common Stock, par value $.01 per share (the "Class A Common Stock"), shall have been declared effective by the Securities and Exchange Commission and Assignee shall have completed its initial public offering of its Class A Common Stock concurrently with the Closing of the transactions contemplated hereby.

6.05. No Prohibition. No law, statute, rule or regulation or injunction, order, judgment, ruling, decree or settlement of any court or administrative agency shall be in effect which prohibits Assignee from consummating the transactions contemplated hereby or operating any Asset after the Closing Date.

ARTICLE VII

CONDITIONS TO THE ASSIGNORS' OBLIGATIONS

The obligations of the Assignors to consummate the transactions contemplated hereby shall be subject to the satisfaction (or waiver by the Assignors) on or prior to the Closing Date of all of the following conditions:

7.01. Representations, Warranties and Covenants of Assignee. Assignee shall have complied in all material respects with all of its agreements and covenants contained herein (including the obligation of Assignee to deliver the documents specified in Section 1.05) to be performed at or prior to the Closing Date, and all of the representations and warranties of Assignee contained herein shall be true in all material respects on and as of the Closing Date

with the same effect as though made on and as of the Closing Date, except to the extent that such representations and warranties were made as of a specified date and, as to such representations and warranties, the same shall continue on the Closing Date to have been true in all material respects as of the specified date.

7.02. Initial Public Offering of Assignee's Class A Common Stock. The Registration Statement on Form S-1 registering shares of Assignee's Class A Common Stock shall have been declared effective by the Securities and Exchange Commission and Assignee shall have completed its initial public offering of its Class A Common Stock concurrently with the Closing of the transactions contemplated hereby.

7.03. No Prohibition. No law, statute, rule or regulation or injunction, order, judgment, ruling, decree or settlement of any court or administrative agency shall be in effect which prohibits any Assignor from consummating the transactions contemplated hereby.

ARTICLE VIII

TERMINATION PRIOR TO CLOSING

8.01. Termination. This Agreement may be terminated at any time prior to the Closing:

(a) By the mutual written consent of Assignee and the Assignors; or

(b) By either the Assignors or Assignee in writing, without liability to the terminating party on account of such termination (provided that the terminating party is not otherwise in breach of this Agreement), if there shall have been a material breach by the other party of its representations, warranties, covenants or agreements contained herein, the non- breaching party has notified the breaching party of the breach, and the breach has continued without cure for a period of 30 days after such notice of breach.

8.02. Effect on Obligations. Termination of this Agreement pursuant to this Article shall terminate all obligations of the parties hereunder; provided, however, that termination pursuant to paragraph (b) of Section 8.01 shall not relieve any party that breached its covenants or agreements contained herein or in any related agreement from any liability to the other party hereto by reason of such breach.

ARTICLE IX

MISCELLANEOUS

9.01. Joint and Several Liability. All obligations, covenants, agreements, promises and liabilities of the Assignors hereunder shall be joint and several obligations of all Assignors in all respects.

9.02. Successors and Assigns. This Agreement shall not be assignable by Assignee without the prior written consent of the Assignors. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

9.03. Headings. The headings of the Articles, Sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

9.04. Modification and Waiver. No amendment, modification, alteration or waiver of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by the parties hereto; provided, however, that each amendment, modification, alteration or waiver hereof or hereunder must be approved by a majority of the outside directors of Assignee. For purposes of this Agreement, an outside director shall mean a director who is not an employee, partner or affiliate (other than solely by reason of being an eSpeed director) of Assignee, CFLP or any of their respective affiliates. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No delay on the part of any party in exercising any right, power of privilege hereunder shall operate as a waiver thereof.

9.05. Broker's Fees. Each party represents and warrants that no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated hereby.

9.06. Expenses. Each Assignor and Assignee shall pay its own costs and expenses incurred in connection with the preparation and execution and delivery of this Agreement, including, without limiting the generality of the foregoing, fees and expenses of financial consultants, accountants and counsel provided that Assignee shall bear the cost of any sales, transfer and similar taxes in connection with any transfer of assets pursuant to this Agreement. The obligation to pay expenses pursuant to this Section 9.06 shall not in any way limit or expand any obligation of any Assignor or Assignee to bear and pay costs and expenses relating to the actual assignment of Assets pursuant to Section 1.01.

9.07. Notices. Any notice, request, instruction or other document to be given hereunder by either party hereto to the other party shall be in writing and delivered personally or sent by electronic facsimile transmission, cable, telegram, telex or other standard forms of written telecommunications, by overnight courier or by registered or certified mail, postage prepaid,

If to the Assignors to:

Cantor Fitzgerald, L.P.
One World Trade Center, 105th Floor
New York, NY 10048

Attention: President
Telecopier Number: 212-938-4116

With copies to:

Cantor Fitzgerald, L.P.

One World Trade Center, 105th Floor
New York, NY 10048

Attention: General Counsel Telecopier Number: 212-938-3620

If to Assignee to:

eSpeed, Inc.

One World Trade Center, 103rd Floor New York, NY 10048
Attention: President
Telecopier Number: 212-938-4614

or at such other address for a party as shall be specified by like notice. Any notice which is delivered personally or by a form of written telecommunications in the manner provided herein shall be deemed to have been duly given to the party to whom it is directed upon the actual receipt by such party. Any notice which is addressed and sent in the manner herein provided shall be conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the first day, if mailed by overnight courier, and otherwise on the third day, after the day it is so sent.

9.08. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York applicable to agreements made and to be performed wholly within such jurisdiction. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF

NEW YORK AND OF THE UNITED STATES OF AMERICA IN EACH CASE LOCATED IN THE COUNTY OF NEW YORK FOR ANY LITIGATION ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY (AND AGREES NOT TO COMMENCE ANY LITIGATION RELATING THERETO EXCEPT IN SUCH COURTS), AND FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL TO ITS RESPECTIVE ADDRESS SET FORTH IN SECTION 9.07 SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY LITIGATION 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 LITIGATION ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN THE COURTS OF THE STATE OF NEW YORK OR THE UNITED STATES OF AMERICA LOCATED IN THE COUNTY OF NEW YORK, AND HEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

9.09. Other Covenants. Subject to Section 6.02, the extent that any consents needed to assign to Assignee any of the Assets have not been obtained on or prior to the Closing Date, this Agreement shall not constitute an assignment or attempted assignment thereof if such assignment or attempted assignment would constitute a breach thereof. If any such consent shall not be obtained on or prior to the Closing Date, then (i) each of Assignee and the applicable Assignor, if required under applicable law, shall use its reasonable best efforts in good faith to obtain such consent as promptly as practicable thereafter (provided that reasonable best efforts shall not include the payment of monies to any third party) and (ii) until such consent is obtained, the parties shall use reasonable efforts in good faith to cooperate and to cause each of their respective affiliates to cooperate, in any lawful arrangement (including licensing, subleasing or subcontracting if permitted) designed to provide to Assignee the operational and economic benefits under any such Assets.

9.10. Disclosure Schedules and Exhibits; Entire Agreement. The Disclosure Schedules, and all exhibits and attachments to the Disclosure Schedules, an all exhibits to, and documents expressly incorporated into this Agreement, and any other attachments to this Agreement are hereby incorporated into this Agreement and are made a part hereof as if set out in full in this Agreement. This Agreement (and the agreements, certificates and other documents delivered hereunder), unless otherwise provided herein, supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and constitutes the entire agreement among the parties hereto with respect to the subject matter hereof.

9.11. Survival of Representations and Warranties. All of the representations and warranties of the Assignors and Assignee contained in this Agreement shall survive the Closing (even if the damaged party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect for ten (10) years thereafter (subject to any applicable statutes of limitations).

9.12. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) 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 (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

9.13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original, and all of which shall constitute the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

ASSIGNORS:

CANTOR FITZGERALD, L.P.

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

CANTOR FITZGERALD SECURITIES

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

CANTOR FITZGERALD & CO.

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

CFFE, LLC

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

CANTOR FITZGERALD L.L.C.

By:/s/ Howard W. Lutnick
Name: Howard W. Lutnick
Title: President and Executive Managing Director

[Signature Page to Assignment and Assumption Agreement]

CFPH, LLC

By:/s/ Howard W. Lutnick

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

ASSIGNEE:

eSPEED, INC.

By:/s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: Chief Executive Officer

UK ASSIGNMENT AND ASSUMPTION AGREEMENT

among

CANTOR FITZGERALD INTERNATIONAL

CANTOR FITZGERALD INTERNATIONAL HOLDINGS L.P.

eSPEED SECURITIES INTERNATIONAL LIMITED

Dated as of the 9th of December 1999

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT is made and entered into as of this 9th day of December, 1999 between Cantor Fitzgerald International an unlimited company registered in England under number 1976691 (the "Assignor"), eSpeed Securities International Limited a limited company registered in England under number 3809189 (the "Assignee") and Cantor Fitzgerald International Holdings L.P. a Delaware limited partnership ("CFIHLP").

W I T N E S S E T H:

WHEREAS, the Assignor is, among other things, engaged in the business of operating interactive electronic marketplaces, used principally by financial and wholesale market participants to trade in fixed income securities, futures, options and other financial instruments (the "Business").

WHEREAS, the Assignee is a recently formed company that has been set up to acquire, and subsequently to operate, the Business in accordance with (i) the Joint Service Agreement (as hereinafter defined) and (ii) the Administrative Services Agreement (as hereinafter defined) as a separate legal entity.

WHEREAS, the Assignor, among other things, owns, or has the right to use, certain hardware, software, technologies, systems and other intellectual property and agreements that are used in the Business.

WHEREAS, the Assignor and the Assignee have agreed among other things having had regard to a letter from Ernst & Young on the subject, that the value at the date hereof of the Business to be transferred by the Assignor to the Assignee (net of the Assumed Liabilities set out in Schedule 1.3) is $4,676,008 (the "Business Value").

WHEREAS, the Assignor proposes to reduce its authorised share capital from pounds 95,000,000 divided into 75,000,000 Ordinary Shares of pounds 1 each ("Ordinary Shares") and 2,000,000 Preference Shares of pounds 10 each by such an amount (the "Reduction Amount") as is equal to the product of multiplying the Business Value, translated to pounds sterling at the closing mid-point spot exchange rate on the business day (being any day other than a Saturday or a Sunday on which banks are open for normal banking business in London) immediately preceding that on which the reduction takes effect, as shown in the Financial Times published on the day on which the reduction takes effect, rounding up the resulting amount to the nearest pound), by a fraction of which the numerator is 74,225,453 and the denominator is 73,730,194, (rounding up the resulting amount to the nearest pound), the reduced amount of authorised share capital being divided into such number of Ordinary Shares as is equal to 75,000,000 less the number (the "Reduction Number") of pounds comprised in the Reduction Amount and 2,000,000 Preference Shares of pounds 10 each, and such reduction be given effect by:

(a) cancelling and extinguishing such number of Ordinary Shares registered in the name of CFIHLP as is equal to such number of pounds sterling as are comprised in the Business Value translated into pounds sterling as aforesaid on terms that such capital shall not be repaid in cash but shall be given effect by the transfer by the Assignor to the Assignee of the Business and by the issue by the Assignee of 4,676,008 shares of $1 each (the "Shares"), credited as fully paid, to CFIHLP with the consent of CFIHLP (as its execution of this Agreement hereby acknowledges); and

(b) cancelling and extinguishing such number of Ordinary Shares registered in the name of CFIHLP, LLC (a Delaware limited liability company) as is equal to the Reduction Number less the number of Ordinary Shares determined under paragraph (a) above on terms that the Assignor shall repay in cash to CFIHLP, LLC the amount paid up or credited as paid up thereon.

NOW THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained herein, and upon the terms and conditions hereinafter set forth, the parties hereby agree as follows:

ARTICLE 1

TERMS OF ASSIGNMENT

1.1. Assignment. On the terms and subject to the conditions in this Agreement and for the consideration specified herein, at the Closing (as defined in Section 1.5 below), the Assignor shall transfer, convey, assign and deliver to the Assignee, and the Assignee shall acquire and accept from the Assignor free and clear of all mortgages, pledges, assessments, security interests, conditional sale or title retention contracts, leases, liens, adverse claims, Taxes (as hereinafter defined), levies, charges, options, rights of first refusal, transfer restrictions or other encumbrances of any nature, or any contracts, agreements or understandings to grant any of the foregoing (collectively, "Liens"), all of the Assignor's right, title and interest in, to and under the Business, and to each of the following assets and rights, including, but not limited to, the assets and rights identified in Schedule 1.1, in each case to the extent used or held for use principally in the Business, but excluding the Excluded Assets (as hereinafter defined) (the "Assignment"):

(a) all machinery, equipment, computers, network servers, monitors, servers and other related items of tangible personal property of the Assignor, principally used in the Business (the "Equipment");

(b) all fictional business names, trade names, d/b/a names, logos, Internet domain names (including, without limitation, www.espeed.co.uk), trademarks, service marks (including, without limitation, eSpeed), trade dress and any and all UK and foreign

applications, registrations and renewals therefor, and all the goodwill associated therewith principally used in the Business (if any) (collectively, "Marks"); all copyrights in both published works and unpublished works, and in online works such as Internet web sites, and any UK or foreign applications, registrations and renewals therefor principally used in the Business (if any) (collectively, "Copyrights"); all rights in any and all licensed or proprietary computer software, firmware, middleware, programmes, systems applications, databases and files (in whatever form or medium), including all material documentation, relating thereto, and all source and object codes relating thereto principally used in the Business (if any) (collectively, "Computer Software and Files"); all know-how, trade secrets, confidential information, competitively sensitive and proprietary information (including but not limited to internal pricing information, supplier information, telephone and telefax numbers, and e-mail addresses), technical information, data, process technology, drawings and blue prints principally used in the Business, other than the Information (as hereinafter defined) (collectively, "Trade Secrets"); and the right to sue for past infringement, if any, in connection with any of the foregoing, including, but not limited to, the intellectual property disclosed in Schedule 1.1 part B hereto (collectively, the "Intellectual Property");

(c) to the extent allowed, all agreements and arrangements permitting the Assignor to use the intellectual property, equipment and computer equipment (as hereinafter defined) owned by third parties, or permitting third party use of intellectual property, equipment or computer equipment owned by the Assignor, or for the processing, use, licensing, leasing, storage, or retrieval of software, data and information principally used by, and related to, the Business (collectively, "Intellectual Property, Equipment and Computer Agreements");

(d) any and all accounting business information, management information and internal reporting data and related books and records (in whatever form or medium maintained), including but not limited to advertising, marketing and sales programs, business, marketing and strategic plans, research and development reports and records, and advertising copy (including radio and television scripts), creative materials, production agreements, and all other promotional brochures, flyers, inserts and other materials used principally in connection with the Business (collectively, the "Marketing Materials");

(e) all computer tapes, discs and other media which are used to store Intellectual Property (if any) (the "Computer Equipment");

(f) subject to the provisions of Article 5, all agreements, contracts, instruments and other documents to which the Assignor is a party that are listed in Schedule 1.1 part C (the "Assigned Contracts");

(g) all claims of the Assignor against third parties relating to the Transferred Assets (as hereinafter defined), whether choate or inchoate, known or unknown or contingent or non-contingent;

(h) to the extent transferable, any and all Permits (as hereinafter defined) used exclusively in connection with the Business; and

(i) prepaid rent and rates valued at US$321,439,

all as the same shall exist on the Closing Date (items (a) through (h) being, collectively, the "Transferred Assets").

1.2. Excluded Assets. Notwithstanding anything in this Agreement to the contrary, all assets, properties and rights of the Assignor other than those set forth in Section 1.1, (including Schedule 1.1) including without limitation, the following assets, properties and rights of the Assignor (the "Excluded Assets"), shall be excluded from and shall not constitute part of the Transferred Assets, and the Assignee shall have no rights, title or interest in or duties or obligations of any nature whatsoever with respect thereto by virtue of the consummation of the transactions contemplated by this Agreement:

(a) all contracts and other agreements to which the Assignor is a party, other than those described in Section 1.1 above (the "Excluded Contracts");

(b) all rights of the Assignor in and to the trademarks (including "ESBX"), service marks, and any applications, registrations and renewals therefor, and all the goodwill associated therewith, licensed by the Assignor other than those described in Section 1.1(b) (the "Excluded Marks");

(c) all rights of the Assignor in and to software other than those described in Section 1.1(b) (the "Excluded Software");

(d) any and all confidential information other than is comprised in the Trade Secrets;

(e) all rights of the Assignor in the Internet domain names "ci.co.uk", "cantorindex.co.uk", "cantor-index.co.uk", "cantor-e-speed.co.uk", "cantorespeed.co.uk", "cantor-espeed.co.uk", "cantore-speed.co.uk", "cindex.co.uk", "c-index.co.uk", "cfindex.co.uk" and "e-index.co.uk" and in and to the Internet web site accessed via such domain name, including, but not limited to, all copyrights in all materials on such sites and the software underlying such site, all trademarks, service marks, trade names and goodwill associated therewith, all proprietary computer software, programmes, applications, databases, files (in whatever form or medium) and all proprietary information related thereto, in each case only to the extent that the foregoing is not otherwise required to be listed in Schedule 3.8(b) hereto;

(f) all rights of the Assignor in, to and under the Data Purchase Agreement, Data Product Agency and Electronic Trading System Agreement, dated January 22, 1993, among Cantor Fitzgerald, LP, Reuters Limited ("Reuters") and Market Data Corporation ("MDC"), as amended, and all other agreements between Cantor Fitzgerald LP, Reuters

and/or MDC or related thereto, as set forth in Schedule 1.2(f) hereto (the "Reuters Agreement");

(g) all rights of the Assignor with respect to the (i) Agreement, dated February 23, 1990, between Telerate, Inc. ("Telerate") and CFS, as amended, and (ii) Master Optional Services Agreement, dated February 23, 1990, between Telerate and MDC, as amended, and all other agreements between the Assignor, Telerate and/or MDC or related thereto, as set forth in Schedule 1.2(g) hereto (the "Telerate Agreement");

(h) all right, title and interest with respect to information relating to bids, offers or trades or any other information on Financial Products (as defined in the Joint Services Agreement (as hereinafter defined)) created or received by the Assignor or any of its affiliates (other than the Assignee) in a brokerage capacity, including, but not limited to, information licensed, sold, transferred or permitted to be published or displayed by the Assignor pursuant to the Reuters Agreement and the Telerate Agreement (the "Information");

(i) all advertising, marketing and sales programs, advertising copy (including radio and television scripts), creative materials, production agreements, broadcasting rights, broadcasting and advertising time, space, allowances and credits and other promotional brochures, flyers, inserts and other materials used solely in connection with an Excluded Contract (if any);

(j) any assets, properties, rights and interests relating to the Excluded Liabilities (as hereinafter defined); and

(k) all rights of the Assignor under this Agreement and the documents and instruments delivered to the Assignor pursuant to this Agreement.

The Assignor shall bear and pay all of the costs and expenses of the Assignment except for stamp duty, stamp duty reserve or other similar taxes, which shall be borne and paid by the Assignee.

1.3. Assumption of Liabilities. Effective as of the Closing Date, the Assignee will assume and agree to pay, perform and discharge, as and when due, and indemnify and hold the Assignor harmless from and against, (i) each liability listed in Schedule 1.3 being liabilities relating to the Business (ii) each obligation of the Assignor to be performed after the Closing Date with respect to the Transferred Assets and the Assigned Contracts and (iii) each other liability of the Assignor thereunder (including liabilities for any breach of a representation, warranty or covenant, or for any claims for indemnification contained therein), to the extent and only to the extent that such liability is due to the actions of the Assignee (or any of the Assignee's affiliates (other than the Assignor), representatives or agents) after the Closing Date (collectively, the "Assumed Liabilities"). The Assignee shall not assume, and shall not be obligated to pay, perform or discharge, any liability or obligation of the Assignor other than the

Assumed Liabilities (whether or not related to the Transferred Assets or Business) (collectively, the "Excluded Liabilities"), and shall not be obligated for any other claim, loss or liability relating to any act, omission or breach by the Assignor with respect to the Business, the Transferred Assets or the Assigned Contracts, for any claim, loss or liability related to the Excluded Assets or the Excluded Liabilities, all of which, the Assignor shall remain obligated to pay, perform and discharge and to indemnify and hold the Assignee harmless against. Without limiting the foregoing, among other things, all liabilities arising from the matters described in the prospectus attached hereto (the "Prospectus") under the caption "Legal Proceedings", shall be Excluded Liabilities except to the extent expressly assumed as provided in Schedule 1.3.

1.4. Consideration. In consideration of the Assignment, in addition to the assumption of the Assumed Liabilities as provided in Section 1.3, the Assignee shall issue to CFIHLP the Shares credited as fully paid.

1.5. The Closing.

(a) Date and Place. The closing of the transactions contemplated hereby (the "Closing") shall take place at the London offices of the Assignor, One America Square, London EC3N, (or such other place as the Assignor and the Assignee shall agree) on the date the Assignor so elects, which date shall be no later than the fourth business day following the date that all of the conditions to Closing provided in Articles 7 and 8 hereof shall have been satisfied, or at such other time and/or place and/or on such other date as the parties may mutually agree (the "Closing Date").

(b) Documents to be delivered and actions to be taken by the Assignor. At the Closing, the Assignor shall:

(i) deliver to the Assignee a duly executed counterpart to the Joint Services Agreement (the "Joint Services Agreement") substantially in the form of Exhibit A hereto;

(ii) deliver to the Assignee a duly executed counterpart to the Administrative Services Agreement (the "Administrative Services Agreement") substantially in the form of Exhibit B hereof (together the Joint Services Agreement and the Administrative Services Agreement being referred to hereinafter as the "Additional Agreements");

(iii) make available for collection by the Assignee at the normal location at which they are held, used or stored and/or give physical possession to the Assignee or as it may direct of such of the Transferred Assets as are transferable by delivery;

(iv) effect the capital reduction referred to in the Recitals hereto;

(v) deliver to the Assignee all documents of title or other records establishing title to those Transferred Assets;

(vi) (if requested by the Assignee so to do) deliver to the Assignee duly executed assignments, transfers or other assurances of and otherwise vest in the Assignee such other of the Transferred Assets as are not transferable by delivery, such assignments, transfers or assurances to be prepared by and at the cost of the Assignor in such form as the Assignee shall reasonably require and to have been approved by the Assignor before Closing;

(vii) deliver to the Assignee the originals of all documents in the Assignor's possession constituting or evidencing the Assigned Contracts and the Employment Agreements or relating to all equipment and items which are not owned by the Assignor but are used by it, otherwise than by way of supply, in the Business at the Closing Date including without limitation items on loan, lease, licence, or hire purchase or of which the Assignor is for any reason bailee and items supplied to the Assignor under a valid retention of title clause or other terms effective to prevent, or delay, title passing to the Assignor, together with consents to assignments and/or novation agreements as may be required to transfer to the Assignee such of the Assigned Contracts as have been deemed by the Assignee prior to Closing to be key contracts, duly executed by all parties to them other than the Assignee;

(viii) deliver to the Assignee all records necessary to enable the Assignee to carry on the Business, with the exception of the statutory books of the Assignor;

(ix) give possession to the Assignee of, or otherwise make available to it, in such form as the Assignee may reasonably require, the Trade Secrets;

(x) deliver to the Assignee releases of any interests by way of security (howsoever arising) to which any of the Transferred Assets or Assigned Contracts are subject (other than floating charges), duly executed by those entitled to the benefit of such interests;

(xi) deliver to the Assignee a certificate in an agreed form dated as at the Closing Date from each holder of a floating charge over assets of the Assignor (if any) to the effect that such floating charge has not crystallised at that time accompanied by an acknowledgement by such holder that it consents to the transfer of the Business and to such assets being transferred to the Assignee upon such transfer free of such charge and of any other charge which by virtue of such charge might otherwise attach to them in consequence of such transfer; and

(xii) execute and deliver to the Assignee such other documents or instruments to effect the transfer of the Transferred Assets, the assumption of the Assumed

Liabilities and the other transactions contemplated hereby, and in such form, as the Assignee may reasonably request.

(c) Documents to be delivered by the Assignee. At Closing, the Assignee shall execute and deliver to the Assignor (or as it shall direct):

(i) where relevant executed counterparts of the agreements delivered by the Assignor under Section 1.5(b);

(ii) such other documents or instruments to effect the transfer of the Transferred Assets, the assumption of the Assumed Liabilities and the other transactions contemplated hereby, and in such form, as the Assignor may reasonably request; and

(iii) a share certificate for the Shares in the name of CFIHLP.

1.6. Definition of Taxes In this agreement Taxes means any form of taxation, whenever created or unpaid and whether of the United Kingdom or elsewhere (and without limitation includes income tax, P.A.Y.E., corporation tax, capital gains tax, capital transfer tax, inheritance tax, stamp duty, stamp duty reserve tax, value added tax, development land tax, petroleum revenue tax, withholding tax, rates, Customs and Excise duties, National Insurance contributions, Social Security and other similar liabilities or contributions) and generally any amount payable to the revenue, customs or fiscal authorities, whether of the United Kingdom or elsewhere and all interest and/or penalties related to or arising in respect thereof.

ARTICLE 2

EMPLOYEES

2.1. Transfer Regulations. The Assignor and the Assignee acknowledge and agree that the Transfer of Undertakings (Protection of Employment) Regulations 1981 (the "Transfer Regulations") apply to this Agreement and the transfer of the Business effected by this Agreement is a "relevant transfer" within the meaning of those regulations and that in accordance with the Transfer Regulations:

(a) the contracts of employment between the Assignor and the persons listed in Schedule 2.1 (the "Employees") (save insofar as such contracts relate to any occupational pension scheme or to any Employee who informs the Assignor or the Assignee that he objects to becoming employed by the Assignee under Regulation 5(4A) of the Transfer Regulations) will have effect after Closing as if originally made between the Assignee and the Employees;

(b) on Closing all the Assignor's rights, powers, duties and liabilities under or in connection with each such contract will be transferred to the Assignee;

(c) anything done before Closing by or in relation to the Assignor in respect of each such contract or any Employee will be deemed to have been done by or in relation to the Assignee; and

(d) Action to be taken by CFIHLP At Closing CFIHLP shall take such actions and do such things as are reasonably within it power to procure the effecting of the capital reduction of the Assignor referred to in the Recitals hereto.

2.2. Apportionment of rights and liabilities. Without prejudice to the rights and obligations acquired by the Employees as against the Assignee in consequence of the Transfer Regulations, the Assignor and the Assignee agree that as between themselves all rights and liabilities, arising or payable, under or in respect of or in connection with the Employment Agreements (as defined in Section 2.4 below) or otherwise in respect of the Employees (including all such rights and liabilities as are transferred or otherwise attach to the Assignee pursuant to the Transfer Regulations) shall be apportioned as follows:

(a) all rights and liabilities arising or payable on or before the Closing Date shall belong to the Assignor; and

(b) all rights and liabilities arising or payable after the Closing Date shall belong to the Assignee.

2.3. Regulation 10 Information. The Assignee shall promptly provide to the Assignor in writing such information as will enable the Assignor to carry out its duties under Regulation 10 of the Transfer Regulations.

2.4. Employment Agreements not transferred. If for any reason the contract or other terms or conditions of employment under which the Employees are for the time being employed by the Assignor in the Business (the "Employment Agreements") of any of the Employees is not automatically transferred to the Assignee pursuant to the Transfer Regulations, the Assignee shall offer to employ such Employee on terms and conditions no less advantageous to the Employee than the terms on which he would have been employed had his Employment Agreement been so transferred.

2.5. Persons other than the Employees. The Assignor and the Assignee intend that the Transfer Regulations shall apply only to the Employees and accordingly if any contract of employment (whether oral or written, express or implied) has been or is at any time entered into by the Assignor in respect of any person who is not an Employee without the prior consent of the Assignee and such contract shall have effect or shall be alleged by the person so employed under it to have effect as if originally made between the Assignee and such person pursuant to the provisions of Regulation 5 of the Transfer Regulations, then:

(a) the Assignee may, upon becoming aware of the application of Regulation 5 to such contract or any claim to that effect by the person employed under it, terminate such

contract forthwith;

(b) the Assignee shall promptly inform the Assignor of any such claim and keep the Assignor advised of any action taken by the Assignee in respect of it; and

(c) the Assignor shall fully indemnify the Assignee against any sums payable to or for the benefit of such person in respect of his employment with the Assignor and/or the Assignee and against all other liabilities whatsoever arising under or in relation to such contract or its termination and any obligation or liability of whatsoever nature (whether arising before or after Closing) in relation to or in connection with the employment of such person in the Business.

2.6. Settlement of Claims. Without prejudice to Section 2.5(c) the Assignee shall be entitled to settle any claim brought against it after Closing, by any such person as is described in Section 2.5 provided that such claim is reasonable and that it has consulted with the Assignor before making such settlement.

2.7. Joint Letter. On such date as the Assignor and the Assignee may agree in writing, but in any event by not later than the first business day following Closing, the Assignor and the Assignee shall join in delivering to each of the Employees a joint letter from the Assignor and the Assignee in an agreed form. Such letter shall be handed personally to those Employees who are present for work on the date selected for such delivery and shall be despatched on that date by first-class post to those Employees who are not so present.

2.8. Pension Arrangements. The Assignor and the Assignee shall procure that as from Closing the pension arrangements in respect of the Employees shall be dealt with in such a way as to ensure that the Employees rights are not prejudiced by the Assignment.

2.9. Objections to the transfer. If any Employee informs the Assignor or the Assignee that he objects to the transfer of his employment to the Assignee under this Agreement pursuant to the Transfer Regulations, the Assignor or the Assignee (as the case may be) shall notify the other forthwith. If the relevant employee shall refuse to withdraw such objections, such person shall be deemed not to be an Employee.

2.10. New employees. If the Assignor shall take any person into its employment in connection with the Business between the date of this Agreement and Closing, then, provided the Assignee's written consent thereto shall have been obtained (but not otherwise), such person shall be deemed to be an Employee.

2.11. Dismissals. If any person employed in connection with the Business shall be dismissed or his employment shall otherwise terminate in any way between the date of this Agreement and Closing, then, without prejudice to the Assignee's rights in respect of such dismissal or termination, such person shall be deemed not to be an Employee.

2.12. Amendments to Schedule 2.1. On any person being deemed to be an Employee or not to be an Employee pursuant to Sections 2.10 or 2.11, Schedule 2.1 shall be deemed to be amended accordingly.

2.13. Indemnity. The Assignor will indemnify the Assignee against any loss, cost, damage or expense suffered or incurred by reason of any proceeding, claim or demand by any Employee (or, where applicable, their employee representatives):

(a) in relation to the employment or termination of employment of any Employee during the period ending on Closing (save for any proceeding, claim or demand arising from any act or omission of the Assignee) including for the avoidance of doubt liability for personal injuries, breach of contract and infringement of any relevant statutory provision;

(b) in relation to the breach by the Assignor prior to Closing of any collective agreement or other custom, practice or arrangement (whether or not legally binding) with a trade union or staff association in respect of any Employee (but only in respect of the period ending on Closing);

(c) in relation to the operation of the Transfer Regulations upon the contract of employment of any employee of the Assignor whose name is not listed in Schedule 2.1; or

(d) to the extent that it arises from any failure by the Assignor to comply with its obligations under Regulation 10 of the Transfer Regulations or section 188 of the Trade Union and Labour Regulations Consolidation Act 1992 in respect of any Employee.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE ASSIGNOR

The Assignor hereby represents and warrants to the Assignee with respect to itself as follows except as otherwise disclosed in Schedules 3.3, 3.4, 3.5, 3.6, 3.8(b) and 3.9 to this Agreement (the "Disclosure Schedules"), which Disclosures Schedule specifically reference the particular sections hereof to which they relate:

3.1. Organisation and Good Standing. The Assignor is duly organised, validly existing and in good standing under the laws of England and Wales and is duly qualified to do business and, except as would not singly or in the aggregate have a Material Adverse Effect, is in good standing in each jurisdiction in which the ownership, use or leasing of its assets or the conduct or nature of its business makes such qualification necessary. "Material Adverse Effect" means any event, change, changes, effect or effects that individually or in the aggregate are

materially adverse to (x) the ownership, use, operation or value of the Transferred Assets or (y) the condition (financial or other) or results of operations of, or prospects for, the Business.

3.2. Authority. The Assignor has the requisite corporate power and authority to execute and deliver this Agreement and the Additional Agreements, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Assignor of this Agreement and the Additional Agreements and the consummation by the Assignor of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate, stockholder, member or partner action, and no other corporate, partner or member proceedings on the part of the Assignor or any affiliate of the Assignor (other than the Assignee), respectively, are necessary to authorize the execution and delivery by the Assignor of this Agreement or the Additional Agreements or to consummate the transactions contemplated hereby and thereby. This Agreement has been, and at the Closing the Additional Agreements will be, duly executed and delivered by the Assignor and constitutes or will constitute, as applicable, legal, valid and binding obligations of the Assignor enforceable against the Assignor in accordance with their respective terms.

3.3. No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance by the Assignor of this Agreement and the Additional Agreements do not, and the consummation of the transactions contemplated hereby and thereby will not, (i) conflict with or violate the certificate of incorporation, Memorandum or Articles of Association or similar organisational or governing document of the Assignor, or any affiliate thereof as the case may be; (ii) conflict with or violate any local or foreign laws, rules, statutes, ordinances, regulations, judgments, settlement agreements, orders or decrees or arbitration proceedings or pronouncements (collectively "Laws") applicable to the Assignor or any affiliate thereof, the Business or the Transferred Assets or by which the Assignor or any affiliate thereof, the Business or the Transferred Assets are bound or affected; or (iii) result in any material breach of or constitute a material default (or an event that with notice or lapse of time or both would become a material default) under, or give to any other person any right of termination, amendment, acceleration or cancellation of, or result in the creation of a Lien on any of the Transferred Assets pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Assignor or any affiliate thereof is a party or by which the Assignor or any affiliate thereof, the Business or the Transferred Assets are bound or affected; and

(b) The execution, delivery and performance by the Assignor of this Agreement and the Additional Agreements do not and the consummation of the transactions contemplated hereby and thereby do not require the Assignor or any of its affiliates to seek, obtain or receive any consent, approval, authorisation or permit from, or make any filing with or notification to, any governmental agency, authority or court or any other person, body or committee except for any consents, approvals any authorisations or permits as have been

obtained or filings or notifications as have been made, or as would not singly or in the aggregate if not obtained or made, have a Material Adverse Effect.

3.4. Permits; Compliance with the Law. The Assignor is in possession of all franchises, grants, authorisations, licences, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary for it to own and use the Transferred Assets as presently owned and used and to carry on the Business as it is now being conducted (the "Permits"), except for those Permits the failure of which to obtain or maintain would not result in a Material Adverse Effect, and no suspension, revocation, cancellation or refusal to review any of the Permits has occurred, or to the knowledge of the Assignor, is threatened or anticipated. Each of the Permits is listed in Schedule 3.4. The Assignor has conducted and is conducting the Business, and has owned, used and operated and owns, uses and operates the Transferred Assets in compliance with, and not in violation of, (i) any Law applicable to it or by which it, the Business or the Transferred Assets is bound or affected or (ii) any of the Permits (except in either case for any such violations as, singly or in the aggregate, would not have a Material Adverse Effect).

3.5. Title to Transferred Assets. The Assignor owns, free and clear of any Liens, and has the full right to sell, assign and convey, all of the Transferred Assets, and at Closing will convey the Transferred Assets to the Assignee, free and clear of any Liens.

3.6. Absence of Litigation. Except as would not singly or in the aggregate have a Material Adverse Effect, or is disclosed in the Prospectus, there is no pending or threatened, nor has there been at any time during the twelve months preceding the date hereof any, claim, complaint, action, suit, litigation, proceeding or arbitration or, to the Assignor's knowledge, any inquiry or investigation of any kind by any consumer protection agency or other governmental or self-regulatory agency, or any other person or entity which seeks to enjoin, delay or restrict any of the transactions contemplated by this Agreement or the Additional Agreements or which involves the Business or any of the Transferred Assets. Except as would singly or in the aggregate have a Material Adverse Effect, neither the Assignor nor any affiliate of the Assignor are subject to any judgment, order, writ, injunction, decree or award which relates to any of the Transferred Assets or to the Business.

3.7. Contracts; No Default; Etc. Schedule 1.1 part C lists each Assigned Contract. Correct and complete copies of each Assigned Contract, together with all amendments, supplements and other instruments (including side letters) thereto effecting a modification or waiver of the terms thereof, have been delivered to the Assignee. Each Assigned Contract is valid, subsisting and, to the Assignor's knowledge, enforceable in accordance with its terms, save only that such enforceability may be affected by bankruptcy, insolvency, fraudulent conveyance, moratorium and similar laws affecting the rights of creditors generally and by general principles of equity (whether considered in a proceeding at law or in equity). Each such Assigned Contract is in full force and effect, no written notice of termination or non-renewal of any Assigned Contract has been given to the Assignor or, to the knowledge of the Assignor, is

anticipated, and there is no material default (or any event known to the Assignor which, with the giving of notice or lapse of time or both, would constitute a material default) by the Assignor or, to the knowledge of the Assignor, by any other party to any such Assigned Contract, in the due timely payment or performance of any obligation to be performed or paid under any Assigned Contract.

3.8. Intellectual Property and Computer Assets.

(a) Except as would not singly or in the aggregate have a Material Adverse Effect, the Assignor (or an affiliate of the Assignor) owns all right, title and interest in, or has valid and subsisting licence rights sufficient to use and to continue to use, all Intellectual Property principally used in the conduct of the Business as currently conducted by the Assignor. All Intellectual Property necessary for the conduct of the Business as described in the Prospectus (other than the intellectual property included in the Excluded Assets) is being transferred to the Assignee hereunder. Except as would not singly or in the aggregate have a Material Adverse Effect, all Intellectual Property is free and clear of any and all Liens.

(b) Schedule 3.8(b) lists all of the Assignor's UK and foreign registrations and applications issued by, filed with or recorded by any governmental regulatory authority with respect to the Intellectual Property (if any). Except as singly or in the aggregate would not have a Materially Adverse Effect, all of such registrations and applications are valid and in full force and effect and all necessary actions to maintain the registrations or applications for registration of such Intellectual Property have been taken or instructions have been given that such actions be taken, and such actions will be taken as of the date of this Agreement.

3.9. Undisclosed Liabilities. Except as singly or in the aggregate, would not have a Materially Adverse Effect of the Disclosure Schedules, there are no claims, losses, obligations or liabilities of, relating to or affecting the Assignor or any of the Transferred Assets.

3.10. Entire Business. The Transferred Assets, together with the services to be provided by the Assignor or its affiliates pursuant to the (i) Administrative Services Agreement and (ii) Joint Services Agreement, constitute all the assets, properties and rights necessary for the Assignee to conduct the Business in all material respects as described in the Prospectus.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE ASSIGNEE

The Assignee hereby represents and warrants to the Assignor as follows:

4.1. Organisation and Good Standing. The Assignee is a limited liability company duly organised, validly existing and in good standing under the laws of England and Wales. The Assignee has the requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

4.2. Authority; Binding Effect. The Assignee has taken all necessary corporate actions to authorise, execute and deliver this Agreement and to perform all of its obligations under, and to consummate the transactions contemplated by, this Agreement. This Agreement has been duly and validly executed by the Assignee. This Agreement constitutes the valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with its terms, subject to the effect of reorganisation, bankruptcy, insolvency, moratorium, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally and court decisions with respect thereto, and subject to the application of equitable principles and the discretion of the court (regardless of whether the enforceability is considered in a proceeding in equity or at law).

ARTICLE 5

ASSIGNED CONTRACTS

5.1. Novation; Assignment. The Assignor and the Assignee shall, to the extent possible, arrange for the Assigned Contracts to be novated. To the extent that the Assignor and the Assignee agree that any particular Assigned Contract should not be novated, then, as regards those particular Assigned Contracts, the Assignor hereby assigns with effect from Closing, to the Assignee all of those particular Assigned Contracts which are capable of assignment and (i) which do not require the consent of the other parties thereto to any such assignment or (ii) for which consent to assignment has been obtained from the other parties thereto prior to Closing.

5.2. Assigned Contract not Novated or Assigned. All other Assigned Contracts shall as from Closing (pending an assignment or novation thereof) be held by the Assignor on trust for the Assignee absolutely. Insofar as such Assigned Contracts:

(a) are not assignable or cannot be assigned without consent or without such assignment constituting an event of default or termination, the Assignor shall at the option of the Assignee:

(i) use all reasonable endeavours to procure that any requisite consent is obtained;

or

(ii) use all reasonable endeavours to procure that the Assignee be granted corresponding rights (and for this purpose shall do all such acts and things and make all such representations as the Assignee may reasonably require) and, subject thereto, that the existing arrangements be terminated; or

(iii) use all reasonable endeavours to procure that all relevant third parties waive the relevant provisions; or

(iv) execute (or procure there to be executed) a declaration of trust for the benefit of and in favour of the Assignee; or

(v) otherwise deal with the same as the Assignee may reasonably direct; or

(b) cannot effectively be transferred to, or the obligations thereunder cannot effectively be assumed by, the Assignee except by an agreement of novation with one or more third party:

(i) each of the Assignor and the Assignee shall use their respective reasonable endeavours to procure that the same be novated; and

(ii) unless and until any such novation is entered into, the Assignor shall do or procure to be done all such acts and things in relation thereto as the Assignee may reasonably require.

5.3. Receivables and outgoings; rights and liabilities. In respect of each of the Assigned Contracts:

(a) as between the Assignor and the Assignee the Assigned Contract shall be deemed to have been duly transferred to the Assignee as from the Closing Date;

(b) responsibility for the collection of receivables and the discharge of outgoings payable under the Assigned Contracts and the respective obligations of the Assignor and the Assignee to account to or reimburse each other with respect to receivables so collected and outgoings so discharged shall be determined in accordance with the Joint Services Agreement.

(c) as regards all rights under the Assigned Contracts other than receivables and all liabilities under the Assigned Contracts other than outgoings:

(i) the Assignor shall exercise all such rights and discharge all such liabilities which fall due on or before the Closing Date and the Assignee shall exercise all such rights and discharge all such liabilities which fall due after the Closing Date; and

(ii) the Assignor shall account to the Assignee for the benefit of all such rights exercised by the Assignor to the extent that they arise after the Closing Date and the Assignee shall account to the Assignor for the benefit of all such rights exercised by the Assignee to the extent that they arise on or before the Closing Date.

5.4. Matters arising prior to Closing. Nothing in this Agreement:

(a) shall require the Assignee to perform any obligation falling due for performance, or which should have been performed, prior to Closing;

(b) shall make the Assignee liable for any act, neglect, default or omission in respect of any of the Assigned Contracts committed by the Assignor, or occurring, prior to Closing; or

(c) shall impose any obligation on the Assignee for or in respect of any service performed by the Assignor prior to Closing.

5.5. Mutual Indemnities. The Assignor shall fully indemnify the Assignee against all liabilities under the Assigned Contracts to the extent that they arise on or before Closing and, subject to Sections 5.6 and 5.7, the Assignee shall fully indemnify the Assignor against all liabilities under the Assigned Contracts to the extent that they arise after Closing.

5.6. Rescission or termination by a third party. If the other parties to an Assigned Contract shall rescind or terminate or purport to rescind or terminate the Assigned Contract or shall make any other claim on the ground that the transfer or purported transfer of the Assigned Contract by the Assignor to the Assignee constitutes a breach of, or event of default under, the Assigned Contract the Assignor shall fully indemnify the Assignee against all damages or other compensation sought by such other party or parties under any such claim.

5.7. Liabilities arising as a result of Closing. Notwithstanding anything in the previous provisions of this Article 5, the Assignor shall be liable for and shall discharge at its own expense and for its own account and fully indemnify the Assignee against all liabilities which arise in respect of any of the Assigned Contracts in consequence of the execution or Closing of this Agreement and for the purposes of this Article 5 all such liabilities shall be deemed to arise on or before the Closing Date.

5.8. Benefit of warranties. The Assignor shall at the request of the Assignee and at the Assignee's expense use its reasonable endeavours to extend to the Assignee and enforce on its behalf the benefit of any warranties, express or implied, given to the Assignor in respect of the goods or services supplied under any of the Assigned Contracts which are supply contracts.

5.9. Other contracts. The Assignor undertakes to perform any contract or other of its obligation relating to the Business which the Assignee is not by this Agreement required to perform. The Assignor shall remain solely responsible for all contracts to which it is a party

which are not Assigned Contracts.

5.10. Right of the Assignee to treat Assigned Contracts as excluded. If any of the Assigned Contracts which has not been assigned to the Assignee at Closing has not been novated, assigned or otherwise transferred to the Assignee within a period of 90 days after Closing, the Assignee may by notice in writing given to the Assignor elect to treat such Assigned Contract as excluded from the transfer referred to in Article 1 and as from receipt by the Assignor of such notice:

(a) neither the Assignor nor the Assignee shall have any further obligation to the other with regard to the transfer to the Assignee of that Assigned Contract;

(b) the Assignor and the Assignee shall be released from their obligations to each other with respect to that Assigned Contract and the Assignor shall reimburse the Assignee, and shall fully indemnify it against, all payments made or costs incurred by the Assignee in prior performance of those obligations after making due allowance for any payments or other benefits under the Assigned Contract which have been received by the Assignee; and

(c) the Assignor shall procure that the Assigned Contract is terminated as soon as practicable and the Assignor shall be solely liable for, and shall fully indemnify and keep the Assignee indemnified against, all liabilities, claims, expenses, losses or damages arising under the Assigned Contract or in respect of its termination and the release of the Assignor from all further obligations under it.

5.11. Third Party consents. At its own expense the Assignor will give any notices to third parties, and will use its reasonable efforts to obtain any third party consents, that the Assignee may request in connection with the transaction contemplated by this Agreement, including, but not limited to, those consents listed in Schedule 5.11. Each party to this Agreement will give notices to, make any filings with, and use its reasonable best efforts to obtain any authorisations, consents, and approvals of governments and governmental agencies in connection with, the transactions contemplated by this Agreement.

ARTICLE 6

INDEMNIFICATION

6.1. The Assignor's Indemnification Obligations. Subject to the terms and conditions of this Article 6, the Assignor agrees to defend, indemnify and hold the Assignee, its affiliates and assigns and their respective officers, directors, agents, attorneys, employees and representatives harmless from and against any and all liabilities, losses, costs, damages, expenses, penalties, deficiencies, fines and Taxes, including, without limitation, reasonable legal

and other expenses (collectively, "Damages"), directly or indirectly arising out of, resulting from or relating to:

(a) any breach of any representation, warranty, covenant, agreement or obligation of the Assignor contained in this Agreement;

(b) any Excluded Liability;

(c) the conduct of the Business, and the ownership, use and operation of the Transferred Assets, on or prior to the Closing Date; and

(d) the use, operation or ownership of the Excluded Assets prior to or after Closing including, without limitation, the Excluded Software.

6.2. The Assignee's Indemnification Obligations. Subject to the terms and conditions of this Article 6, the Assignee agrees to defend, indemnify and hold the Assignor, its affiliates, officers, directors, agents, attorneys, employees and representatives harmless from and against any and all Damages directly or indirectly arising out of, resulting from or relating to:

(a) any breach of any representation, warranty, covenant, agreement or obligation of the Assignee contained in this Agreement; or

(b) any Assumed Liability (including, without limitation, any failure by the Assignee to perform pursuant hereto the obligations to be performed by it after the Closing under any Assigned Contracts or the use, operation or ownership of the Transferred Assets or operation of the Business after Closing).

6.3. Claims for Indemnification; Defence of Indemnified Claims. For purposes of this Section, the party entitled to indemnification shall be referred to as the Indemnified Party and the party required to indemnify shall be referred to as the Indemnifying Party. In the event that the Indemnifying Party shall be obligated to the Indemnified Party pursuant to this Article 6 or in the event that a suit, action, investigation, claim or proceeding is begun, made or instituted as a result of which the Indemnifying Party may become obligated to the Indemnified Party hereunder, the Indemnified Party shall give prompt written notice to the Indemnifying Party of the occurrence of such event, specifying the basis for such claim or demand, and the amount or estimated amount thereof to the extent then determinable (which estimate shall not be conclusive of the final amount of such claim or demand); provided, however, that the failure to give such notice shall not constitute a waiver of the right to indemnification hereunder, except to the extent that the Indemnifying Party is actually prejudiced in a material respect thereby. The Indemnifying Party agrees to defend, contest or otherwise protect against any such suit, action, investigation, claim or proceeding at the Indemnifying Party's own cost and expense with counsel of its own choice, who shall be, however, reasonably acceptable to the Indemnified Party. The Indemnifying Party may not make any compromise or settlement without the prior written consent of the Indemnified Party (which will not be unreasonably withheld or delayed) and the

Indemnified Party shall receive a full and unconditional release reasonably satisfactory to it pursuant to such compromise or settlement. The Indemnified Party shall have the right but not the obligation to participate at its own expense in the defence thereof by counsel of its own choice. If requested by the Indemnifying Party, the Indemnified Party shall (at the Indemnifying Party's expense) (i) cooperate with the Indemnifying Party and its counsel in contesting any claim or demand which the Indemnifying Party defends, (ii) provide the Indemnifying Party with reasonable access during normal business hours to its books and records to the extent that such books and records relate to the condition or operation of the Business and are requested by the Indemnifying Party to perform its indemnification obligations hereunder, and to make copies of such books and records, and (iii) make personnel available to assist in locating any books and records relating to the Business or whose assistance, participation or testimony is reasonably required in anticipation of, preparation for, or the prosecution and defence of, any claim subject to this Article 6. In the event that the Indemnifying Party fails timely to defend, contest or otherwise protect the Indemnified Party against any such suit, action, investigation, claim or proceeding, the Indemnified Party shall have the right to defend, contest or otherwise protect the Indemnified Party against the same and may make any compromise or settlement thereof and recover the entire cost thereof from the Indemnifying Party, including, without limitation, reasonable attorneys' fees, disbursements and all amounts paid as a result of such suit, action, investigation, claim or proceeding or compromise or settlement thereof.

6.4. Payments; Non-Exclusivity Payments; Non-Exclusivity. Any amounts due to an Indemnified Party under this Article 6 shall be due and payable by the Indemnifying Party within fifteen (15) business days after (i) in the case of a claim which does not involve any third party, receipt of written demand therefor and (ii) in the case of a claim which involves a third party, the final disposition of such claim or demand, provided legal and other out-of-pocket costs and expenses are reimbursed currently within fifteen (15) business days after demand therefor. The remedies conferred in this Article 6 are intended to be without prejudice to any other rights or remedies available at law or equity to the Indemnified Parties, now or hereafter.

ARTICLE 7

CONDITIONS TO THE ASSIGNEE'S OBLIGATIONS

The obligations of the Assignee to consummate the transactions contemplated hereby shall be subject to the fulfillment on or prior to the Closing Date of the following conditions any, or all of which may be waived in whole or in part by the Assignee to the extent permitted by applicable law:

7.1. Representations, Warranties and Covenants of the Assignor. The Assignor shall have complied in all material respects with all of its agreements and covenants contained herein (including the obligations of the Assignor to deliver the documents specified in Section 1.5) to be performed at or prior to the Closing Date, and all of the representations and warranties of the

Assignor contained herein shall be true in all material respects on and as of the Closing Date with the same effect as though made on and as of the Closing Date, except to the extent that such representations and warranties were made as of a specified date and, as to such representations and warranties, the same shall continue on the Closing Date to have been true in all material respects as of the specified date.

7.2. Other Consents and Filings. All material approvals and consents of or filings with governmental or regulatory authorities, and all material approvals and consents of any other persons (including, without limitation, all third party consents under each of the Assigned Contracts), required to permit the consummation of all of the transactions contemplated hereby shall have been obtained or made, as the case may be, to the reasonable satisfaction of the Assignee; provided, however, that it shall not be a condition to Assignee's obligation to close the transactions contemplated hereby if the failure to obtain any such approvals, consents or filings would not be material to the Business or the Transferred Assets. For purposes of this Section 7.2, it is understood and agreed that the failure to obtain any of the approvals, consents and filings listed in Schedule 7.2 shall be deemed to be material to the Business or the Transferred Assets.

7.3. Absence of Litigation. No proceeding, action, suit, investigation, litigation or claim challenging the legality of, or seeking to restrain, prohibit or modify the transactions contemplated by this Agreement or the Additional Agreements shall have been instituted and not settled or otherwise terminated.

7.4. No Prohibition. No law, statute, rule or regulation or injunction, order, judgment, ruling, decree or settlement of any court or administrative agency shall be in effect which prohibits the Assignee from consummating the transactions contemplated hereby or operating any Transferred Asset after the Closing Date.

ARTICLE 8

CONDITIONS TO THE ASSIGNOR'S OBLIGATIONS

The obligations of the Assignor to consummate the transactions contemplated hereby shall be subject to the satisfaction (or waiver by the Assignor) on or prior to the Closing Date of all of the following conditions:

8.1. Representations, Warranties and Covenants of the Assignee. The Assignee shall have complied in all material respects with all of its agreements and covenants contained herein (including the obligation of the Assignee to deliver the documents specified in Section 1.5) to be performed at or prior to the Closing Date, and all of the representations and warranties of the Assignee contained herein shall be true in all material respects on and as of the Closing Date with the same effect as though made on and as of the Closing Date, except to the extent that such

representations and warranties were made as of a specified date and, as to such representations and warranties, the same shall continue on the Closing Date to have been true in all material respects as of the specified date.

8.2. No Prohibition. No law, statute, rule or regulation or injunction, order, judgment, ruling, decree or settlement of any court or administrative agency shall be in effect which prohibits the Assignor from consummating the transactions contemplated hereby.

ARTICLE 9

TERMINATION PRIOR TO CLOSING

9.1. Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Assignee and the Assignor; or

(b) by either the Assignor or the Assignee in writing, without liability to the terminating party on account of such termination (provided that the terminating party is not otherwise in breach of this Agreement), if there shall have been a material breach by the other party of its representations, warranties, covenants or agreements contained herein, the non-breaching party has notified the breaching party of the breach, and the breach has continued without cure for a period of 30 days after such notice of breach.

9.2. Effect on Obligations. Termination of this Agreement pursuant to this Article shall terminate all obligations of the parties hereunder; provided, however, that termination pursuant to paragraph (b) of Section 9.1 shall not relieve any party that breached its covenants or agreements contained herein or in any related agreement from any liability to the other party hereto by reason of such breach.

ARTICLE 10

MISCELLANEOUS

10.1. Successors and Assigns. This Agreement shall not be assignable by the Assignee without the prior written consent of the Assignor. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

10.2. Headings. The headings of the Articles and Sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

10.3. Modification and Waiver. No amendment, modification or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by the parties hereto; provided, however, that each amendment, modification, alteration or waiver hereof or hereunder must be approved by a majority of the outside directors of eSpeed, Inc.. For purposes of this Agreement, an outside director shall mean a director who is not an employee, partner or affiliate (other than solely by reason of being an eSpeed, Inc. director) of eSpeed, Inc., Cantor Fitzgerald, L.P. or any of their respective affiliates. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No delay on the part of any party in exercising any right, power of privilege hereunder shall operate as a waiver thereof.

10.4. Broker's Fees. Each party represents and warrants that no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated hereby.

10.5. Expenses. The Assignor and the Assignee shall pay its own costs and expenses incurred in connection with the preparation and execution and delivery of this Agreement, including, without limiting the generality of the foregoing, fees and expenses of financial consultants, accountants and counsel provided that the Assignee shall bear the cost of any stamp duty, stamp duty reserve and similar taxes in connection with any transfer of assets pursuant to this Agreement. The obligation to pay expenses pursuant to this Section 10.5 shall not in any way limit or expand any obligation of the Assignor or the Assignee to bear and pay costs and expenses relating to the actual assignment of Transferred Assets pursuant to Section 1.1.

10.6. Notices. Any notice, request, instruction or other document to be given hereunder by either party hereto to the other party shall be in writing and delivered personally or sent by electronic facsimile transmission, by overnight courier or by registered or certified mail, postage prepaid,

If to the Assignor to:

Cantor Fitzgerald International

One America Square
London EC3N 2LS
Attention: General Counsel Fax Number: 0171 894 7553

If to the Assignee to:

eSpeed Securities International Limited One America Square
London EC3N 2LS

Attention: General Counsel Fax Number: 0171 894 7553

If to CFIHLP:

One World Trade Center, 105 Floor
New York, NY 10048

Attention: General Counsel Fax Number: + 212 938 3620

or at such other address for a party as shall be specified by like notice. Any notice which is delivered personally or by a form of written telecommunications in the manner provided herein shall be deemed to have been duly given to the party to whom it is directed upon the actual receipt by such party. Any notice which is addressed and sent in the manner herein provided shall be conclusively presumed to have been duly given to the party to which it is addressed at the close of business, local time of the recipient, on the first day, if mailed by overnight courier, and otherwise on the third day, after the day it is so sent.

10.7. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of England applicable to agreements made and to be performed wholly within such jurisdiction. Each of the parties hereto hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the High Court of Justice in England for any litigation arising out of or relating to this agreement and the transactions contemplated hereby (and agrees not to commence any litigation relating thereto except in such courts), and further agrees that service of any process, summons, notice or document by registered mail to its respective address set forth in section 10.6 shall be effective service of process for any litigation brought against it in such court. Each of the parties hereto hereby irrevocably and unconditionally waives any objection to the laying of venue of any litigation arising out of this agreement or the transactions contemplated hereby in the High Court of Justice in England, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such litigation brought in any such court has been brought in an inconvenient forum.

10.8. Other Covenants. Subject to Section 7.2, to the extent that any consents needed to assign to the Assignee any of the Transferred Assets have not been obtained on or prior to the Closing Date, this Agreement shall not constitute an assignment or attempted assignment thereof if such assignment or attempted assignment would constitute a breach thereof. If any such consent shall not be obtained on or prior to the Closing Date, then (i) the Assignee and the Assignor, if required under applicable law, shall use their reasonable best efforts in good faith to obtain such consent as promptly as practicable thereafter (provided that reasonable best efforts shall not include the payment of monies to any third party) and (ii) until such consent is obtained, the parties shall use reasonable efforts in good faith to cooperate and to cause each of their

respective affiliates to cooperate, in any lawful arrangement (including licensing, subleasing or subcontracting if permitted) designed to provide to the Assignee the operational and economic benefits under any such Transferred Assets.

10.9. Disclosure Schedule and Exhibits; Entire Agreement. The Disclosure Schedules, and all exhibits and attachments to the Disclosure Schedules, an all exhibits to, and documents expressly incorporated into this Agreement, and any other attachments to this Agreement are hereby incorporated into this Agreement and are made a part hereof as if set out in full in this Agreement. This Agreement (and the agreements, certificates and other documents delivered hereunder), unless otherwise provided herein, supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and constitutes the entire agreement among the parties hereto with respect to the subject matter hereof.

10.10. Further Assurances. At its own expense each party hereto shall execute, deliver, file and record, or cause to be executed, delivered, filed and recorded, such further agreements, instruments and other documents and take, or cause to be taken, such further actions, as the other party may reasonably request as being necessary or advisable to effect or evidence the transactions contemplated by this Agreement. Furthermore, each party hereto agrees to comply with all applicable laws relating to the conduct of its business.

10.11. Survival of Representations and Warranties. All of the representations and warranties of the Assignor and the Assignee contained in this Agreement shall survive Closing (even if the damaged party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect for ten (10) years thereafter (subject to any applicable statutes of limitations).

10.12. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable, 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.

10.13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original, and all of which shall constitute the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

SIGNED by for and on behalf of CANTOR FITZGERALD INTERNATIONAL	)	Lee Amaitis Chief Executive Officer and President
SIGNED by for and on behalf of eSPEED SECURITIES INTERNATIONAL LIMITED	)	Lee Amaitis Director
SIGNED by for and on behalf of CANTOR FITZGERALD INTERNATIONAL HOLDINGS L.P.	)	Douglas B. Gardner Senior Managing Director

JOINT SERVICES AGREEMENT

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

Dated as of December 15, 1999

JOINT SERVICES AGREEMENT

This JOINT SERVICES AGREEMENT is made and entered into as of December 15, 1999, among Cantor Fitzgerald, L.P., a Delaware limited partnership ("CFLP"), Cantor Fitzgerald International, an English unlimited liability company ("CF International"), Cantor Fitzgerald Gilts, an English unlimited liability company ("CF Gilts"), Cantor Fitzgerald Securities, a New York general partnership ("CFS"), Cantor Fitzgerald & Co., a New York general partnership ("CF&Co"), CFPH, L.L.C., a Delaware limited liability company ("CFPH"), and Cantor Fitzgerald Partners, a New York general partnership ("CFP" and, together with CFLP, CF International, CF Gilts, CFS, CF&Co and CFPH, the "Executing Cantor Parties" and, together with the other Executing Cantor Parties and each subsidiary of CFLP that becomes a party to this Agreement, the "Cantor Parties"), on the one hand, and eSpeed, Inc., a Delaware corporation ("eSpeed"), eSpeed Securities, Inc., a Delaware corporation and a wholly-owned subsidiary of eSpeed ("eSpeed Securities"), eSpeed Government Securities, Inc., a Delaware corporation and a wholly-owned subsidiary of eSpeed ("eSpeed GS"), eSpeed Securities International, Limited, a U.K. private limited company and a wholly-owned subsidiary of eSpeed ("eSpeed International"), and eSpeed Markets, Inc., a Delaware corporation and a wholly-owned subsidiary of eSpeed ("eSpeed Markets" and, together with eSpeed, eSpeed Securities, eSpeed GS and eSpeed International, the "Executing eSpeed Parties" and, together with the other Executing eSpeed Parties and each subsidiary of eSpeed that becomes a party to this Agreement, the "eSpeed Parties"), on the other hand. All capitalized terms used in this Agreement and not otherwise defined shall have the meanings ascribed to such terms in Section 1 of this Agreement. Each subsidiary of CFLP and eSpeed will automatically become a party to this Agreement, unless it becomes a party to a substantially identical separate agreement.

W I T N E S S E T H:

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

WHEREAS, certain of the Marketplaces operated by the Executing Cantor Parties are Electronic Marketplaces;

WHEREAS, pursuant to an Assignment and Assumption Agreement of even date herewith, certain of the Executing Cantor Parties are contributing to eSpeed their Electronic Trading Systems assets;

WHEREAS, from and after the Closing, the eSpeed Parties and the Cantor Parties wish to collaborate in providing brokerage services to customers through the existing Electronic Marketplaces, and in creating and developing Electronic Marketplaces for new Financial Products and other Products; and

WHEREAS, from and after the Closing, the eSpeed Parties wish to provide Ancillary IT Services to the Cantor Parties in consideration for the fees herein provided;

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

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

"Ancillary IT Services" means technology support services, 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).

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

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

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

"Closing" means the Closing under the Assignment and Assumption Agreement.

"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.

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

"Electronic 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.

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

"eSpeed Marketplace" means a Marketplace (i) in which an eSpeed Party renders Electronic Brokerage Services and (ii) that is not a Collaborative Marketplace.

"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.

"Information" means information relating to bids, offers or trades, or any other information, that is input into, created by or otherwise resides on an Electronic Trading System.

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

"Marketplace" means a marketplace operated or to be operated by the Cantor Parties and/or the eSpeed Parties in and through which buyers and sellers of a Product may effect transactions in the Product.

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

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

"Product" means any tangible or intangible asset or good.

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

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

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

"Unrelated Dealer Businesses" means (i) the equity businesses of the Cantor Parties as they may exist from time to time, (ii) the money market instruments and securities lending divisions of the Cantor Parties as they may exist from time to time, (iii) any business or portion thereof or activity in which a Cantor Party acts as a dealer or otherwise takes market risk or positions, including in the process of executing matched principal transactions, providing the services of a specialist or market maker or providing trading or arbitrage operations, (iv) activities wherever located that would, if conducted in the United Kingdom, be subject to the United Kingdom Gaming Act of 1963 or activities wherever located currently or in the future involving betting, gambling, odds making, lotteries, gaming, wagering, staking, drawing or casting lots and similar or related activities (each a "Gaming Business") and (v) any business not involving operating a Marketplace.

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

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

3. Joint Services in Collaborative Marketplaces.

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

(b) The parties agree that the Electronic Marketplaces that are managed by the Cantor Parties prior to the date hereof, all of which are listed by Product on Annex A hereto, shall be Collaborative Marketplaces governed by this Section 3. The determination as to whether a Marketplace that is created after the date hereof is to be a Collaborative Marketplace governed by this
Section 3 shall be made in accordance with Section 7 of this Agreement.

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

cover the Cantor Party's actual costs of providing Cantor Services in connection with such Marketplace.

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

(e) In the case of each Collaborative Marketplace, the applicable Cantor Party (i) shall be responsible, as between the parties, for the provision of Cantor Services to customers and (ii) except as provided above with respect to Product or Pricing Decisions, shall have reasonable discretion as to the manner and means of providing the Cantor Services. The applicable Cantor Party shall be responsible for maintenance of books and records and compliance with applicable securities laws, rules and regulations, as determined by the applicable Cantor Party. CFP and CF & Co shall be responsible for compliance with the reporting requirements under Regulation ATS and related provisions of the Securities Exchange Act of 1934, as amended. In that regard, CFP and CF & Co each will be the broker for all transactions in the respective matching systems, and each will determine the various non-discretionary parameters under which transactions match in their respective systems. eSpeed Securities and eSpeed GS shall cooperate with CFP and CF & Co in all regulatory compliance matters and, if applicable, in complying with Regulation ATS.

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

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

(h) To such extent as is consistent with the Cantor Parties' own businesses of providing Electronic Brokerage Services in Marketplaces that are not Collaborative Marketplaces, the

Cantor Parties shall promote and market eSpeed Marketplaces for effecting transactions in Financial Products, and shall refer customers and prospective customers to the applicable eSpeed Parties in an effort to cause such customers to effect transactions in Financial Products in eSpeed Marketplaces.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Ancillary IT Services.

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

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

6. Representations and Warranties.

(a) Organization and Good Standing.

(i) Each Executing Cantor Party is duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization, as the case may be. Each Executing Cantor Party has the requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(ii) Each Executing eSpeed Party is duly organized, validly existing and in good standing under the laws of the state or other jurisdiction of its incorporation or organization, as the case may be. Each Executing eSpeed Party has the requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

(b) Authority; Binding Effect; No Conflicts.

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

(ii) Each of the Executing eSpeed Parties has taken all necessary corporate actions to authorize, execute and deliver this Agreement and to perform all of its obligations under, and to consummate the transactions contemplated by, this Agreement. This Agreement has

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

(c) Litigation; No Undisclosed Liabilities. Except as disclosed in the Prospectus relating to eSpeed's initial public offering, there is no litigation pending or, to CFLP's knowledge, threatened, which questions the validity or enforceability of this Agreement or seeks to enjoin the consummation of any of the transactions contemplated hereby.

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

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

(b) If a Cantor Party wishes to create a new Marketplace for a Financial Product that will involve the provision of Electronic Brokerage Services and the Cantor Party does not require eSpeed to operate an Electronic Trading System and to provide Electronic Brokerage Services for that Marketplace pursuant to paragraph (a) of this Section 7, then the Cantor Party shall provide to eSpeed a New Market Notice relating thereto and eSpeed shall have a right of first refusal to provide

Electronic Brokerage Services with respect to that Marketplace under the terms of this Agreement. If eSpeed notifies the Cantor Party that it wishes to provide Electronic Brokerage Services with respect to the new Marketplace, then eSpeed shall use commercially reasonable efforts to develop and put into operation an Electronic Trading System for the Marketplace within 180 days. If eSpeed is able to develop and put into operation an Electronic Trading System for the Marketplace within 180 days, then the Marketplace shall be a Collaborative Marketplace and the operation thereof shall be subject to Section 3 of this Agreement. If, after diligent effort, eSpeed is unable to develop and put into operation an Electronic Trading System for the Marketplace within 180 days, or eSpeed notifies the Cantor Party that it does not wish to provide Electronic Brokerage Services with respect to the new Marketplace, then (i) the applicable Cantor Party may provide or obtain from a third party Electronic Brokerage Services for that Marketplace in any manner that the Cantor Party deems to be acceptable and (ii) the Marketplace shall not be a Collaborative Marketplace. CFLP agrees that its proposal to create a new Marketplace and the requirements relating thereto will be commercially reasonable in scope and that CFLP or another Cantor Party will diligently pursue the development of such Marketplace in a meaningful way and that failure to do so within two years of the provision of the New Market Notice will cause any rights of the eSpeed Parties and the Cantor Parties in this Section 7 and Section 8 of this Agreement to revert to their original status.

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

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

(e) If an eSpeed Party wishes to create a new Electronic Marketplace for a Product that is not a Financial Product, then the eSpeed Party shall provide to CFLP a New Market Notice relating thereto. CFLP or another Cantor Party shall have the opportunity to offer to provide Cantor Services with respect to the new Marketplace if, within 30 days of receiving the New Market Notice,

CFLP or another Cantor Party notifies the eSpeed Party that it wishes to provide such Cantor Services with respect to the new Marketplace. The eSpeed Party shall review and negotiate the offer of CFLP or the other CFLP Party in good faith, but may accept or reject that offer in its reasonable discretion. If the eSpeed Party accepts a Cantor Party's negotiated terms of proposed offer to provide Cantor Services, then the Marketplace shall be a Collaborative Marketplace and the operation thereof shall be subject to Section 3 of this Agreement on such terms as the applicable Cantor Party and the applicable eSpeed Party shall agree. If the eSpeed Party rejects the Cantor Party's negotiated terms of proposed offer to provide Cantor Services, then (i) the Marketplace shall not be a Collaborative Marketplace and (ii) the eSpeed Party may create and operate the Marketplace in any manner that the eSpeed Party deems to be acceptable.

(f) No eSpeed Party shall, directly, indirectly or in connection with a third Person, engage in any activities competitive with a business activity now or hereafter conducted by a Cantor Party or provide or assist any other Person in providing any Cantor Service, other than (i) in collaboration with a Cantor Party pursuant to Section 3 of this Agreement, (ii) with respect to a new Marketplace involving a Financial Product, after CFLP (x) has indicated that it is unable or unwilling to provide such Cantor Service or (y) fails to indicate to the eSpeed Party within the prescribed 30-day period that it does wish to provide such Cantor Service with respect to that Marketplace in accordance with paragraph (d) of this Section 7, (iii) with respect to a new Marketplace involving a Product that is not a Financial Product in accordance with paragraph (c) or paragraph (e) of this Section 7 or (iv) with respect to an Unrelated Dealer Business in which an eSpeed Party develops and operates a fully electronic Marketplace.

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

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

(i) The Cantor Parties and the eSpeed Parties shall be entitled to and may enter into strategic alliances, joint ventures, partnerships or similar arrangements with Persons and consummate Business Combinations with Persons (all of the foregoing, collectively, "Alliance Opportunities") on the following basis only. If an Alliance Opportunity (i) relates to a Person that directly or indirectly provides Cantor Services and engages in business operations that do not involve Electronic Brokerage Services, then any Cantor Party shall be entitled to consummate a transaction with respect to such an Alliance Opportunity, (ii) relates to a Person that directly or indirectly provides Electronic Brokerage Services and engages in business 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. For purposes of this paragraph, a "Business Combination" shall mean, with respect to any Person, a transaction initiated by and/or in which a Cantor Party or an eSpeed Party is the acquiror involving (i) a merger, consolidation, amalgamation or combination, (ii) any sale, dividend, split or other disposition of any capital stock or other equity interests (or securities convertible into or exchangeable for or options or warrants to purchase any capital stock or other equity equivalents) of the Person, (iii) any tender offer (including without limitation a self-tender), exchange offer, recapitalization, liquidation, dissolution or similar transaction, (iv) any sale, dividend or other disposition of a significant portion of the assets and properties of the Person (even if less than all or substantially all of such assets or properties), and (v) entering into of any agreement or understanding, or the granting of any rights or options, with respect to any of the foregoing.

8. Exclusive Patent Licenses.

(a) Subject to the second following sentence, CFLP and CFPH hereby grant to eSpeed an exclusive, perpetual, irrevocable, worldwide, royalty-free right and license, with the right to sublicense to its subsidiaries and affiliates, under all patents and patent applications of CFLP and CFPH related to Electronic Marketplaces, now known and existing, including all provisionals, divisionals, continuations, continuations-in-part, reissues and extensions derived therefrom, as well as all foreign patents and patent applications now known or pending and other counterparts thereof (the "Patent Rights"). The Cantor Parties agree to take all commercially reasonable actions requested by the eSpeed Parties, at the sole expense of the eSpeed Parties, to cause the Patent Rights to remain in full force and effect to the extent permitted by law. In the event that eSpeed (x) has indicated that it is unable to develop and put into operation an Electronic Trading System with respect to a new Marketplace in accordance with paragraph (a) of Section 7 or (y) has declined to exercise its right of first refusal with respect to a new Marketplace in accordance with paragraph (b) of Section 7, then the Cantor Parties shall have a limited right to use the Patent Rights solely in connection with the operation of that new Marketplace. The Cantor Parties shall cooperate with eSpeed, at eSpeed's sole expense, in any attempt by eSpeed to prevent or otherwise seek remedies or damages which, in any case, shall inure to eSpeed for any third party infringement of the Patent Rights that are the subject of the license granted to eSpeed pursuant to this Section 8 or to defend against any third party claim relating to the Patent Rights.

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

9. Indemnification.

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

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

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

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

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

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

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

(c) Claims for Indemnification; Defense of Indemnified Claims. For purposes of this Section, the party entitled to indemnification shall be referred to as the "Indemnified Party" and the party required to indemnify shall be referred to as the "Indemnifying Party." In the event that the Indemnifying Party shall be obligated to the Indemnified Party pursuant to this Section 9 or in the event that a suit, action, investigation, claim or proceeding is begun, made or instituted as a result of which the Indemnifying Party may become obligated to the Indemnified Party hereunder, the Indemnified Party shall give prompt written notice to the Indemnifying Party of the occurrence of such event, specifying the basis for such claim or demand, and the amount or estimated amount thereof to the extent then determinable (which estimate shall not be conclusive of the final amount of such claim or demand); provided, however, that the failure to give such notice shall not constitute a waiver of the right to indemnification hereunder unless the Indemnifying Party is actually prejudiced in a material respect thereby. The Indemnifying Party agrees to defend, contest or otherwise protect the Indemnified Party against any such suit, action, investigation, claim or proceeding at the Indemnifying Party's own cost and expense with counsel of its own choice, who shall be, however, reasonably acceptable to the Indemnified Party. The Indemnifying Party may not make any compromise or settlement without the prior written consent of the Indemnified Party (which will not be unreasonably withheld or delayed) and the Indemnified Party shall receive a full and unconditional release reasonably satisfactory to it pursuant to such compromise or settlement. The Indemnified Party shall have the right but not the obligation to participate at its own expense in the defense thereof

by counsel of its own choice. If requested by the Indemnifying Party, the Indemnified Party shall (at the Indemnifying Party's expense) (i) cooperate with the Indemnifying Party and its counsel in contesting any claim or demand which the Indemnifying Party defends, (ii) provide the Indemnifying Party with reasonable access during normal business hours to its books and records to the extent they relate to the condition or operation of a Marketplace and are requested by the Indemnifying Party to perform its indemnification obligations hereunder, and to make copies of such books and records, and (iii) make personnel available to assist in locating any books and records relating to a Marketplace or whose assistance, participation or testimony is reasonably required in anticipation of, preparation for or the prosecution and defense of, any claim subject to this Section 9. In the event that the Indemnifying Party fails timely to defend, contest or otherwise protect the Indemnified Party against any such suit, action, investigation, claim or proceeding, the Indemnified Party shall have the right to defend, contest or otherwise protect the Indemnified Party against the same and may make any compromise or settlement thereof and recover the entire cost thereof from the Indemnifying Party, including, without limitation, reasonable attorneys' fees, disbursements and all amounts paid as a result of such suit, action, investigation, claim or proceeding or compromise or settlement thereof.

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

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

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

12. Invoicing and Billing; Payment of Service Fees. Each of eSpeed and CFLP shall pay to the other, within 30 days of the end of each calendar month, the amounts due and received to the Cantor Parties or the eSpeed Parties, as the case may be (determined in the manner provided in Section 4 of this Agreement), during that calendar month. eSpeed shall invoice CFLP for charges for Ancillary IT Services provided pursuant hereto on a monthly basis as incurred, such invoices to be

delivered to CFLP by eSpeed within 15 days after the end of each calendar month. CFLP shall pay to eSpeed the aggregate charge for Ancillary IT Services provided under this Agreement in arrears within 30 days after the end of each calendar month. Amounts due by one party to another under this Agreement shall be settled against amounts due by the second party to the first under this or any other agreement. All payments to be made pursuant to this Agreement shall be exclusive of United Kingdom Value Added Tax which, if applicable to any payments hereunder, shall be added to the amount of, and be paid in addition to, such payments.

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

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

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

16. Confidentiality.

(a) CFLP and its affiliates agree to treat as confidential and not to disclose to any person (other than to CFLP employees who have a need to know the same for purposes of CFLP's performing its obligations hereunder) or use the same for its own benefit or for any purpose other than performing its obligations hereunder, all confidential or proprietary information, trade secrets, information related to, and all subject matter covered by, any pending patent applications, data, plans, strategies, projections, budgets, reports, research, financial information, files, reports, software, agreements and other materials and information (individually and collectively, "Confidential Information") it receives, obtains or learns about eSpeed and its affiliates, an Electronic Marketplace or any other program, service, software or system eSpeed and/or CFLP develops in connection with this Agreement. CFLP shall notify those of its employees who perform services for eSpeed and its affiliates of this covenant and shall, to the extent practical, secure their agreement to abide by its terms.

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

(c) Notwithstanding the foregoing, neither party shall be obligated with respect to confidential or proprietary information that it can document: (i) is or has become readily publicly

available through no fault of its own or that of its affiliates, employees or agents; or (ii) is received from a third party lawfully in possession of such information and lawfully empowered to freely disclose such information to it; or
(iii) was lawfully in its possession, without restriction, after the date hereof.

17. Miscellaneous.

(a) This Agreement and all the covenants herein contained shall be binding upon the parties hereto, their respective heirs, successors, legal representatives and assigns. No party shall have the right to assign all or any portion of its rights, obligations or interests in this Agreement or any monies which may be due pursuant hereto without the prior written consent of the other affected parties and which consent may not be unreasonably withheld.

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

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

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

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

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

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

(i) If to a Cantor Party:

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

(ii) If to an eSpeed Party:

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

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

[Signature Pages to Follow]

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

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

By:/s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: Chairman

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 and Chief Executive Officer

CFPH, L.L.C.

By:/s/ Howard W. Lutnick

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

[Signature Page for Joint Services Agreement]

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 GILTS

By:/s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: Chairman

eSPEED, INC.

By:/s/ Douglas B. Gardner

Name: Douglas B. Gardner
Title: Vice Chairman

eSPEED SECURITIES, INC.

By:/s/ Douglas B. Gardner

Name: Douglas B. Gardner
Title: Vice President and Chief
Administrative Officer

[Signature Page for Joint Services Agreement]

eSPEED GOVERNMENT SECURITIES, INC.

By:/s/ Douglas B. Gardner

Name: Douglas B. Gardner
Title: Vice President and Chief Administrative Officer

eSPEED MARKETS, INC.

By:/s/ Douglas B. Gardner

Name: Douglas B. Gardner
Title: Vice President and Chief Administrative Officer

eSPEED SECURITIES INTERNATIONAL LIMITED

By:/s/ Douglas B. Gardner

Name: Douglas B. Gardner
Title: Director

[Signature Page for Joint Services Agreement]

ANNEX A

- o U.S. Government Securities
- o United Kingdom and European Government Bonds
- o Eurobonds
- o Corporate Bonds
- o U.S. Agency Securities
- o Emerging Market Government Bonds and Emerging Market Eurobonds
- o Global Repurchase Agreements and Reverse Repurchase Agreements (U.S., Europe and Emerging Market Countries)
- o U.S. Municipal Bonds
- o U.S. Treasury Futures

**AMENDMENT NO. 1 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. 1 dated as of January 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 Gilts, eSpeed, Inc., eSpeed Securities, Inc., eSpeed Government Securities, Inc., eSpeed Markets, Inc. and 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:

Paragraph 4 shall be amended to insert the following as subsection (b), and subsections (b) through (n) shall be renumbered accordingly as (c) through (o):

"(b) If (i) the Electronic Marketplace is a Collaborative Marketplace,
(ii) the transaction relates to U.S. Treasury securities and U.S. federally-sponsored agency securities involving that certain eSpeed business unit to which the employees listed on Schedule I hereto have been currently assigned, and (iii) a Cantor Party provides Voice Assisted Brokerage Services through any of the employees listed on Schedule I or their replacements in connection with the transaction to which the Transaction Revenues relate, then the applicable eSpeed Party will receive the aggregate Transaction Revenues and will pay to the applicable Cantor Party a service fee equal to 35% of the Transaction Revenues.

IN WITNESS WHEREOF, the parties have executed or caused this Amendment No. 1 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 & 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

CANTOR FITZGERALD INTERNATIONAL

By: /s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: Chairman

CANTOR FITZGERALD GILTS

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: President 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 SECURITIES INTERNATIONAL LIMITED

By: /s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: Director

ADMINISTRATIVE SERVICES AGREEMENT

among

CANTOR FITZGERALD, L.P.,

CANTOR FITZGERALD INTERNATIONAL,

eSPEED, INC.,

eSPEED SECURITIES, INC.,

eSPEED GOVERNMENT SECURITIES, INC.,

eSPEED MARKETS, INC.

and

eSPEED SECURITIES INTERNATIONAL LIMITED

Dated as of December 15, 1999

ADMINISTRATIVE SERVICES AGREEMENT

This ADMINISTRATIVE SERVICES AGREEMENT is made and entered into as of December 15, 1999, among CANTOR FITZGERALD, L.P., a Delaware limited partnership ("Cantor Fitzgerald"), Cantor Fitzgerald International, an English unlimited liability company ("CF International"), eSPEED, INC., a Delaware corporation ("Parent"), eSPEED SECURITIES, INC., a Delaware corporation and a wholly-owned subsidiary of eSpeed ("eSpeed Securities"), eSPEED GOVERNMENT SECURITIES, INC., a Delaware corporation and a wholly-owned subsidiary of eSpeed ("eSpeed GS"), eSPEED MARKETS, INC., a Delaware corporation and a wholly-owned subsidiary of eSpeed ("eSpeed Markets") and eSPEED SECURITIES INTERNATIONAL LIMITED, a limited company registered in England and Wales and a wholly-owned subsidiary of eSpeed ("eSpeed International"). References hereinafter to (i) "eSpeed" shall mean Parent and/or one or more of eSpeed Securities, eSpeed GS, eSpeed Markets, eSpeed International and any other subsidiary of Parent that becomes a party to this Agreement in accordance with Section 17(j) and (ii) "Cantor" shall mean Cantor Fitzgerald, CF International, and any other subsidiary or affiliate of Cantor Fitzgerald that becomes a party to this Agreement in accordance with
Section 17(j).

W I T N E S S E T H:

WHEREAS, Parent is a recently formed company, the capital stock of which is owned by affiliates of Cantor;

WHEREAS, Cantor Fitzgerald and/or its affiliates currently provide(s) certain services, including 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 and insurance services, to various financial services and securities firms in which Cantor has an ownership or management interest;

WHEREAS, Cantor is willing to provide or arrange for the provision of similar services to eSpeed, all upon the terms and conditions set forth herein;

WHEREAS, in the absence of obtaining such services from Cantor, eSpeed would require additional staff and would need to enhance its existing administrative infrastructure sooner than desirable;

WHEREAS, eSpeed will conduct directly much of its own sales and marketing functions, and will provide certain sales and marketing services to Cantor upon the terms and conditions set forth herein; and

WHEREAS, each of the parties hereto acknowledges that greater efficiencies and reduced costs are expected to be achieved from the economies of scale associated with the

provision of such services by Cantor to eSpeed and by eSpeed to Cantor in the manner provided herein during the term hereof;

NOW, THEREFORE, in consideration of the premises contained herein, it is agreed as follows (capitalized terms used and not defined herein have the meanings ascribed thereto in the Assignment and Assumption Agreement (for the transfer of certain assets in the United States of America), dated as of December 9, 1999):

1. Term. The term of this Agreement shall commence at the Closing and shall remain in effect for a three-year period (the "Initial Term"). Thereafter, this Agreement shall be renewed automatically for successive one-year terms (the "Extended Term"), unless any party shall give written notice to the other parties of its desire to terminate this Agreement at least six months before the end of any such year ending during the Extended Term, in which event this Agreement shall end with respect to the terminating party, on the last day of such year. This Agreement may be terminated by a party as provided herein or, as provided in Section 14, with respect to a particular service or group of services only, in which case it shall remain in full force and effect with respect to the other services described herein. Notwithstanding the foregoing, the term of this Agreement with respect to any space made available to eSpeed by Cantor, as the case may be, pursuant to Annex A and Annex B hereto shall be coterminous with the term of Cantor's lease with respect to such space, including any extension thereof. The Initial Term and the Extended Term are referred to herein as the "Term".

2. Insurance. During the Term hereof and upon the terms and conditions set forth herein, Cantor agrees to obtain for eSpeed the following insurance (i) in the United States of America (which insurance policy and amount provided below may be a single policy and an amount for eSpeed and Cantor combined), except as otherwise agreed by eSpeed and Cantor, and subject to Section 14 hereof, and (ii) or such insurance as is equivalent thereto in other jurisdictions, and in such amounts as Cantor and eSpeed shall agree:

(a) Property and casualty insurance, including insurance against all risks, except for standard policy exclusions, terms and conditions, for all buildings, fixtures, boilers and other mechanical systems, electronic data processing equipment and other equipment located at any eSpeed facility in an amount not less than $40 million or such greater amount as may be agreed from time to time;

(b) General liability insurance in an amount not less than $20 million;

(c) Officer and director liability insurance in an amount and having the terms and conditions that are typical for a newly-public company in eSpeed's industry;

(d) Business interruption insurance in the amount of $25 million;

(e) Fidelity bond, if necessary, of not less than $25 million; and

(f) Such other insurance as eSpeed and Cantor shall agree.

3. Services. During the Term hereof and upon the terms and conditions set forth herein,

(a) Cantor agrees to provide or, at Cantor's discretion, to arrange for third parties to provide, to eSpeed the following services:

(1) Administration and Benefits Services. Cantor shall administer each of the benefits and services referred to in Section 2 hereof and this Section 3.

(2) Employee Benefits, Human Resources and Payroll Services. Employees of eSpeed shall be entitled to participate in all employee benefit plans of Cantor to the extent permitted under applicable law. Cantor shall provide certain human resources services, which shall include interviewing prospective employees of eSpeed, maintaining employee personnel records, administering and disseminating information to employees of eSpeed regarding fringe benefits, monitoring EEOC and affirmative action compliance, training employees, administering and monitoring worker's compensation, monitoring labor relations, analyzing unemployment compensation costs and assisting in the establishment of procedures for hiring, promoting and terminating employees. In addition, Cantor shall provide certain payroll services, which shall include preparation of payroll checks for eSpeed employees and maintenance of employee payroll records, and making provision for the associated payroll for payments and similar charges.

(3) Financial and Operations Services. Cantor shall assist eSpeed in establishing and maintaining bank accounts, investing short-term funds, credit analysis, obtaining lines of credit, purchasing capital improvements (including supplies and equipment), providing technical advice as requested on commercial contracts and client/business development. In addition, Cantor shall assist eSpeed on all matters relating to acquisitions and mergers and other corporate expansion (including the leasing, purchasing and selling of real property and complementary businesses).

(4) Internal Auditing Services. Cantor shall provide internal auditing of corporate records and supply the relevant resulting audit reports directly to eSpeed's Board of Directors and external auditors as requested by eSpeed from time to time.

(5) Legal Related Services. Cantor shall make available its in-house counsel and staff to provide legal advice and related services of a type currently provided by such persons to Cantor. Upon request, Cantor shall consult with eSpeed management on the legal impact of proposed transactions and on general collection matters. Cantor shall also advise and assist eSpeed with respect to compliance with regulatory matters and intellectual property matters. Cantor may, in its discretion, engage outside counsel and any other outside consultants to assist in the provision of legal and related services to eSpeed.

(6) Risk Management. Cantor shall assist eSpeed executives in attempting to obtain insurance programs and maintaining contacts and relationships with insurance brokers and insurance carriers, other than the insurance specifically provided for in Section 2 hereof.

(7) Accounting Services. Cantor's accounting department shall assist eSpeed's accounting departments and provide such general and specific accounting services, including management accounting services, assistance in the preparation of financial and regulatory statements, filings, such as Forms 10-K, 10-Q and 8-K, proxy statements and annual reports to stockholders, as the parties may, from time to time, agree.

(8) General Tax Services. Cantor shall advise and assist eSpeed in (i) preparing and filing all tax returns for eSpeed, including federal, state and local corporate income taxes, state franchise taxes, local property taxes, state and local withholding taxes, value added tax quarterly returns and unemployment compensation taxes, (ii) preparing for discussions, meetings and proceedings with tax authorities, and (iii) general tax advice.

(9) Space. Cantor shall make certain office space available to eSpeed at the cost and terms specified in Annex A and Annex B hereto.

(10) Personnel. Cantor shall make available to eSpeed the services of those individuals identified by each of them and at each of their reasonable request.

(11) Communication Facilities. Cantor or eSpeed shall provide access for the requesting party to any communication facilities (leased telephone lines or other data transmission lines, or other property owned or leased by Cantor or eSpeed, as the case may be, for any similar purpose).

(12) Facilities Management. Cantor shall provide facilities, management, maintenance and support services.

(13) Promotional Sales and Marketing. Cantor shall provide promotional sales and marketing services to eSpeed.

(14) Miscellaneous. Cantor shall provide such other miscellaneous services to eSpeed as the parties may reasonably agree.

(b) eSpeed agrees to provide or, at eSpeed's discretion, to arrange for third parties to provide, to Cantor the following services:

(1) Sales, Marketing and Public Relations. eSpeed shall maintain its own sales, marketing and public relations department and shall provide such sales, marketing and public relations services to Cantor as Cantor may from time to time request.

(2) Miscellaneous. eSpeed shall provide such other miscellaneous services to Cantor as the parties may agree.

4. Authority. Notwithstanding anything to the contrary contained in
Section 3 hereof, the parties hereto acknowledge and agree that each party shall provide the services set forth in Section 3 of this Agreement subject to the ultimate authority of eSpeed to control its own business and affairs. Each party acknowledges that the services provided hereunder by Cantor are intended to be administrative, technical and ministerial and are not intended to set policy for eSpeed.

5. Charges for Insurance. The insurance provided for in Section 2 shall be invoiced to and paid by eSpeed as follows:

The premiums for each of the insurance policies described in Section 2 shall be allocated to eSpeed by Cantor and shall be determined by multiplying Cantor's total actual insurance premiums for each such coverage by a fraction, (i) in the case of general liability or business interruption insurance, the numerator of which is the aggregate consolidated net revenues (determined in accordance with Generally Accepted Accounting Principles of the United States of America) of eSpeed and the denominator of which is the aggregate consolidated net revenues of Cantor plus any consolidated eSpeed net revenues not included in Cantor's consolidated net revenues, excluding the revenues from any division or subsidiary which does not benefit from or which is not covered by the insurance to which these premiums relate, (ii) in the case of property and casualty insurance, the numerator of which is the number of employees of eSpeed and the denominator of which is the number of employees of eSpeed and Cantor's affiliates, and (iii) in the case of all others as mutually agreed to by eSpeed and Cantor.

6. Charges for Services. In consideration for providing the financial, administrative, sales and marketing, and operational services provided for in
Section 3 hereof, each party receiving services shall pay to the providing party the actual costs of such services, determined as follows:

Each providing party shall charge the receipent party for such receipent party's appropriate share of the aggregate cost actually incurred in connection with the provision of such services in an amount equal to the direct cost that the providing party incurs in performing those services plus a reasonable allocation of other costs determined in a consistent and fair manner so as to cover such providing party's appropriate costs or in such other manner the parties shall agree. The providing party shall not charge the recipient party any portion of any tax for which the providing party receives a rebate or credit, or to which the providing party is entitled to a rebate or credit.

7. Other Benefits and Services. From time to time, Cantor and eSpeed may agree to assist each other in the purchase of other benefits or services or in the purchase by eSpeed from or through Cantor of other benefits or services. In such event, the parties shall agree upon a mutually satisfactory basis of allocation of costs.

8. Exculpation and Indemnity; Other Interests.

(a) Cantor (including its partners, officers, directors and employees) shall not be liable to eSpeed or the stockholders of Parent for any acts or omissions taken or not taken in good faith on behalf of eSpeed and in a manner reasonably believed by Cantor to be within the scope of the authority granted to it by this Agreement and in the best interests of eSpeed, except for acts or omissions constituting fraud or willful

misconduct in the performance of Cantor's duties under this Agreement. Notwithstanding the foregoing, Cantor shall be liable to eSpeed for any losses incurred by eSpeed in connection with the provision of Cantor's services hereunder to the extent Cantor is entitled to be reimbursed by an unaffiliated third party for any such liability. eSpeed shall indemnify, defend and hold harmless Cantor (and its partners, officers, directors and employees) from and against any and all claims or liabilities of any nature whatsoever (including consequential damages and reasonable attorney's fees) arising out of or in connection with any claim against Cantor under or otherwise in respect of this Agreement, except where attributable to the fraud or willful misconduct of Cantor.

(b) eSpeed (including its officers, directors and employees) shall not be liable to Cantor or the partners of Cantor for any acts or omissions taken or not taken in good faith on behalf of Cantor and in a manner reasonably believed by eSpeed to be within the scope of the authority granted to it by this Agreement and in the best interests of Cantor, except for acts or omissions constituting fraud or willful misconduct in the performance of eSpeed's duties under this Agreement. Notwithstanding the foregoing, eSpeed shall be liable to Cantor for any losses incurred by Cantor in connection with the provision of eSpeed's services hereunder to the extent eSpeed is entitled to be reimbursed by an unaffiliated third party for any such liability. Cantor shall indemnify, defend and hold harmless eSpeed (and its stockholders, officers, directors and employees) from and against any and all claims or liabilities of any nature whatsoever (including consequential damages and reasonable attorney's fees) arising out of or in connection with any claim against eSpeed under or otherwise in respect of this Agreement, except where attributable to the fraud or willful misconduct of eSpeed.

(c) Nothing in this agreement shall prevent Cantor and its affiliates from engaging in or possessing an interest in other business ventures of any nature or description, independently or with others, whether currently existing or hereafter created, and none of eSpeed or any of their respective stockholders shall have any rights in or to such independent ventures or to the income or profits derived therefrom.

9. Relationship of the Parties. The relationship of Cantor Fitzgerald and CF International, and Parent, eSpeed Securities, eSpeed GS, eSpeed Markets and eSpeed International shall be that of contracting parties, and no partnership, joint venture or other arrangement shall be deemed to be created hereby. Except as expressly provided herein, none of Cantor Fitzgerald, CF International, Parent, eSpeed Securities, eSpeed GS, eSpeed Markets or eSpeed International shall have any claim against the others or right of contribution with respect to any uninsured loss incurred by any of them nor shall any of them have a claim or right against the others with respect to any loss that is deemed to be included within the deductible, retention or self-insured portion of any insured risk.

10. Audit. Any party hereto may request a review, by those certified public accountants who examine Cantor's or eSpeed's books and records, of the other party's cost allocation to the requesting party to determine whether such allocation is proper under the procedures set forth herein. Such a review is to be conducted at the requesting party's expense.

11. Documentation. Each party's charges to the other for all services and benefits hereunder shall be substantiated by appropriate schedules, invoices or other documentation.

12. Actual Cost. Any charges to the recipient for services or benefits provided by Cantor or eSpeed, as the case may be, or by third parties pursuant to Section 2 or 3 hereof shall be based upon rates not intended to provide a profit to Cantor or eSpeed.

(a) Each recipient party shall pay to the relevant providing party the aggregate charge for services provided under this Agreement in arrears within 30 days after each calendar month. Amounts due by any one recipient party to any one providing party under the Agreement shall be set off against amounts due by the second party to the first under this or any other Agreement.

(b) Any value added or other turnover taxes required to be charged in respect of services provided by a party to another party shall be charged in addition to any charges otherwise due hereunder, and shall be included in the relevant invoice.

13. Invoicing and Billing. Each party shall invoice the other for charges for services provided pursuant hereto on a monthly basis as incurred, such invoices to be delivered to the other within 15 days after the end of each calendar month. Such invoices may include third party charges incurred in providing services pursuant to Section 2 or 3 hereof or, at the invoicing party's option, services provided by one or more third parties may be invoiced directly to the recipient of those services. Each party shall pay to the other the aggregate charge for services provided under this Agreement in arrears within 30 days after the end of each calendar month. Amounts due by one party to another under this Agreement shall be netted against amounts due by the second party to the first under this or any other agreement.

14. Services by Third Parties. Except with respect to space made available to eSpeed pursuant to Annex A and Annex B, eSpeed (and Cantor, with respect to sales, marketing and public relations services) may, without cause, procure any of the services or benefits specified in Section 2 and/or Section 3 hereof from a third party or may provide such services or benefits for itself. Cantor (or eSpeed) shall discontinue providing such services or benefits upon written notice by the discontinuing party, delivered at least three months before the requested termination date.

15. Excused Performance. Cantor (and eSpeed, with respect to sales and marketing services) does not warrant that any of the services or benefits herein agreed to be provided shall be free of interruption caused by Acts of God, strikes, lockouts, accidents, inability to obtain third-party cooperation or other causes beyond Cantor's (or eSpeed's) control. No such interruption of services or benefits shall be deemed to constitute a breach of any kind whatsoever.

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

17. Miscellaneous.

(a) This Agreement and all the covenants herein contained shall be binding upon the parties hereto, their respective heirs, successors, legal representatives and assigns. No party shall have the right to assign all or any portion of its obligations or interests in this Agreement or any monies which may be due pursuant hereto without the prior written consent of the other parties.

(b) The rule known as the eiusdem generis rule shall not apply and accordingly:

(1) general words introduced by the words and phrases such as "include", "including", "other" and "in particular" shall not be given a restrictive meaning or limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible; and

(2) general words shall not be given a restrictive meaning by reason of the fact that such words are followed by particular examples intended to be embraced by the general words, and references to writing includes any method of reproducing words in a legible and non-transitory form.

(c) No waiver by any party hereto of any of its rights under this Agreement shall be effective unless in writing and signed by an officer of the party waiving such right. No waiver of any breach of this Agreement shall constitute a waiver of any subsequent breach, whether or not of the same nature. This Agreement may not be modified or amended except (i) by a writing signed by officers of each of the parties hereto and (ii) such modification or amendment is approved by a majority of the outside directors of the Board of Directors of Parent. For purposes of this Agreement,

an outside director shall mean a director who is not an employee, partner or affiliate (other than solely by reason of being a director of eSpeed) of Parent, Cantor Fitzgerald or any of their respective affiliates.

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

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

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

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

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

(i) If to Cantor Fitzgerald:

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

(ii) If to CF International:

One America Square London, United Kingdom EC3N 2LS Attention: Managing Director Facsimile: (011) 44-171-894-7225

(iii) If to Parent:

One World Trade Center, 103rd Floor New York, NY 10048 Attention: General Counsel Facsimile: (212) 938-2464

(iv) If to eSpeed Securities:

One World Trade Center, 103rd Floor New York, NY 10048 Attention: General Counsel Facsimile: (212) 938-2464

(v) If to eSpeed GS:

One World Trade Center, 103rd Floor New York, NY 10048 Attention: General Counsel Facsimile: (212) 938-2464

(vi) If to eSpeed Markets:

One World Trade Center, 103rd Floor New York, NY 10048 Attention: General Counsel Facsimile: (212) 938-2464

(vii) If to eSpeed Securities International:

One America Square London, United Kingdom EC3N 2LS Attention: Managing Director Facsimile: (011) 44-171-894-7225

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

(i) The parties of this Agreement understand and agree that any or all of the obligations of Cantor set forth herein may be performed by Cantor Fitzgerald or any of its subsidiaries, other than Parent or any of Parent's subsidiaries. In addition, Cantor

Fitzgerald may cause any or all of the benefits due to Cantor to be received by any of its subsidiaries, other than Parent or any of Parent's subsidiaries.

(j) Any subsidiary of Parent and/or Cantor Fitzgerald may become a party to this Agreement by signing a counterpart of this Agreement and agreeing to be bound by all of the terms and conditions of this Agreement as of the date of its signature of such counterpart.

(k) In the event eSpeed uses assets that are subject to an operating lease between Cantor and a third party to provide services hereunder, eSpeed shall comply with the terms and conditions of such operating lease.

[Signature Pages Follow]

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

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

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

CANTOR FITZGERALD INTERNATIONAL

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

eSPEED, INC.

By: /s/ Douglas B. Gardner
Name: Douglas B. Gardner
Title: Vice Chairman

eSPEED SECURITIES, INC.

By: /s/ Douglas B. Gardner
Name: Douglas B. Gardner
Title: Vice President and Chief Administrative Officer

eSPEED GOVERNMENT SECURITIES, INC.

By: /s/ Douglas B. Gardner
Name: Douglas B. Gardner
Title: Vice President and Chief Administrative Officer

eSPEED MARKETS, INC.

By: /s/ Douglas B. Gardner
Name: Douglas B. Gardner
Title: Vice President and Chief Administrative Officer

[Signature Page for Administrative Services Agreement]

eSPEED SECURITIES
INTERNATIONAL LIMITED

By: /s/ Douglas B. Gardner

Name: Douglas B. Gardner
Title: Director

[Signature Page for Administrative Services Agreement]

ANNEX A

Space Sharing

(a) License to Use Space. During the term of this Agreement, Cantor shall permit eSpeed to use a portion of Cantor's (or any of its subsidiaries' or affiliates') offices ("Cantor Offices") for the purposes permitted under the lease agreements pursuant to which either Cantor or such subsidiary or affiliate leases such offices (to the extent such offices are leased), subject to the terms and conditions set forth in this Agreement for a term coterminous with respect to any respective lease. The space to be used by eSpeed shall be initially as shown below, but may be expanded or contracted if and as mutually agreed by the parties from time to time.

(b) Consideration. So long as eSpeed uses any portion of Cantor Offices, eSpeed shall pay to Cantor on the first day of each calendar month with respect to each such Cantor Office an amount equal to the product of (X) the average rate per square foot then being paid by Cantor (or any of its affiliates) for the specific Cantor Office, and (Y) the number of square feet agreed to pursuant to paragraph (a) above, in each case determined in the same manner as rent is computed under the relevant lease, or if the office(s) are owned by Cantor, in an amount and in the same manner as the parties agree is customary for commercial leases of similar offices. Payments for any partial calendar month shall be prorated on a per diem basis.

(c) Compliance with Leases. eSpeed hereby agrees not to take any action or fail to take any action in connection with its use of a portion of Cantor Offices a result of which would be Cantor's violation of any of the terms and conditions of any lease or other restriction on Cantor's use of such offices. eSpeed agrees to comply with the terms and provisions of any such lease in connection with such Cantor Office in which it or they use space.

Initial Square Footage to be used by eSpeed

1. Toronto 320

2. Montreal 8

3. Milan 600

4. Frankfurt 350

5. Tokyo 600

6. Hong Kong 225

7. Singapore 8

ANNEX B (London)

Space Sharing for One America Square, London

(a) License to share space. During the term of this Agreement, and for so long only as eSpeed remains a company which is within the same group as CF International, eSpeed may share with CF International the occupation of the whole or any part of CF International's premises at One America Square ("CF International's Offices") for the purposes permitted under the tenancies pursuant to which CF International leases the CF International Offices, subject to the terms set out in this Annex B. The space to be shared by eSpeed and CF International shall be initially as shown below, but may be expanded or contracted if and as mutually agreed by the parties from time to time. At the request of CF International, eSpeed shall vacate the CF International Offices immediately upon ceasing to belong to the same group as CF International. In this Annex B, a company is any body corporate and two companies are within the same group as one another if one company is the holding company of another or if both are subsidiaries of the same holding company ("holding company" and "subsidiary" having the meanings given to them by Section 736 UK Companies Act 1985).

(b) Consideration. So long as eSpeed shares any part of the CF International Offices, eSpeed shall pay to Cantor, on behalf of CF International, on the first day of each calendar month with respect to each such CF International Office an amount equal to the product of (X) the average rate per square foot then being paid by CF International for the specific CF International Office (such amount to include rent and any service charge, insurance charge, rates and other outgoings of CF International) and (Y) the number of square feet agreed pursuant to paragraph (a) above. Payments for any partial calendar month shall be prorated on a daily basis.

(c) Compliance with leases. eSpeed hereby agrees not to take any action or fail to take any action in connection with its sharing of any part of the CF International Offices as a result of which would be CF International's breach of any of the terms and conditions of any lease or other restriction or obligation affecting CF International's use of such offices. eSpeed agrees to comply with the terms and provisions of any such leases of the CF International Offices in which it shares space. There is no intention to create between eSpeed, Cantor and/or CF International the relationship of lessor and lessee in relation to the CF International Offices.

Initial Square Footage to be used by eSpeed

TOTAL 16,000

REGISTRATION RIGHTS AGREEMENT

between

eSpeed, INC.

and

THE INVESTORS NAMED HEREIN

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REGISTRATION RIGHTS AGREEMENT (this "Agreement") dated as of December 9, 1999 between eSpeed, Inc., a Delaware corporation (the "Company"), and the other parties that have executed the signature pages hereto (the "Initial Investors") or otherwise execute a joinder agreement and become a party hereto (collectively, the "Investors").

RECITALS

WHEREAS, the Company and the Initial Investors have entered into an Assignment and Assumption Agreement, dated as of the date hereof, pursuant to which the Company issued certain securities to each of the Initial Investors;

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

ARTICLE I
DEMAND REGISTRATIONS

1.1 Requests for Registration. Subject to Sections 1.2 and 1.3 hereof, the Required Investors may request, in writing, registration under the Securities Act of all or part of their Registrable Securities. Within twenty
(20) days after receipt of any such request, the Company will give notice of such request to all other Investors. Thereafter, the Company will use all reasonable efforts to 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 with respect to which the Company has received written requests for inclusion therein within twenty (20) days after the receipt of the Company's notice, subject to the provisions of Section 1.4. All registrations requested 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 a Required Investor if either (a) within the six (6) months preceding the receipt by the Company of such request, the Company has filed a registration statement to which the Piggyback Registration rights set forth in Article II hereof apply or (b) such Required Investor may sell all of 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.

1.2 Number of Demand Registrations; Expenses. Subject to Sections 1.1 and 1.3 hereof, the Required Investors shall be entitled to an aggregate of three (3) Demand

Registrations, with no more than one (1) of such Demand Registrations being a Long-Form Registration; provided, however, that the Company need not effect any requested Demand Registration unless the expected proceeds of such registration exceed $1,000,000. The Company will pay all Registration Expenses in connection with any Demand Registration, including any Registration Statement that is not deemed to be effected pursuant to the provisions of Section 1.3 hereof.

1.3 Effective Registration Statement. A registration requested pursuant to Section 1.1 of this Agreement shall not be deemed to have been effected (i) unless a Registration Statement with respect thereto has been declared effective by the Commission, (ii) if after it has become effective, such registration is interfered with by any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason, and, as a result thereof, the Registrable Securities covered thereby have not been sold or (iii) the Registration Statement does not remain effective for a period of at least 180 days beyond the effective date thereof or, with respect to an underwritten offering of Registrable Securities, until ninety (90) days after the commencement of the distribution by the holders of the Registrable Securities included in such Registration Statement. If a registration requested pursuant to this Article I is deemed not to have been effected as provided in this Section 1.3, then the Company shall continue to be obligated to effect the number of Demand Registrations set forth in Section 1.2 without giving effect to such requested registration.

1.4 Priority on Demand Registrations. If the Company includes in any underwritten Demand Registration any securities which are not Registrable Securities and the managing underwriters 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 first include in such registration, to the exclusion of any other securities, the number of Registrable Securities requested to be included which, in the opinion of such underwriters, can be sold, pro rata among the Investors on the basis of the amount of Registrable Securities requested to be offered thereby.

1.5 Subsequent Registration Rights. From and after the date of this Agreement, in the event the Company shall, without the written consent of a majority of the holders of Registrable Securities, enter into any agreement with holders or a prospective holder of any securities of the Company giving such holder or prospective holder registration rights the terms of which are more favorable in the aggregate than the registration rights granted to the holders of Registrable Securities hereunder, the Company shall notify the holders of Registrable Securities of such more favorable terms and this agreement shall be modified to reflect such terms.

ARTICLE II
PIGGYBACK REGISTRATIONS

2.1 Right to Piggyback. Following the closing of the Public Offering, whenever the Company proposes to register any of its equity securities under the Securities Act (other than pursuant to a Demand Registration and other than for use in a Rule 145 transaction or for registrations for employee plans) and the registration form to be used may be used for the registration of Registrable Securities (a "Piggyback Registration"), the Company will give 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 within fifteen (15) days after the receipt of the Company's notice, subject to the provisions of Section 2.3 and 2.4 hereof. Such requests for inclusion shall specify the number of Registrable Securities intended to be disposed of and the intended method of distribution thereof.

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

2.3 Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters 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 the Registrable Securities proposed to be included in such registration, pro rata among the respective holders thereof based upon the total number of shares which such holders proposed to include in such registration and (iii) that number of other shares of Common Stock proposed to be included in such registration, pro rata among the respective holders thereof based upon the total number of shares which such holders propose to include in such registration.

2.4 Priority on Secondary Registrations. If a Piggyback Registration is not a Demand Registration pursuant to Article I hereof but is an underwritten secondary registration on behalf of holders (other than the Investors) of the Company's securities, 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 number of shares of Common Stock requested to be included by holders and (ii) second, the Registrable Securities requested to be included in such registration by the Investors pro rata based upon the number of shares which such Investors requested to be included.

ARTICLE III
HOLDBACK AGREEMENTS

Holdback Obligations. Each holder of Registrable Securities agrees not to effect any public sale or distribution of equity securities of the Company, or any securities convertible, exchangeable or exercisable for or into such securities, during the seven (7) days prior to, and the 90-day period beginning on, the effective date of any underwritten Demand Registration (except as part of such underwritten registration), unless (i) the managing underwriters of the registered public offering otherwise agree or (ii) the executive officers, directors and 10% stockholders of the Company shall not be similarly restricted.

ARTICLE IV
REGISTRATION PROCEDURES

Whenever holders of Registrable Securities have requested that any Registrable Securities be registered pursuant to this Agreement, 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 as quickly as possible, and pursuant thereto the Company will as expeditiously as reasonably possible:

(a) prepare and file with the Commission a Registration Statement with respect to such Registrable Securities and use all reasonable efforts to cause such Registration Statement to become and remain effective until the completion of the distribution contemplated thereby; provided, that as promptly as practicable before filing a Registration Statement or Prospectus or any amendments or supplements thereto, the Company will (i) furnish to counsel selected by the holders of Registrable Securities copies of all such documents proposed to be filed and (ii) notify each 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;

(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 until all Registrable Securities covered by such Registration Statement are sold in accordance with the intended plan of distribution set forth in such Registration Statement and (ii) comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement;

(c) furnish to each seller of Registrable Securities, 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, in each case including all exhibits) and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(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 as any seller 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 seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller; 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) use all reasonable efforts (if the offering is underwritten) to furnish to each seller of Registrable Securities a signed copy, addressed to such seller (and the underwriters, if any) of an opinion of counsel for the Company or special counsel to the selling stockholders, dated the effective date of such Registration Statement (and, if such Registration Statement includes an underwritten public offering, dated the date of the closing under the underwriting agreement), covering substantially the same matters with respect to such Registration Statement (and the Prospectus included therein) as are customarily covered in opinions of issuer's counsel delivered to the underwriters in underwritten public offerings, and such other legal matters as the seller (or the underwriters, if any) may reasonably request;

(f) notify each seller of Registrable Securities, 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 seller, the Company will prepare and furnish such seller 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;

(g) cause all such Registrable Securities to be listed on each securities exchange and quotation system on which similar securities issued by the Company are then listed and, if such securities are not then listed on a national securities exchange or the Nasdaq Stock Market, cause them to be so listed or qualified; provided, that the Company then meets or is reasonably capable of meeting the eligibility requirements for such an exchange or system and such exchange or system is reasonably satisfactory to the managing underwriters, and to enter into such customary agreements as may be required in furtherance thereof, including, without limitation, listing applications and indemnification agreements in customary form;

(h) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such Registration Statement;

(i) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, 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;

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

(k) promptly notify the holders of the Registrable Securities 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.

ARTICLE V
REGISTRATION EXPENSES

5.1 Registration Expenses. All registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including the fees and expenses of counsel in connection with blue sky qualifications of the Registrable Securities), 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) and other Persons retained by the Company and reasonable fees and expenses of one counsel to the holders representing more than 50% of the Registrable Securities registered in connection with the subject registration (all such expenses being herein called "Registration Expenses"), will be borne as provided in Sections 1.2 and 2.2 of this Agreement.

5.2 Sellers' Expenses. The Company shall have no obligation to pay any underwriting discounts or commissions attributable to the sale of Registered Securities, which expenses will be borne by all sellers of securities included in such registration in proportion to the aggregate selling price of the securities to be so registered.

ARTICLE VI
UNDERWRITTEN OFFERINGS

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

6.2 Obligations of Participants in Underwritten Offerings. 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.

ARTICLE VII
INDEMNIFICATION

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

(i) against any and all loss, liability, claim, damage or 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 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 written consent of the Company; and

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

provided, that this indemnity does not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information furnished to the Company by or on behalf of any holder expressly for use in the preparation of any Registration Statement (or any amendment or supplement thereto), including all documents incorporated therein by reference, or in any preliminary Prospectus or Prospectus (or any amendment or supplement thereto); and provided further, that the Company will not be liable to any holder or any other Holder Indemnitee under the indemnity agreement in this Section 7.1 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.

7.2 Holder's Indemnification Obligations. In connection with any Registration Statement in which a holder of Registrable Securities is participating, each such holder agrees to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 7.1 of this Agreement) the Company and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act with respect to any statement or alleged statement in or omission or alleged omission from

such Registration Statement, any preliminary, final or summary Prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made about such holder in reliance upon and in conformity with information furnished to the Company by or on behalf of such holder. The obligations of each holder pursuant to this Section 7.2 are to be several and not joint; provided, that, with respect to each claim pursuant to this Section 7.2, each such holder's maximum liability under this Section shall be limited to an amount equal to the net proceeds actually received by such holder (after deducting any underwriting discount and expenses) from the sale of Registrable Securities being sold pursuant to such Registration Statement or Prospectus by such holder.

7.3 Notices; Defense; Settlement. Promptly after receipt by an indemnified party hereunder of written notice of the commencement of any action or proceeding involving a claim referred to in Section 7.1 or Section 7.2 of this Agreement, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under Section 7.1 or Section 7.2 of this Agreement except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, the indemnifying party will be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified, to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment 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 holders of Registrable Securities, selected by the Required Investors or (ii) more than one counsel for the Company in connection with any one action or separate but similar or related actions. 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 judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels. The indemnifying party will not, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not such indemnified party or any Person who controls such indemnified party is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of such indemnified party from all liability arising out of such claim, action, suit or proceeding. Notwithstanding anything to the contrary set forth herein, and without

limiting any of the rights set forth above, in any event any party will have the right to retain, at its own expense, counsel with respect to the defense of a claim.

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

7.5 Contribution Based on Relative Fault. If the indemnification provided for in Sections 7.1 and 7.2 of this Agreement is unavailable or insufficient to hold harmless an indemnified party under such Sections, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in Section 7.1 or Section 7.2 of this Agreement in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand, and the indemnified party on the other, in connection with statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations, including, without limitation, the relative benefits received by each party from the offering of the securities covered by such Registration Statement, the parties' relative knowledge and access to information concerning the matter with respect to which the claim was asserted and the opportunity to correct and prevent any statement or omission. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statements or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this
Section 7.5 were to be determined by pro rata or per capita allocation (even if the underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the first sentence of this Section 7.5. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this Section 7.5 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim (which shall be limited as provided in Section 7.3 of this Agreement if the indemnifying party has assumed the defense of any such action in accordance with the provisions thereof) which is the subject of this Section 7.5. Promptly after receipt by an indemnified party under this Section 7.5 of notice of the commencement of any action against such party in respect of which a claim for contribution may be made against an indemnifying party under this Section 7.5, such indemnified party shall notify the indemnifying party in writing of the commencement thereof if the notice specified in Section 7.3 of this Agreement has not been given with respect to such action; provided, that the omission to so notify the indemnifying party shall not relieve the indemnifying party from any liability which it may otherwise have to any indemnified party under this Section 7.5, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. The Company

and each holder of Registrable Securities agrees with each other and the underwriters of the Registrable Securities, if requested by such underwriters, that (i) the underwriters' portion of such contribution shall not exceed the underwriting discount and (ii) that the amount of such contribution shall not exceed an amount equal to the net proceeds actually received by such indemnifying party from the sale of Registrable Securities in the offering to which the losses, liabilities, claims, damages or expenses of the indemnified parties relate. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

7.6 Payments. The indemnification required by this Article VII shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

ARTICLE VIII
DEFINITIONS

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

"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.

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

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

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

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

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

"Public Offering" means the consummation of the initial underwritten public offering of Class A Common Stock registered under the Securities Act of 1933, as amended.

"Registrable Securities" means (i) the Class A Common Stock issued or issuable at any time to an Initial Investor, including, without limitation, in connection with the conversion of any Class B Common Stock into Class A Common Stock or the exercise of any warrant or option to purchase any Class A Common Stock and (ii) any securities issued or issuable with respect to such shares of Class A Common Stock in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization. Registrable Securities will continue to maintain their status as Registrable Securities in the hands of any transferee from an Initial Investor provided such transferee executes a joinder agreement described by Section 9.11. As to any particular Registrable Securities, such securities will cease to be Registrable Securities when they have been (x) effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them or (y) publicly resold pursuant to Rule 144 (or any similar rule then in force) under the Securities Act and, in each case, new certificates for them not bearing a restrictive Securities Act legend have been delivered by the Company and can be sold without complying with the registration requirements of the Securities Act.

"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.

"Required Investors" means, as of the date of any determination thereof, the holders of Registrable Securities representing an aggregate of not less than 25% (by number of shares) of all Registrable Securities.

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

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

"Agreement"	--	Preamble
"Company"	--	Preamble
"Demand Registrations"	--	Section 1.1
"Holder Indemnitees"	--	Section 7.1
"Long-Form Registration"	--	Section 1.1
"Piggyback Registration"	--	Section 2.1
"Registration Expenses"	--	Section 5.1
"Short-Form Registration"	--	Section 1.1
"Initial Investors"	--	Preamble
"Investors"	--	Preamble

ARTICLE IX
MISCELLANEOUS

9.1 Remedies. In the event of a breach by any party to this Agreement of its obligations under this Agreement, any party injured by such breach, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The parties agree that the provisions of this Agreement shall be specifically enforceable, it being agreed by the parties that the remedy at law, including monetary damages, for breach of any such provision will be inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived.

9.2 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. The failure of any party to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

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

9.4 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, NY 10023
Facsimile No.: (212) 262-1079
Attn.: Stephen M. Merkel

with a copy to:

Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, New York 10178
Facsimile No.: (212) 309-6273
Attn.: Christopher T. Jensen

If to any Investor, to:

The last address (or facsimile number) for such Person set
forth in the records of the Company.

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section 9.4, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section 9.4, be deemed given upon receipt of confirmation,
(iii) if delivered by mail in the manner described above to the address as provided in this Section 9.4, be deemed given on the earlier of the third full Business Day following the day of mailing or upon receipt, and (iv) if delivered by overnight courier to the address provided in this Section 9.4, be deemed given on the earlier of the first Business Day following the date sent by such overnight courier or upon receipt. Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other parties hereto.

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

9.6 Gender. Whenever the pronouns "he" or "his" are used herein they shall also be deemed to mean "she" or "hers" or "it" or "its" whenever applicable. Words in the

singular shall be read and construed as though in the plural and words in the plural shall be construed as though in the singular in all cases where they would so apply.

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

9.8 Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of New York; provided, however, that all provisions of this Agreement within the purview of the General Corporation Law of the State of Delaware shall be governed by such law.

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

9.10 Deferral. Notwithstanding the provisions of Articles I and II, the Company's obligations to file a Registration Statement, or cause such Registration Statement to become and remain effective, shall be suspended for a period not to exceed 90 consecutive days if there exists at the time material non-public information relating to the Company that, in the reasonable opinion of the Company's board of directors or counsel, should not be disclosed; provided further, that the Company may not invoke the foregoing provision more than two (2) times in any twelve (12) month period.

9.11 Additional Investors. Any transferee of Registrable Securities from an Initial Investor shall be entitled to the benefits of this Agreement upon execution by such transferee of a joinder agreement in form reasonably satisfactory to the Company stating that such transferee agrees to be bound by the terms hereof as an "Investor."

ARTICLE X
RULE 144 REPORTING

The Company hereby agrees as follows:

(a) The Company shall use commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after 90 days following the effective date of the first Public Offering.

(b) The Company shall use commercially reasonable 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 after the Company has become subject to such reporting requirements of the Exchange Act.

(c) The Company shall furnish to each holder of Registrable Securities forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time from and after 90 days following the effective date of the first Public Offering), and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents so filed as a holder may reasonably request to avail itself of any rule or regulation of the Commission allowing a holder of Registrable Securities to sell any such securities without registration.

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

COMPANY:

eSPEED, INC.

By: /s/ Douglas B. Gardner

Name: Douglas B. Gardner
Title: Vice Chairman

INVESTORS:

CANTOR FITZGERALD SECURITIES

By: /s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: President

CANTOR FITZGERALD, L.P.

By: CF GROUP MANAGEMENT,
INC., its managing partner

By: /s/ Howard W. Lutnick

Name: Howard W. Lutnick
Title: President

[Signature Page to Registration Rights Agreement]

SUBLEASE

SUBLEASE AGREEMENT dated as of December 15, 1999 between CANTOR FITZGERALD SECURITIES, a New York general partnership having an office at One World Trade Center, New York, New York 10048 (hereinafter referred to as "Tenant") and eSPEED, INC., a Delaware corporation, having an office at One World Trade Center, New York, New York 10048 (hereinafter referred to as "Subtenant"):

W I T N E S S E T H

WHEREAS, Tenant has leased certain space, more particularly described in the "Lease" (as hereinafter defined) (the "Demised Premises") located in the building known as One World Trade Center, New York, New York (the "Building"), pursuant to the provisions of a lease dated October 12, 1978, as amended (the "Lease") between The Port Authority of New York and New Jersey ("Landlord") and Tenant's predecessor-in-interest; and

WHEREAS, Subtenant is an affiliate of Tenant (with Tenant owning in excess of 50% of the outstanding shares of Subtenant); and

WHEREAS, Subtenant, and its wholly owned subsidiaries, have been formed to provide certain services formerly provided by a division of Tenant in portions of the Demised Premises; and

WHEREAS, Subtenant desires to sublease from Tenant such portions of the Demised Premises consisting of the entire rentable area of the 103rd floor of the Building (which space is hereinafter called the "Space").

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. Term, Rent, Late Charges.

a. Tenant hereby sublets the Space to Subtenant, and Subtenant hereby hires the same from Tenant, for the term (the "Term") commencing on the date hereof (the "Commencement Date"), and ending on March 15, 2012 (the "Expiration Date"), subject to the provisions of paragraph 9 hereof (unless sooner terminated pursuant to the terms hereof).

b. During the Term, Subtenant shall pay to Tenant, on the first day of each calendar month, an amount equal to the product obtained by multiplying
(x) the rate per rentable square foot then being paid by Tenant for rent and all items of additional rent with respect to the Space pursuant to the Lease, by (y) the number of rentable square feet constituting the Space, which, for all purposes, the parties agree is 50,395. Subtenant agrees to pay such rent as provided herein, without any set-off or deduction whatsoever, except as otherwise expressly provided herein. To the extent that Tenant shall be entitled to an abatement of rent and/or additional rent accruing under the Lease during the Term, and arising from a condition which, if Subtenant were the tenant under the Lease, and assuming the Space were the only space demised hereunder, would have entitled Subtenant to such an abatement, then Subtenant shall be entitled to an abatement of rent and/or additional rent hereunder to the extent of the lesser of (x) the amount of the abatement to which Tenant is entitled, or (y) the rent and additional rent payable by Subtenant hereunder during the period of such abatement. Payments for any partial calendar month shall be prorated on a per diem basis.

2. Use. Subtenant shall use and occupy the Space only as offices and trading facilities, for providing to institutional and retail broker-dealer, other financial services firms and other sellers of goods or services direct, electronic access to certain proprietary hardware, software, trading technologies and systems designed to enable such firms to electronically match, execute and settle trades in a wide variety of fixed income, futures products and other products, subject, in any event, to the provisions of the Lease. Subtenant acknowledges that the Space may be used only for uses which the Landlord determines, acting in a non-arbitrary and non-capricious manner, are in accordance with Chapter 5 of Title 17 of the Unconsolidated Laws of the State of New York.

3. Incorporation of the Lease, Quiet Enjoyment. This Sublease is expressly made subject and subordinate to the terms and conditions of the Lease and to any and all mortgages and/or ground leases to which the Lease may be or become subject and subordinate. Subtenant hereby agrees to perform all obligations of Tenant under the Lease and to comply with and abide by the terms and conditions thereof, insofar as the same relate to the Space and to Subtenant's use and occupancy thereof arising and accruing during the Term, except for the payment of Tenant's rent and additional rent owing thereunder, other than as set forth in paragraph 1.b hereof. Tenant agrees that Subtenant, upon paying all rent and other charges to be paid by it hereunder, and observing the covenants and conditions hereof on its part to be performed, shall peaceably and quietly enjoy the Space, subject, nevertheless, to the terms and conditions of the Lease. Subtenant shall be entitled to and shall receive, and Tenant shall cooperate with Subtenant at its request in securing for Subtenant, all of the rights, privileges, elections, benefits and services available to Tenant under the Lease, insofar as the same relate to the Space and Subtenant's use and occupancy thereof, except that Subtenant shall not be entitled to any portion of the construction contribution provided for under the Lease with respect to the Space. However, Tenant will not be liable to Subtenant for any failure of Landlord in providing such rights, privileges, elections, benefits and services.

4. Assignment and Subletting. Subtenant will not assign this Sublease or allow the same to be transferred by operation of law or otherwise, and will not further sublet the Space or any part thereof, or allow the Space, or any part thereof, to be used by others, except with the prior written consent of Tenant and Landlord in accordance with the provisions of the Lease. Any attempted assignment or subletting which is contrary to the provisions of this paragraph shall be void. Notwithstanding the foregoing, Tenant acknowledges that portions of the Space shall be used by eSpeed Securities, Inc., eSpeed Markets, Inc. and eSpeed Government Securities, Inc. for the uses contemplated by, and subject to the provisions of, paragraph 2 hereof. Subtenant represents and warrants to Tenant that each of such entities is a wholly owned subsidiary of Subtenant. In reliance upon such representation, Tenant hereby approves such use, so long as such entities shall remain wholly owned subsidiaries of Subtenant.

5. Alterations. Subtenant has examined the Space and agrees to accept the Space in its existing condition and state of repair. Any alterations or remodeling that Subtenant may desire to effect shall be subject to the prior written consent of Tenant and Landlord in accordance with the provisions of the Lease, and shall be at the sole expense of Subtenant.

6. Fixtures and Installations. All alterations, decorations, installations and improvements made in the Space, including all paneling, partitioning and the like, made by either Tenant or Subtenant, shall become the property of Tenant and shall remain upon and be surrendered with the Space as part thereof at the end of the term hereof. Trade fixtures, furnishings, decorations which are not an integral part of the Space and all items of Subtenant's personal property (collectively, "Subtenant's Property"), shall remain the property of Subtenant, and shall be removed from the Space by and at the expense of Subtenant prior to the expiration or other termination of the Term. Any repairs that may be necessitated by the removal of Subtenant's Property shall be promptly made by and at the expense of Subtenant.

7. Signs. Tenant shall cooperate with Subtenant with respect to requesting that Landlord place Subtenant's name in any building directory serving the Building. Any expense incurred with respect to such request or listing shall be paid by Subtenant. No signs may be put on or in any window nor on the exterior of the Building. Any signs or lettering in the public corridors or on the doors must be submitted to Tenant and Landlord for approval before installation. Tenant agrees that so long as Landlord shall approve such installation, Tenant shall not unreasonably withhold or delay its consent to same.

8. End of Term, Holdover.

a. Upon the expiration or other termination of the Term, Subtenant shall quit and surrender to Tenant the Space, broom clean, in good order and condition, ordinary wear and tear and damage by casualty excepted, and otherwise in the condition required under the Lease, and Subtenant shall remove all of Subtenant's Property, and shall repair all damage to the Building occasioned by such removal. Any property not removed from

the Space shall be deemed abandoned by Subtenant and may be disposed of in any manner deemed appropriate by the Tenant.

b. In no event shall Subtenant have any right to remain in possession of any part of the Space after the expiration or other termination of this Sublease, and Subtenant agrees and understands that (i) it is affirmatively obligated to surrender possession of the Space to Tenant on or before the expiration or other termination of this Sublease, and (ii) any such continued occupation of the Space beyond such date may cause Tenant to sustain consequential damages. Subtenant shall be subject not only to summary proceedings, but also to all costs, losses and damages (consequential or otherwise) related thereto, including, without limitation, any damages arising out of any lost opportunities (and/or new subleases) by Tenant to re-let the Space or any part thereof, in addition to any other remedy provided in this Sublease (as if the same had not expired or terminated) or at law. All damages to Tenant by reason of such holding over by Subtenant may be the subject of a separate action and need not be asserted by Tenant in any summary proceedings against Subtenant.

c. The aforesaid provisions of this paragraph 8 shall survive the expiration or sooner termination of this Sublease.

9. Early Termination. Tenant and Subtenant acknowledge and agree that the parties intend that the Term of this Sublease shall end one (1) day prior to the term of the Lease, which day is set forth as the Expiration Date in paragraph 1.a hereof. Subtenant further acknowledges that Tenant has an option (the "Early Termination Option"), as set forth in the Lease, to cancel the Lease prior to the expiration date thereof (which date may be earlier than the Expiration Date hereunder). Anything contained herein to the contrary notwithstanding (including, without limitation, the provisions of paragraphs 1.a and 15.f hereof), Subtenant agrees that in the event Tenant shall exercise its Early Termination Option under the Lease, and as a result thereof, the Lease shall terminate prior to the Expiration Date hereunder, then the Expiration Date hereunder shall be one (1) day prior to the date on which the Lease shall terminate, and this Sublease shall terminate and expire on such date with the same force and effect as if such date were the Expiration Date originally provided for herein. Tenant shall send Subtenant a copy of Tenant's notice exercising the Early Termination Option simultaneously with Tenant sending such notice to the Landlord. Subtenant further agrees that Tenant shall have no liability to Subtenant by reason of Tenant's exercise of the Early Termination Option and the early termination of this Sublease as a result thereof.

10. Choice of Laws, Jurisdiction. This Sublease shall be construed in accordance with the laws of the State of New York. Each party hereby consents to the jurisdiction and venue of the courts of the State of New York and the United States District Court for the Southern District of New York in connection with any claim or controversy arising out of or relating to this Agreement.

11. Indemnity, Insurance.

a. Unless caused by Tenant's negligent acts, or the negligent acts of Tenant's employees, agents, representatives and contractors, Tenant shall not be liable for any damage to persons or property sustained by Subtenant and others by reason of Subtenant's use and occupancy of the Space. Subtenant agrees to indemnify and save Tenant harmless from and against any and all claims arising from Subtenant's use and occupancy of the Space, and will carry liability insurance for bodily injury, death and property damage having limits in the amount of $3,000,000 combined single limit, naming Tenant and Landlord as additional insureds. At or before the Commencement Date, Subtenant will furnish Tenant with a certificate evidencing such insurance coverage for the benefit of Subtenant, Tenant and Landlord, as their respective interests may appear.

b. Neither Tenant nor its agents shall be liable for any damage to property of Subtenant or of others entrusted to employees of the Building or of Tenant, nor for the loss of or damage to any property of Subtenant by theft or otherwise. Neither Tenant nor its agents shall be liable for any injury or damage to persons, property or business resulting from fire, explosion, falling plaster, steam, gas, electricity, electrical disturbance,

water, rain or snow or leaks from any part of the Building or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by any other cause of whatsoever nature, unless caused by or due to the negligence of Tenant, its agents, servants, representatives, contractors or employees; nor shall Tenant or its agents be liable for any such damage caused by Landlord, other tenants or persons in the Building or caused by operations in construction of any private, public or quasi public work; nor shall Tenant be liable for any latent defect in the Space or in the Building. Subtenant shall reimburse and compensate Tenant as additional rent for all expenditures made by, or damages or fines sustained or incurred by Tenant due to, non- performance or non-compliance with or breach or failure to observe any term, covenant or condition of this Sublease upon Subtenant's part to be kept, observed, performed or complied with. Subtenant shall give immediate notice to Tenant in case of fire or accidents in the Space or in the Building or of defects therein or in any fixtures or equipment. Each party shall give the other party copies of any notices received from Landlord with respect to the Space during the Term, promptly upon such party's receipt of such notices.

12. Casualty/Condemnation. With respect to the Space, Subtenant shall have the same rights and obligations as Tenant under the Lease, as if the Space were the only space demised to Tenant thereunder, in the case of damage to or destruction of the Space by fire or other causes or in the case of condemnation.

13. Default. Any material violation by Subtenant of any of the terms, provisions, covenants or conditions of the Lease, or of any rules or regulations promulgated and enforced by Landlord, which violation continues beyond any applicable grace or notice period provided for the cure thereof, shall constitute a violation of this Sublease. In the event of any such violation or of any default in the payment of rent or any other material violation of this Sublease, Tenant, after giving Subtenant ten (10) days' prior written notice of any payment default and twenty (20) days' written notice for nonpayment defaults, shall have and may exercise against Subtenant all the rights and remedies available to the Landlord under the Lease, as though the same were expressly reiterated herein as the rights of Tenant, unless within the applicable cure period Subtenant has cured the specified default or violation or if the specified default or violation is of such a nature that it cannot be cured within said period, Subtenant has commenced the curing thereof within said period, and diligently prosecutes such curing to completion. No waiver of any such violation by either Tenant or its Landlord shall be deemed a waiver of the term, provisions, covenant, condition, rule or regulation in question or any other subsequent violation.

14. Notices. All payments and notices made or given hereunder shall be deemed sufficiently made or given if sent by registered or certified mail, return receipt requested, or by recognized overnight courier as follows:

To Tenant:	Cantor Fitzgerald Securities One World Trade Center New York, NY 10048 Attn: Douglas B. Gardner
To Subtenant:	eSpeed, Inc. One World Trade Center 103rd Floor New York, NY 10048 Attn: General Counsel

or to such other address as may be specified by either party hereto by written notice to the other party hereto.

15. Miscellaneous.

a. The term "Tenant" as used in this Sublease means only the person to whom Subtenant is required by law to attorn, so that, for example, in the event of any assignment by Tenant of the Lease, Tenant shall be and hereby is freed and relieved of all terms, covenants, conditions, provisions and agreement of the Tenant

thereafter accruing and it shall be deemed and construed, without further agreement between the parties hereto, or their successors and interests, or between the parties hereto and the Assignee, that the Assignee has assumed and agreed to carry out any and all covenants and obligations of Tenant thereafter accruing hereunder.

b. Subtenant shall look solely to the estate and property of Tenant in the Lease for the satisfaction of Subtenant's remedies for the collection of a judgment (or other judicial process) requiring the payment of money by Tenant in the event of any default or breach by Tenant with respect to any of the terms, covenants and/or conditions of this Sublease to be observed and/or performed by Tenant, and no other property or assets of such Tenant shall be subject to levy, execution or other enforcement procedure for the satisfaction of Subtenant's remedies.

c. With respect to any provision of this Sublease which provides for Tenant's approval and/or consent, Subtenant, in no event, shall be entitled to make, nor shall Subtenant make any claim, and Subtenant hereby waives any claim, for money damages, nor shall Subtenant claim any money damages by way of set-off, counterclaim or defense, based upon any claim or assertion by Subtenant that Tenant has unreasonably withheld or unreasonably delayed any such consent or approval.

d. Any obligation of Tenant which is contained in this Sublease may be observed or performed by Tenant using reasonable efforts to cause the Landlord under the Lease to observe and/or perform the same. In the event of a default by Landlord in the observance and/or performance of any of its obligations under the Lease relating to the Space, or the use thereof by Subtenant, Tenant agrees that it shall, upon notice from Subtenant, make demand upon Landlord to perform its obligations under the Lease and, provided that Subtenant specifically agrees to pay its pro-rata share (based on the ratio of the affected area of the Space to the affected area of the entire Demised Premises), of all costs and expenses of Tenant, Tenant shall take all appropriate action (including commencement and prosecution of appropriate legal proceedings, provided Subtenant agrees to indemnify [on a pro-rata basis, as provided above] Tenant for any loss, damages, costs and expenses, including reasonable attorneys' fees and disbursements, that Tenant may incur as a result of commencing such legal proceedings) to enforce the Lease. Tenant shall pay the rent and additional rent due under the Lease, and perform all other covenants of Tenant thereunder.

e. Tenant shall promptly deliver to Subtenant all written notices of default, and notices relating in any material way to the Space, that Tenant receives from Landlord under the Lease.

f. Tenant hereby represents, warrants and covenants to Subtenant that: (i) Tenant has provided Subtenant with a true, correct and complete copy of the Lease, as amended, and the Lease represents the entire agreement between Tenant and Landlord with respect to the Lease of the Demised Premises, (ii) the Lease is in full force and effect, (iii) neither Landlord nor Tenant has exercised any option or right to (x) cancel or terminate the Lease or shorten the term thereof or (y) reduce or relocate the Demised Premises (except as set forth in the Lease), (iv) the expiration date of the Lease is March 16, 2012, and (v) Tenant agrees that it shall not amend, terminate, modify, waive, surrender the Lease, without the prior written consent of Subtenant (except as contemplated in paragraph 9 hereof), if such amendment, termination, modification, waiver or surrender shall adversely affect Subtenant's rights and privileges under this Sublease.

16. Broker. Tenant and Subtenant each, as indemnitor, warrants and represents to the other, as indemnitee, that insofar as indemnitor knows, no brokers negotiated this Sublease or are entitled to a commission in connection therewith. Indemnitor does hereby agree to indemnify, defend and hold indemnitee, harmless of and from any claim, damages, judgment, cost and/or expense (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnitee by reason of any claim of any broker, person or entity who claims to have dealt with the indemnitor in connection with the Space or this Agreement.

17. Landlord's Consent. Simultaneously with the execution hereof, Tenant and Subtenant are executing a Consent to Sublease Agreement substantially in the form annexed hereto as Exhibit 1, which, pursuant to

the terms of the Lease, is a condition to obtaining the consent of the Landlord to this Sublease. Tenant shall promptly deliver such Consent to Sublease Agreement to Landlord for its signature, and shall deliver a fully executed copy thereof to Subtenant promptly upon receipt by Tenant of same from Landlord. Subtenant acknowledges that pursuant to the terms of the Lease, Landlord is required to grant its consent to this Sublease by reason of the fact that Subtenant is and maintains a relationship with Tenant, as more fully described in paragraph 2 of that certain Supplemental No. 2 to the Lease. Subtenant further acknowledges that if at any time during the Term, such required relationship is no longer in effect, the Landlord shall have the right, inter alia, to revoke its consent to this Sublease, in which event this Sublease shall immediately terminate and expire and Subtenant shall immediately vacate the Space and surrender same to Tenant. Subtenant agrees that Tenant shall have no liability to Subtenant for any damages, losses, liability or expense in the event of any such termination.

18. Entire Agreement. Except only as to references to the Lease contained herein, this Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes all prior negotiations, conversations, correspondence and agreements. There are no representations or warranties not set forth herein. No waiver or modification hereof shall be valid or effective unless in writing signed by the party or parties thereby affected.

19. Successors and Assigns. This Sublease shall bind and inure to the benefit of the parties hereto and their successors and assigns.

[Signature Page Follows]

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

TENANT: *Cantor Fitzgerald Securities*

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

SUBTENANT: *eSpeed, Inc.*

By: /s/ Douglas B. Gardner
Name: Douglas B. Gardner
Title: Vice Chairman

[Signature Page to New York Sublease]

WARRANT AGREEMENT

THIS WARRANT AGREEMENT, dated as of December 9, 1999 by and between eSpeed, Inc., a Delaware corporation (the "Company"), and Martin J. Wygod (the "Grantee").

In accordance with the letter agreement dated as of November 1, 1999 by and between the Company and the Grantee, and in consideration for the services rendered pursuant thereto, the Company hereby grants to the Grantee a warrant (the "Warrant") to purchase shares of the Company's Class A Common Stock (the "Shares") on the following terms and conditions:

1. Number of Shares. The number of Shares subject to the Warrant shall equal 110,000.

2. Exercise Price. The exercise price per Share subject to the Warrant shall equal $22.00.

3. Exercisability/Termination. The Warrant shall be fully exercisable only during the four year period commencing on the first anniversary hereof and ending on the fifth anniversary hereof, at which time any unexercised portion of the Warrant shall terminate. Notwithstanding the foregoing, the Warrant shall terminate upon the consummation of any transaction whereby the Company (or any successor to the Company or substantially all of its business) becomes a wholly-owned subsidiary of any corporation or other entity, unless such other corporation or entity shall continue or assume the Warrant (in which case such other corporation or entity shall be treated as the Company for all purposes hereunder, and shall make appropriate adjustment pursuant to paragraph 5 below in the number and kind of shares of stock subject thereto and the exercise price per share thereof to reflect consummation of such transaction). If the Warrant is not to be so assumed, the Company shall notify the Grantee of consummation of such transaction at least ten days in advance thereof.

4. Exercise Procedures. The Grantee shall exercise the Warrant by delivery of written notice to the Company setting forth the number of Shares with respect to which the Warrant is to be exercised, together with a certified check or bank draft payable to the order of the Company for an amount equal to the sum of the exercise price for such Shares.

5. Adjustment Upon Changes in Capitalization. In the event any recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or exchange of Shares or other securities, any special and nonrecurring dividend or distribution (whether in the form of cash, securities or other property), liquidation, dissolution, or other similar transactions or events, affects the Shares such that an adjustment is, in the sole discretion of the Company, appropriate in order to prevent dilution or enlargement of the rights of the Grantee, then the Company shall equitably adjust (i) the number and kind of Shares that may be delivered or deliverable in respect of the Warrant, and/or (ii) the exercise

price. In addition, the Company is authorized to make adjustments in the terms and conditions of, and the criteria included in, the Warrant (including, without limitation, cancellation of the Warrant in exchange for its in-the-money value, if any, or substitution of the Warrant using stock of a successor or other entity) in recognition of unusual or nonrecurring events (including, without limitation, an event described in the preceding sentence) affecting the Company or any subsidiary of the Company or the financial statements of the Company or any subsidiary of the Company, or in response to changes in applicable laws, regulations, or accounting principles.

6. Restrictions on Issuing Stock. The Company shall not be obligated to issue or deliver Shares upon exercise of the Warrant or take any other action in a transaction subject to the requirements of any applicable securities law, any requirement under any listing agreement between the Company and any national securities exchange or automated quotation system or any other law, regulation or contractual obligation of the Company until the Company is satisfied that such laws, regulations, and other obligations of the Company have been complied with in full. Certificates representing Shares issued pursuant to exercise of the Warrant will be subject to such stop-transfer orders and other restrictions as may be applicable under such laws, regulations and other obligations of the Company, including any requirement that a legend or legends be placed thereon.

7. Limitations on Transferability. The Warrant will not be transferable by the Grantee except by will or the laws of descent and distribution or to a beneficiary in the event of the Grantee's death, shall not be pledged, mortgaged, hypothecated or otherwise encumbered, or otherwise subject to the claims of creditors; provided, however, that the Warrant or any portion thereof may be transferred by the Grantee to (a) trusts established for the benefit of his children, stepchildren and grandchildren or (b) charities. Any such transferee shall be bound by the terms of this Agreement.

8. Taxes. The Grantee shall be responsible for the payment of all income, social security taxes and Medicare taxes related to the exercise of the Warrant, and shall indemnify the Company against any liability it may incur with respect to such taxes, including by reason of the Company not withholding any such taxes on behalf of the Grantee.

9. No Stockholder Rights. The Warrant shall not confer on the Grantee any of the rights of a stockholder of the Company unless and until Shares are duly issued or transferred and delivered to the Grantee upon exercise of the Warrant.

10. Piggyback Registration Rights. If the Company intends to register securities of any of its shareholders for an offering to the public while the Warrant is exercisable, the Company shall notify the Grantee of its intention to do so and, subject to such limitations as shall affect all selling shareholders equally and as may be imposed by any underwriter of such offering or by law, the Grantee may irrevocably elect to participate in such offering on a pari passu basis

with any other selling shareholders (other than the Investors (as defined in the Registration Rights Agreement dated as of date of the closing of the Company's initial public offering, between the Company and the Investors) who shall have priority over the Grantee on any cutback) based on the relative number of shares owned and options or warrants vested of each of such other selling shareholders (and its affiliates and permitted assigns) and the Grantee (the "Pari Passu Percentage"). Such participation shall be under the same terms and conditions as may apply to such other shareholders, provided that the Grantee shall not have any rights to select the underwriter or similar matters given to the other shareholders. The Grantee shall make any election within 30 days of receipt of such notice of intent to register by a writing given to the Secretary of the Company, which writing shall indicate his irrevocable election to sell in the intended offering, the number of Shares he wishes to sell and the portion thereof to be included by him. The Grantee's notice may not be for less than 50% of the number of Shares of the Grantee. The Grantee shall be responsible for delivery of the Shares covered by the notice on a timely basis. The Company shall only have to give notice of intent to register under this paragraph to the Grantee and any notice of intent to participate shall only be valid if received from the Grantee (or in the event of his death, his executor). The Company may at any time abandon any offering. The Company or the underwriter may at any time cutback (including, without limitation, limiting the amount to the extent a prior amount had not been specified) on the number of shares in any offering in which the Company is offering shares and the underwriter may at any time cutback (including, without limitation, limiting the amount to the extent a prior amount had not been specified) on the number of shares to be offered by shareholders in any offering in which the Company is not also offering shares. In either such case the Grantee's Shares to be offered shall be proportionately reduced so that the amounts offered by the Grantee and by other shareholders (and their affiliates and permitted assigns) satisfy the Pari Passu Percentage. The Grantee shall have no right to participate in any offering by the Company that does not include any shares owned by other shareholders and the provision of this paragraph shall not apply to any registration on Form S-8, or otherwise with regard to securities of compensatory plans of the Company, or any registration relating to business acquisitions on Form S-1 or Form S-4. The Grantee shall sign such underwriting and other agreements in the same forms as signed by the other participating shareholders.

11. Demand Registration Right. Subject to the Company's qualification to use a Form S-3, from and after the date that is one year after the date hereof, the Grantee may request, in writing, registration (the "Demand Registration") under the Securities Act of 1933, as amended (the "Securities Act"), of all or a portion of the Shares and the Shares underlying the warrant granted on the date hereof to Pamela S. Wygod, Trustee under the Trust Agreement dated 12/30/87 for the benefit of Adam Yellin ("the "Other Shares") on Form S-3; provided, however, that such request must include at least 75% of the aggregate of the Shares and the Other Shares. Thereafter, the Company will use all reasonable efforts to effect the Demand Registration under the Securities Act within thirty (30) days after the receipt of the request. The Company shall not be required to effect the Demand Registration requested by the

Grantee if either (a) within the six (6) months preceding the receipt by the Company of such request, the Company has filed a registration statement to which the Piggyback Registration rights set forth in Section 10 hereof apply or (b) such Grantee may sell the Shares and the Other Shares requested to be included in the Demand Registration without registration under the Securities Act, pursuant to the exemption provided by (i) Rule 144 under the Securities Act, as such rule may be amended from time to time, or (ii) any similar rule or registration adopted by the Commission. The Granter shall be entitle to no more than one (1) Demand Registration. The Company agrees to keep the Demand Registration effective for a period of sixty (60) days beyond the effective date.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, this Warrant Agreement has been executed and delivered by the parties hereto on the date first written above.

eSPEED, INC.

By /s/ Douglas B. Gardner

Name: Douglas B. Gardner
Title: Vice Chairman

GRANTEE:

/s/ Martin J. Wygod

Martin J. Wygod

WARRANT AGREEMENT

THIS WARRANT AGREEMENT, dated as of December 9, 1999 by and between eSpeed, Inc., a Delaware corporation (the "Company"), and Pamela S. Wygod, Trustee under the Trust Agreement dated 12/30/87 for the benefit of Adam Yellin (the "Grantee").

In accordance with the letter agreement dated as of November 1, 1999 by and between the Company and the Grantee, and in consideration for the services rendered pursuant thereto, the Company hereby grants to the Grantee a warrant (the "Warrant") to purchase shares of the Company's Class A Common Stock (the "Shares") on the following terms and conditions:

1. Number of Shares. The number of Shares subject to the Warrant shall equal 25,000.

13. Exercise Price. The exercise price per Share subject to the Warrant shall equal $ 22.00.

14. Exercisability/Termination. The Warrant shall be fully exercisable only during the four year period commencing on the first anniversary hereof and ending on the fifth anniversary hereof, at which time any unexercised portion of the Warrant shall terminate. Notwithstanding the foregoing, the Warrant shall terminate upon the consummation of any transaction whereby the Company (or any successor to the Company or substantially all of its business) becomes a wholly-owned subsidiary of any corporation or other entity, unless such other corporation or entity shall continue or assume the Warrant (in which case such other corporation or entity shall be treated as the Company for all purposes hereunder, and shall make appropriate adjustment pursuant to paragraph 5 below in the number and kind of shares of stock subject thereto and the exercise price per share thereof to reflect consummation of such transaction). If the Warrant is not to be so assumed, the Company shall notify the Grantee of consummation of such transaction at least ten days in advance thereof.

15. Exercise Procedures. The Grantee shall exercise the Warrant by delivery of written notice to the Company setting forth the number of Shares with respect to which the Warrant is to be exercised, together with a certified check or bank draft payable to the order of the Company for an amount equal to the sum of the exercise price for such Shares.

16. Adjustment Upon Changes in Capitalization. In the event any recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or exchange of Shares or other securities, any special and nonrecurring dividend or distribution (whether in the form of cash, securities or other property), liquidation, dissolution, or other similar transactions or events, affects the Shares such that an adjustment is, in the sole discretion of the Company, appropriate in order to prevent dilution or enlargement of the rights of the Grantee, then the Company shall equitably adjust (i) the number and kind of Shares that may be delivered or deliverable in respect of the Warrant, and/or (ii) the exercise price. In addition, the Company is authorized to make adjustments in the terms and

conditions of, and the criteria included in, the Warrant (including, without limitation, cancellation of the Warrant in exchange for its in-the-money value, if any, or substitution of the Warrant using stock of a successor or other entity) in recognition of unusual or nonrecurring events (including, without limitation, an event described in the preceding sentence) affecting the Company or any subsidiary of the Company or the financial statements of the Company or any subsidiary of the Company, or in response to changes in applicable laws, regulations, or accounting principles.

17. Restrictions on Issuing Stock. The Company shall not be obligated to issue or deliver Shares upon exercise of the Warrant or take any other action in a transaction subject to the requirements of any applicable securities law, any requirement under any listing agreement between the Company and any national securities exchange or automated quotation system or any other law, regulation or contractual obligation of the Company until the Company is satisfied that such laws, regulations, and other obligations of the Company have been complied with in full. Certificates representing Shares issued pursuant to exercise of the Warrant will be subject to such stop-transfer orders and other restrictions as may be applicable under such laws, regulations and other obligations of the Company, including any requirement that a legend or legends be placed thereon.

18. Limitations on Transferability. The Warrant will not be transferable by the Grantee except by will or the laws of descent and distribution or to a beneficiary in the event of the Grantee's death, shall not be pledged, mortgaged, hypothecated or otherwise encumbered, or otherwise subject to the claims of creditors; provided, however, that the Warrant or any portion thereof may be transferred by the Grantee to (a) trusts established for the benefit of his children, stepchildren and grandchildren or (b) charities. Any such transferee shall be bound by the terms of this Agreement.

19. Taxes. The Grantee shall be responsible for the payment of all income, social security taxes and Medicare taxes related to the exercise of the Warrant, and shall indemnify the Company against any liability it may incur with respect to such taxes, including by reason of the Company not withholding any such taxes on behalf of the Grantee.

20. No Stockholder Rights. The Warrant shall not confer on the Grantee any of the rights of a stockholder of the Company unless and until Shares are duly issued or transferred and delivered to the Grantee upon exercise of the Warrant.

21. Piggyback Registration Rights. If the Company intends to register securities of any of its shareholders for an offering to the public while the Warrant is exercisable, the Company shall notify the Grantee of its intention to do so and, subject to such limitations as shall affect all selling shareholders equally and as may be imposed by any underwriter of such offering or by law, the Grantee may irrevocably elect to participate in such offering on a pari passu basis with any other selling shareholders (other than the Investors (as defined in the Registration

Rights Agreement dated as of the date of the closing of the Company's initial public offering, between the Company and the Investors) who shall have priority over the Grantee on any cutback) based on the relative number of shares owned and options or warrants vested of each of such other selling shareholders (and its affiliates and permitted assigns) and the Grantee (the "Pari Passu Percentage"). Such participation shall be under the same terms and conditions as may apply to such other shareholders, provided that the Grantee shall not have any rights to select the underwriter or similar matters given to the other shareholders. The Grantee shall make any election within 30 days of receipt of such notice of intent to register by a writing given to the Secretary of the Company, which writing shall indicate his irrevocable election to sell in the intended offering, the number of Shares he wishes to sell and the portion thereof to be included by him. The Grantee's notice may not be for less than 50% of the number of Shares of the Grantee. The Grantee shall be responsible for delivery of the Shares covered by the notice on a timely basis. The Company shall only have to give notice of intent to register under this paragraph to the Grantee and any notice of intent to participate shall only be valid if received from the Grantee (or in the event of his death, his executor). The Company may at any time abandon any offering. The Company or the underwriter may at any time cutback (including, without limitation, limiting the amount to the extent a prior amount had not been specified) on the number of shares in any offering in which the Company is offering shares and the underwriter may at any time cutback (including, without limitation, limiting the amount to the extent a prior amount had not been specified) on the number of shares to be offered by shareholders in any offering in which the Company is not also offering shares. In either such case the Grantee's Shares to be offered shall be proportionately reduced so that the amounts offered by the Grantee and by other shareholders (and their affiliates and permitted assigns) satisfy the Pari Passu Percentage. The Grantee shall have no right to participate in any offering by the Company that does not include any shares owned by other shareholders and the provision of this paragraph shall not apply to any registration on Form S-8, or otherwise with regard to securities of compensatory plans of the Company, or any registration relating to business acquisitions on Form S-1 or Form S-4. The Grantee shall sign such underwriting and other agreements in the same forms as signed by the other participating shareholders.

22. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, this Warrant Agreement has been executed and delivered by the parties hereto on the date first written above.

eSPEED, INC.

By /s/ Douglas B. Gardner

Name: Douglas B. Gardner
Title: Vice Chairman

GRANTEE:

/s/ Pamela S. Wygod

Pamela S. Wygod

ARTICLE 5

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1999
PERIOD START	MAR 10 1999
PERIOD END	DEC 31 1999
CASH	201,001
SECURITIES	0
RECEIVABLES	134,644,521
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	134,857,017
PP&E	12,556,627
DEPRECIATION	(3,086,555)
TOTAL ASSETS	144,327,089
CURRENT LIABILITIES	8,815,276
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	510,000
OTHER SE	135,001,813
TOTAL LIABILITY AND EQUITY	144,327,089
SALES	25,381,547
TOTAL REVENUES	38,188,925
CGS	0
TOTAL COSTS	0
OTHER EXPENSES	50,987,727
LOSS PROVISION	0
INTEREST EXPENSE	0
INCOME PRETAX	(12,798,802)
INCOME TAX	(211,889)
INCOME CONTINUING	(12,586,913)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(12,586,913)
EPS BASIC	(0.28)
EPS DILUTED	(0.28)