

eSpeed Reports Fourth Quarter and Full Year 2006 Results

Feb 13, 2007 11:27 AM

Company Provides Outlook for First Quarter and Full Year 2007

NEW YORK--(BUSINESS WIRE)--Feb. 13, 2007--eSpeed, Inc. (NASDAQ: ESPD), a leading developer of electronic marketplaces and related trading technology for the global capital markets, today reported results for the fourth quarter and full year ended December 31, 2006.

Fourth Quarter Earnings

eSpeed reported net income of \$3.3 million, or \$0.06 per diluted share, for the fourth quarter of 2006 based on Generally Accepted Accounting Principles ("GAAP"). To reflect earnings generated from the Company's operations, eSpeed also reported non-GAAP net operating income of \$3.1 million, or \$0.06 per diluted share. The difference between non-GAAP net operating income and GAAP net income for the quarter occurred primarily due to a September 11th-related government grant of \$1.9 million partially offset by a \$1.2 million charge for the impairment of fixed assets and capitalized software costs, \$0.5 million in patent litigation costs, and a \$0.1 million charge related to an office relocation. All of these differences were net of tax.

For comparative purposes, eSpeed reported GAAP net income of \$0.3 million, or \$0.01 per diluted share, for the fourth quarter of 2005. For the same period, eSpeed reported non-GAAP net operating income of \$0.9 million, or \$0.02 per diluted share. The difference between non-GAAP net operating income and GAAP net income for the fourth quarter of 2005 was due to a gain from insurance proceeds of \$1.1 million and a gain of \$0.5 million due to the reversal of previously accrued acquisition costs, offset by a \$1.6 million charge for the impairment of fixed assets and capitalized software costs, and \$0.6 million in costs related to patent litigation, all net of tax.

Full Year Earnings

eSpeed reported GAAP net income of \$4.4 million, or \$0.09 per diluted share, for the full year 2006. For the same timeframe, eSpeed reported non-GAAP net operating income of \$7.5 million, or \$0.15 per diluted share. The difference between non-GAAP net operating income and GAAP net income for the full year 2006 was primarily due to insurance proceeds of \$2.1 million, a September 11th-related government grant of \$1.9 million, a payment to eSpeed of \$0.5 million relating to a litigation settlement, and a \$0.2 million net gain related to tax settlements, partially offset by \$2.5 million in expenses relating to the relocation of the Company's London offices, \$2.0 million in patent litigation costs, \$1.3 million in acquisition-related costs, a \$1.2 million charge for the

impairment of fixed assets and capitalized software costs, \$0.7 million in accelerated amortization of capitalized software, and a \$0.2 million charitable contribution to the Cantor Fitzgerald Relief Fund, all net of tax.

For comparative purposes, eSpeed reported GAAP net income of \$2.0 million, or \$0.04 per diluted share for the full year 2005. For the same period, the Company reported non-GAAP net operating income of \$7.4 million, or \$0.14 per diluted share. The difference between non-GAAP net operating income and GAAP net income for the full year 2005 included a gain from insurance proceeds of \$1.1 million and a gain on investment of \$0.6 million, partially offset by litigation costs of \$3.0 million, \$2.1 million in costs associated with the Company's attempt to acquire MTS, \$1.6 million in charges related to fixed asset and capitalized software, a charitable contribution of \$0.3 million, and \$0.2 million in amortization of business partner securities, all net of tax.

The increases in quarterly and annual GAAP net income were due primarily to higher GAAP revenues more than offsetting higher GAAP expenses.

Fourth Quarter Revenues

eSpeed reported GAAP revenues of \$44.7 million and non-GAAP operating revenues of \$41.6 million for the fourth quarter of 2006. The difference between GAAP and non-GAAP revenues for the fourth quarter of 2006 was a September 11th-related government grant of \$3.1 million.

In comparison, the Company's GAAP revenues for the fourth quarter of 2005 were \$37.8 million and its non-GAAP revenues were \$36.1 million. The difference between GAAP and non-GAAP revenues for the fourth quarter of 2005 was a \$1.7 million gain from insurance proceeds.

Fully electronic revenues were \$18.2 million in the fourth quarter of 2006 compared to \$16.5 million for the fourth quarter of 2005. Revenues from software solutions in the fourth quarter of 2006 were \$13.3 million versus \$10.8 million in the year ago period. Voice- assisted and screen-assisted revenues totaled \$7.4 million in the fourth quarter of 2006 compared with \$7.0 million in the fourth quarter of 2005. Non-GAAP pre-tax operating margin was 11.7 percent in the fourth quarter of 2006.

The year over year increase in quarterly GAAP revenues was due primarily to higher revenues from Software Solutions and fully electronic transactions as well as the previously mentioned government grant.

Full Year Revenues

eSpeed reported GAAP revenues of \$164.3 million and non-GAAP operating revenues of \$157.3 million for the full year 2006. The difference between GAAP and non-GAAP revenues for the full

year 2006 was a gain from insurance proceeds of \$3.5 million, a September 11th-related government grant of \$3.1 million, and \$0.4 million in interest income related to the settlement of a tax-related matter.

In comparison, the Company reported GAAP revenues of \$152.9 million and non-GAAP operating revenues of \$150.2 million for the full year 2005. The difference between GAAP and non-GAAP revenues for 2005 was a \$1.7 million gain from insurance proceeds and a gain on investment of \$1.0 million.

Fully electronic revenues were \$69.0 million in the full year 2006 compared to \$74.7 million for the full year 2005. Revenues from software solutions in the full year 2006 were \$47.4 million versus \$41.4 million in the year ago period. Voice- assisted and screen-assisted revenues totaled \$31.7 million in the full year 2006 compared with \$28.1 million in the full year 2005. Non-GAAP pre-tax operating margin was 7.6 percent for the full year 2006.

The increase in annual GAAP revenues was due primarily to higher revenues from Software Solutions, interest income, and screen-assisted transactions, as well as the previously mentioned government grant and higher insurance proceeds more than offsetting lower revenues from fully electronic transactions and the gain on investment.

See "Non-GAAP Financial Measures" below for a detailed description of the Company's non-GAAP financial measures.

Cash Flow & Cash

eSpeed generated cash flow from operations of \$6.7 million during the fourth quarter of 2006, and \$36.8 million for the full year 2006. This compares with \$2.0 million during the fourth quarter of 2005 and \$27.7 million for the full year 2005.

The Company also reports free cash flow, which it defines as cash from operations less net cash used in investing activities, including capital expenditures. eSpeed's free cash flow was (\$3.6) million for the fourth quarter of 2006 and \$8.6 million for the full year 2006. In comparison, the Company reported free cash flow of (\$5.6) million in the fourth quarter of 2005 and (\$2.5) million for the full year 2005.

Excluding related party receivables and payables, free cash flow was (\$3.9) million for the fourth quarter of 2006 and \$14.7 million for the full year 2006, compared with (\$10.7) million for the fourth quarter of 2005 and (\$0.3) million for the full year 2005.

eSpeed reported year over year improvements in the above cash flow metrics primarily due to higher revenues. The Company traditionally has lower cash flow during the fourth quarter due to the payment of annual employee bonuses.

During the fourth quarter of 2006, eSpeed repurchased approximately 52.2 thousand shares of the Company's stock for approximately \$0.5 million, at an average price per share of \$8.92.

As of December 31, 2006, eSpeed's cash and cash equivalents were approximately \$187.8 million.

Fourth Quarter Volume and Transactions on the eSpeed System

Fully electronic volume on the eSpeed system, excluding new products, was \$9.8 trillion for the fourth quarter of 2006, up 30.8 percent from \$7.5 trillion in the fourth quarter of 2005. eSpeed's combined voice-assisted and screen-assisted volume for the fourth quarter of 2006 was \$14.0 trillion, an increase of 19.4 percent from \$11.8 trillion in the fourth quarter of 2005.

Fully electronic volume on the eSpeed system for new products, which the Company defines as foreign exchange, interest rate swaps, futures and repos, was \$1.3 trillion for the fourth quarter of 2006, up 147.7 percent against the \$540 billion reported in the fourth quarter of 2005.

Full Year Volume and Transactions on the eSpeed System

Fully electronic volume on the eSpeed system, excluding new products, was \$38.4 trillion for the full year 2006, up 32.3 percent from \$29.0 trillion in 2005. eSpeed's combined voice-assisted and screen-assisted volume for the full year 2006 was \$55.7 trillion, an increase of 44.1 percent from \$38.7 trillion in 2005.

Fully electronic volume on the eSpeed system for new products was \$3.8 trillion for the full year 2006, up 103.6 percent against the \$1.9 trillion reported in the prior year.

"I am pleased by the performance of our U.S. Treasury business in the fourth quarter in terms of its strong volume growth and improved competitive market position, both sequentially and year-on-year," said Paul Saltzman, Chief Operating Officer of eSpeed. "This demonstrated that our fixed pricing model along with our commitment to innovative technology and excellence in customer service continues to pay off."

Outlook

For the first quarter of 2007, eSpeed expects to generate non-GAAP operating revenues in excess of \$40 million and expects non-GAAP net operating income to be in the range of \$0.03 to \$0.04 per diluted share.

For the full year 2007, eSpeed expects to generate non-GAAP operating revenues of approximately \$152 million. The Company expects non-GAAP operating expenses to be in the range of \$146 million to \$148 million. eSpeed expects full year 2007 non-GAAP net operating income to be in the range of \$0.05 to \$0.07 per diluted share.

eSpeed expects lower revenue and net income for 2007 primarily due to the expiration of the Wagner patent on February 20, 2007. After this date, the Company will no longer receive revenue from this source. eSpeed recognized \$17.9 million in revenue and \$8.2 million in non-GAAP net operating income related to the patent in 2006.

"We continue to make discretionary investments in technology and staff to support the expected strong growth in revenues from our affiliated voice brokers like BGC as well as growth from our foreign exchange and futures products," added Howard W. Lutnick, Chairman, CEO, and President of eSpeed. "In the long run, we expect these investments will allow us to make up for the expired Patent-related revenue."

The Company will host a conference call on Wednesday, February 14, 2007 at 8:30 a.m. EST, to discuss the above results. To listen to the call via audio webcast, please visit www.espeed.com. Please note: listeners must have a Real Media or Windows Media plug in and headphones or speakers to listen to the webcast.

Non-GAAP Financial Measures

To supplement eSpeed's consolidated financial statements presented in accordance with GAAP and to better reflect the Company's quarter-over-quarter and comparative year-over-year operating performance, eSpeed uses non-GAAP financial measures of revenues, net income and earnings per share, which are adjusted to exclude certain expenses and gains. In addition, the Company provides a computation of free cash flow. These non-GAAP financial measurements do not replace the presentation of eSpeed's GAAP financial results but are provided to improve overall understanding of the Company's current financial performance and its prospects for the future. Specifically, eSpeed believes the non-GAAP financial results provide useful information to both management and investors regarding certain additional financial and business trends relating to the Company's financial condition and results from operations. In addition, eSpeed's management uses these measures for reviewing the Company's financial results and evaluating eSpeed's financial performance.

For the fourth quarter of 2006, the difference between GAAP net income and non-GAAP net operating income was \$0.2 million, net of tax. For the full year 2006, the difference between GAAP net income and non-GAAP net operating income was (\$3.1) million, net of tax. eSpeed considers "non-GAAP net operating income" to be after-tax income generated from the Company's continuing operations excluding certain non-recurring or non-core items such as, but not limited to, asset

impairments, litigation judgments, costs or settlements, restructuring charges, costs related to potential acquisitions, charitable contributions, insurance proceeds, business partner securities, gains or losses on investments and similar events.

The amortization of patent costs and associated licensing fees (including those made in settlement of litigation) from such patents are generally treated as operating items. Material judgments or settlement amounts paid or received and impairments to all or a portion of such assets are generally treated as non-operating items. Management does not provide guidance of GAAP net income because certain items identified as excluded from non-GAAP net operating income are difficult to forecast.

About eSpeed, Inc.

eSpeed, Inc. (NASDAQ: ESPD) is a leader in developing and deploying electronic marketplaces and related trading technology that offers traders access to the most liquid, efficient and neutral financial markets in the world. eSpeed operates multiple buyer, multiple seller real-time electronic marketplaces for the global capital markets, including the world's largest government bond markets and other fixed income and foreign exchange marketplaces. eSpeed's suite of marketplace tools provides end-to-end transaction solutions for the purchase and sale of financial products over eSpeed's global private network or via the Internet. eSpeed's neutral platform, reliable network, straight-through processing and superior products make it a trusted source for electronic trading at the world's largest fixed income and foreign exchange trading firms and major exchanges. For more information, please visit www.espeed.com.

Discussion of Forward-Looking Statements by eSpeed, Inc.

The information in this press release 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.

Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause or contribute to such a discrepancy include, but are not limited to, our relationship with Cantor Fitzgerald and its affiliates, the costs and expenses of developing, maintaining and protecting our intellectual property, including judgments or settlements paid or received and their related costs, the possibility of future losses and negative cash flow from operations, the effect of market conditions, including trading volume and volatility, our pricing strategy and that of our competitors, our ability to develop new products and services, to enter new markets, to secure and maintain market position, to enter into marketing and strategic alliances, to hire new personnel, to expand the use of our electronic system,

to induce clients to use our marketplaces and services and to effectively manage any growth we achieve, and other factors that are discussed under "Risk Factors" in eSpeed's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

We believe that all forward-looking statements are based upon reasonable assumptions when made; however, we caution that it is impossible to predict actual results or outcomes or the effects of risks, uncertainties or other factors on anticipated results or outcomes and that, accordingly, you should not place undue reliance on these statements. Forward-looking statements speak only as of the date when made, and we undertake no obligation to update these statements in light of subsequent events or developments. Actual results and outcomes may differ materially from anticipated results or outcomes discussed in forward-looking statements.

eSpeed, Inc and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands, except share data)

December 31, December 31,
2006 2005

(Unaudited)

Assets

| | | |
|--|------------|------------|
| Cash and cash equivalents | \$ 21,838 | \$ 37,070 |
| Reverse repurchase agreements with related parties | 166,009 | 141,365 |
| | ----- | |
| Total cash and cash equivalents | 187,847 | 178,435 |
| Fixed assets, net | 57,207 | 58,291 |
| Investments | 7,780 | 7,742 |
| Goodwill | 12,184 | 12,184 |
| Intangible assets, net | 6,949 | 11,356 |
| Receivable from related parties | 7,145 | 4,345 |
| Other assets | 13,725 | 8,581 |
| | ----- | |
| Total assets | \$ 292,837 | \$ 280,934 |
| | ===== | |

Liabilities and Stockholders' Equity

| | | |
|--|--------|--------|
| Current liabilities: | | |
| Payable to related parties | 7,751 | 7,588 |
| Accounts payable and accrued liabilities | 25,836 | 19,649 |
| | ----- | |
| Total current liabilities | 33,587 | 27,237 |
| Deferred income | 4,075 | 7,593 |
| | ----- | |
| Total liabilities | 37,662 | 34,830 |
| | ----- | |

Stockholders' Equity:

| | | |
|---|---|---|
| Preferred stock, par value \$0.01 per share; 50,000,000 shares authorized, none outstanding at December 31, 2006 and December 31, 2005 | - | - |
| Class A common stock, par value \$0.01 per | | |

| | | |
|---|----------|----------|
| share; 200,000,000 shares authorized; 36,407,138 and 34,387,380 shares issued at December 31, 2006 and December 31, 2005, respectively | 364 | 343 |
| Class B common stock, par value \$.01 per share; 100,000,000 shares authorized; 20,497,800 and 22,139,270 shares outstanding at December 31, 2006 and December 31, 2005, respectively | 205 | 221 |
| Additional paid-in capital | 306,869 | 294,987 |
| Unearned stock based compensation | (7,186) | (1,592) |
| Treasury stock, at cost; 6,502,230 and 6,488,047 shares of Class A common stock at December 31, 2006 and December 31, 2005, respectively | (62,597) | (62,486) |
| Retained earnings | 17,520 | 14,631 |
| | ----- | ----- |
| Total stockholders' equity | 255,175 | 246,104 |
| | ----- | ----- |

Total Liabilities and Stockholders' Equity \$ 292,837 \$ 280,934

eSpeed, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME IN ACCORDANCE WITH GAAP (unaudited)

(In thousands, except per share data)

| | Three Months Ended | | Twelve Months Ended | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | December 31, 2006 | December 31, 2005 | December 31, 2006 | December 31, 2005 |
| Revenues: | | | | |
| Transaction revenues | | | | |
| Fully electronic transactions with related parties | \$16,101 | \$16,495 | \$ 62,084 | \$ 74,669 |
| Fully electronic transactions with unrelated parties | 2,144 | - | 6,937 | - |
| Total fully electronic transactions | 18,245 | 16,495 | 69,021 | 74,669 |
| Voice-assisted brokerage transactions with related parties | 6,015 | 6,063 | 26,043 | 25,192 |
| Screen-assisted open outcry transactions with related parties | 1,413 | 933 | 5,675 | 2,863 |
| Total transaction revenues | 25,673 | 23,491 | 100,739 | 102,724 |
| Software Solutions fees from related parties | 7,640 | 6,957 | 30,445 | 25,818 |
| Software Solutions and licensing fees from unrelated parties | 5,696 | 3,822 | 16,981 | 15,534 |
| Insurance recovery | - | 1,692 | 3,500 | 1,692 |

| | | | | |
|--|--------|--------|---------|---------|
| Grant income | 3,100 | - | 3,100 | - |
| Gain on sale of investments | - | - | - | 1,015 |
| Interest income | 2,616 | 1,849 | 9,541 | 6,160 |
| | ----- | | | |
| Total revenues | 44,725 | 37,811 | 164,306 | 152,943 |
| | ----- | | | |
| Expenses: | | | | |
| Compensation and employee benefits | 12,919 | 11,644 | 52,765 | 50,633 |
| Amortization of software development costs and other intangibles | 5,792 | 5,758 | 24,047 | 20,134 |
| Other occupancy and equipment | 8,871 | 8,022 | 37,280 | 30,678 |
| Professional and consulting fees | 2,690 | 1,700 | 9,464 | 8,788 |
| Impairment of long lived assets | 1,861 | 2,386 | 1,861 | 2,386 |
| Communications and client networks | 1,986 | 2,588 | 8,101 | 8,157 |
| Marketing | 110 | 345 | 852 | 1,596 |
| Administrative fees to related parties | 2,885 | 3,422 | 12,598 | 13,938 |
| Amortization of business partner and non-employee securities | - | 8 | 19 | 318 |
| Acquisition related costs | - | (797) | 2,026 | 3,327 |
| Other | 2,441 | 2,051 | 8,289 | 9,896 |
| | ----- | | | |

| | | | | |
|--------------------------|--------|--------|---------|---------|
| Total operating expenses | 39,555 | 37,127 | 157,302 | 149,851 |
| | ----- | | | |

| | | | | |
|----------------------------|-------|-----|-------|-------|
| Income before income taxes | 5,170 | 684 | 7,004 | 3,092 |
| | ----- | | | |

| | | | | |
|----------------------|-------|-----|-------|-------|
| Income tax provision | 1,920 | 394 | 2,614 | 1,048 |
|----------------------|-------|-----|-------|-------|

| | | | | |
|------------|----------|--------|----------|----------|
| Net income | \$ 3,250 | \$ 290 | \$ 4,390 | \$ 2,044 |
| | ===== | | | |

Per share data:

| | | | | |
|--------------------------|---------|---------|---------|---------|
| Basic earnings per share | \$ 0.06 | \$ 0.01 | \$ 0.09 | \$ 0.04 |
| | ===== | | | |

| | | | | |
|----------------------------|---------|---------|---------|---------|
| Diluted earnings per share | \$ 0.06 | \$ 0.01 | \$ 0.09 | \$ 0.04 |
| | ===== | | | |

| | | | | |
|---|--------|--------|--------|--------|
| Basic weighted average shares of common stock outstanding | 50,327 | 50,041 | 50,214 | 51,349 |
| | ===== | | | |

| | | | | |
|---|--------|--------|--------|--------|
| Diluted weighted average shares of common stock outstanding | 51,453 | 50,653 | 51,258 | 52,066 |
| | ===== | | | |

eSpeed, Inc. and Subsidiaries
NON-GAAP CONSOLIDATED STATEMENTS OF INCOME (unaudited)
(In thousands, except per share data)

| | Three Months Ended | | Twelve Months Ended | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | December 31, 2006 | December 31, 2005 | December 31, 2006 | December 31, 2005 |
| Revenues: | | | | |
| Transaction revenues | | | | |
| Fully electronic transactions with related parties | \$16,101 | \$16,495 | \$ 62,084 | \$ 74,669 |
| Fully electronic transactions with unrelated parties | 2,144 | - | 6,937 | - |
| Total fully electronic transactions | 18,245 | 16,495 | 69,021 | 74,669 |
| Voice-assisted brokerage transactions with related parties | 6,015 | 6,063 | 26,043 | 25,192 |
| Screen-assisted open outcry transactions with related parties | 1,413 | 933 | 5,675 | 2,863 |
| Total transaction revenues | 25,673 | 23,491 | 100,739 | 102,724 |
| Software Solutions fees from related parties | 7,640 | 6,957 | 30,445 | 25,818 |
| Software Solutions and licensing fees from unrelated parties | 5,696 | 3,822 | 16,981 | 15,534 |
| Interest income | 2,616 | 1,849 | 9,106 | 6,160 |
| Total non-GAAP revenues | 41,625 | 36,119 | 157,271 | 150,236 |
| Expenses: | | | | |
| Compensation and employee benefits | 12,919 | 11,644 | 52,729 | 50,633 |
| Amortization of software development costs and other intangibles | 5,792 | 5,758 | 22,884 | 20,134 |
| Other occupancy and equipment | 8,663 | 8,022 | 33,166 | 30,678 |
| Professional and consulting fees | 1,965 | 1,045 | 6,352 | 4,412 |
| Communications and client networks | 1,986 | 2,588 | 8,101 | 8,157 |
| Marketing | 110 | 345 | 852 | 1,596 |
| Administrative fees to related parties | 2,885 | 3,422 | 12,598 | 13,938 |
| Other | 2,441 | 2,051 | 8,600 | 9,518 |
| Total non-GAAP operating expenses | 36,761 | 34,875 | 145,282 | 139,066 |
| Non-GAAP income before income taxes | 4,864 | 1,244 | 11,989 | 11,170 |
| Non-GAAP income tax provision | 1,780 | 347 | 4,475 | 3,726 |
| Non-GAAP net operating income | 3,084 | 897 | 7,514 | 7,444 |

| | | | | |
|--|----------|---------|----------|----------|
| ===== | | | | |
| Non-operating income (loss): | | | | |
| Charitable contribution Re: | | | | |
| 9/11, net of tax | - | - | (242) | (262) |
| Amortization of business partner and non-employee securities, net of tax | - | (8) | (11) | (208) |
| Litigation costs, net of tax | (467) | (603) | (1,952) | (2,955) |
| Acquisition related costs, net of tax | - | 518 | (1,260) | (2,080) |
| Legal settlement, net of tax | - | - | 458 | - |
| Gain on sale of investment, net of tax | - | - | - | 619 |
| Accelerated depreciation, net of tax | - | - | (689) | - |
| Office relocation cost, net of tax | (126) | - | (2,486) | - |
| Tax settlement, net of tax | - | - | 226 | - |
| Grant income, net of tax | 1,927 | - | - | 1,927 |
| Insurance recovery, net of tax | - | 1,134 | 2,073 | 1,134 |
| Impairment of long lived assets, net of tax | (1,168) | (1,648) | (1,168) | (1,648) |
| | ----- | | | |
| Total non-operating income (loss) | 166 | (607) | (3,124) | (5,400) |
| | ----- | | | |
| Net income | \$ 3,250 | \$ 290 | \$ 4,390 | \$ 2,044 |
| | ===== | | | |

Per share data:

Basic non-GAAP income before
income taxes per share \$ 0.10 \$ 0.03 \$ 0.24 \$ 0.22

Basic non-GAAP tax provision per
share \$ 0.04 \$ 0.01 \$ 0.09 \$ 0.08

Basic non-GAAP net operating
income per share \$ 0.06 \$ 0.02 \$ 0.15 \$ 0.14

Basic non-operating income
(loss) per share \$ 0.00 \$ (0.01) \$ (0.06) \$ (0.10)

Basic GAAP earnings per share \$ 0.06 \$ 0.01 \$ 0.09 \$ 0.04

Diluted non-GAAP income before
income taxes per share \$ 0.09 \$ 0.03 \$ 0.23 \$ 0.21

Diluted non-GAAP tax provision
per share \$ 0.03 \$ 0.01 \$ 0.08 \$ 0.07

Diluted non-GAAP net operating
income per share \$ 0.06 \$ 0.02 \$ 0.15 \$ 0.14

| | | | | |
|------------------------------|---------|-----------|-----------|-----------|
| Diluted non-operating income | | | | |
| (loss) per share | \$ 0.00 | \$ (0.01) | \$ (0.06) | \$ (0.10) |

| | | | | |
|---------------------------------|---------|---------|---------|---------|
| Diluted GAAP earnings per share | \$ 0.06 | \$ 0.01 | \$ 0.09 | \$ 0.04 |
|---------------------------------|---------|---------|---------|---------|

| | | | | |
|--|--------|--------|--------|--------|
| Basic weighted average shares of common stock outstanding | 50,327 | 50,041 | 50,214 | 51,349 |
|--|--------|--------|--------|--------|

| | | | | |
|--|--------|--------|--------|--------|
| Diluted weighted average shares of common stock outstanding | 51,453 | 50,653 | 51,258 | 52,066 |
|--|--------|--------|--------|--------|

Additional data:

| | | | | |
|--------------------------------------|-------|------|------|------|
| Non-GAAP pre-tax operating margin | 11.7% | 3.4% | 7.6% | 7.4% |
|--------------------------------------|-------|------|------|------|

eSpeed, Inc. & Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(in thousands)

| | Three Months Ended December 31, | Three Months Ended December 31, | Twelve Months Ended December 31, | Twelve Months Ended December 31, |
|--|---|---|--|--|
| | 2006 | 2005 | 2006 | 2005 |

Cash flows from operating
activities:

| | | | | |
|------------|----------|--------|----------|----------|
| Net income | \$ 3,250 | \$ 290 | \$ 4,390 | \$ 2,044 |
|------------|----------|--------|----------|----------|

Adjustments to reconcile net
income to net cash provided by
operating activities:

| | | | | |
|--|-------|-------|---------|---------|
| Depreciation and amortization | 8,960 | 9,035 | 36,701 | 31,085 |
| Gain on insurance recovery from related parties | - | - | (3,500) | - |
| Impairment of long lived assets | 1,861 | 2,386 | 1,861 | 2,386 |
| Loss on disposal of property | 127 | - | 127 | - |
| Equity in net (income) loss of unconsolidated investments | (5) | 137 | (39) | 142 |
| Gain on sale of investments | - | - | - | (1,015) |
| Deferred income tax expense | 442 | 294 | (383) | 592 |
| Stock based compensation | 701 | 301 | 2,418 | 2,219 |
| Tax benefit from employee stock option exercises | 196 | 7 | 302 | 116 |
| Excess tax benefits from stock based comp | 36 | - | (11) | - |
| Issuance of securities under employee benefit plan | - | 64 | - | 250 |

Changes in operating assets and
liabilities:

| | | | | |
|------------------------------------|---------|---------|---------|---------|
| Receivable from related parties | (2,029) | 3,481 | (2,773) | (2,706) |
| Other assets | (567) | (1,616) | (5,140) | (1,126) |

| | | | | |
|---------------------------------------|---------|----------|---------|---------|
| Payable to related parties | 2,278 | 1,531 | 163 | 475 |
| Accounts payable and accrued expenses | (5,392) | (13,830) | 6,197 | (6,361) |
| Deferred income | (3,205) | (105) | (3,518) | (418) |

| | | | | |
|---|-------|-------|--------|--------|
| Net cash provided by operating activities | 6,653 | 1,975 | 36,795 | 27,683 |
|---|-------|-------|--------|--------|

Cash flows from investing activities:

| | | | | |
|---|---------|---------|----------|----------|
| Insurance proceeds from related parties | - | - | 3,500 | - |
| Purchase of fixed assets | (4,486) | (4,030) | (13,241) | (15,360) |
| Capitalization of software development costs | (5,555) | (3,441) | (17,213) | (18,840) |
| Capitalization of patents and related defense costs | (259) | (149) | (1,270) | (1,837) |
| Proceeds from sale of investments | - | - | - | 5,840 |

| | | | | |
|---------------------------------------|----------|---------|----------|----------|
| Net cash used in investing activities | (10,300) | (7,620) | (28,224) | (30,197) |
|---------------------------------------|----------|---------|----------|----------|

Cash flows from financing activities:

| | | | | |
|---|-------|-------|-------|----------|
| Purchase of Class A common stock | (93) | (256) | (93) | (29,197) |
| Proceeds from exercises of stock options and warrants | 925 | 25 | 1,346 | 458 |
| Cash settlement of share based compensation | (423) | - | (423) | - |
| Excess tax benefits from stock based comp | (36) | - | 11 | - |

| | | | | |
|---|-----|-------|-----|----------|
| Net cash provided by (used in) financing activities | 373 | (231) | 841 | (28,739) |
|---|-----|-------|-----|----------|

| | | | | |
|--|---------|---------|-------|----------|
| Net (decrease) increase in cash and cash equivalents | (3,274) | (5,876) | 9,412 | (31,253) |
|--|---------|---------|-------|----------|

| | | | | |
|---|--------|---------|---------|---------|
| Cash and cash equivalents at beginning of period | 94,149 | 12,291 | 37,070 | 19,884 |
| Reverse repurchase agreements with related parties at beginning of period | 96,972 | 172,020 | 141,365 | 189,804 |

| | | | | |
|--|---------|---------|---------|---------|
| Total cash and cash equivalents at beginning of period | 191,121 | 184,311 | 178,435 | 209,688 |
|--|---------|---------|---------|---------|

| | | | | |
|---|---------|---------|---------|---------|
| Cash and cash equivalents at end of period | 21,838 | 37,070 | 21,838 | 37,070 |
| Reverse repurchase agreements with related parties at end of period | 166,009 | 141,365 | 166,009 | 141,365 |

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Total cash and cash equivalents at end of period | \$187,847 | \$178,435 | \$187,847 | \$178,435 |
|--|-----------|-----------|-----------|-----------|

=====

Supplemental cash information:

| | | | | |
|-------------------------------------|----------|------|----------|--------|
| Cash paid for income taxes | \$ 1,986 | \$ - | \$ 2,131 | \$ 206 |
| Dividend distribution to Cantor | - | - | 1,500 | - |
| Contribution of license from Cantor | - | - | 1,500 | - |

eSpeed, Inc. & Subsidiaries

CONSOLIDATED STATEMENTS OF FREE CASH FLOWS (unaudited)
(in thousands)

Three Months Ended December 31, Twelve Months Ended December 31,

2006 2005 2006 2005

| | | | | |
|---|----------|----------|-----------|-----------|
| Non-GAAP income before income taxes | \$ 4,864 | \$ 1,244 | \$ 11,989 | \$ 11,170 |
| Depreciation and amortization | 8,960 | 9,035 | 36,701 | 31,085 |
| Other non-cash and non-operating items | 3,025 | 2,581 | (240) | (3,464) |
| Non-GAAP income before income taxes adjusted for depreciation, amortization and other | 16,849 | 12,860 | 48,450 | 38,791 |
| Income tax (provision) on non-GAAP operating income | (1,780) | (347) | (4,475) | (3,726) |
| Income tax (provision) benefit on non-operating (loss) income | (140) | (47) | 1,861 | 2,678 |
| Deferred income tax expense | 442 | 294 | (383) | 592 |
| Tax benefit from stock option exercises | 196 | 7 | 302 | 116 |
| Income taxes paid | 1,986 | - | 2,131 | 206 |
| Decrease (increase) in current income tax payable | 704 | (93) | (564) | (134) |
| Changes in related party receivable and payable, net | 249 | 5,012 | (6,110) | (2,231) |
| Changes in other operating assets and liabilities, net | (11,149) | (15,804) | (4,592) | (8,365) |
| Charitable contribution Re: 9/11 | - | - | (389) | (378) |
| Net cash provided by operating activities | 6,653 | 1,975 | 36,795 | 27,683 |
| Insurance proceeds from related parties | - | - | 3,500 | - |
| Purchases of fixed assets | (4,486) | (4,030) | (13,241) | (15,360) |
| Capitalization of software development costs | (5,555) | (3,441) | (17,213) | (18,840) |
| Capitalization of patents and | | | | |

| | | | | |
|-----------------------------------|---------|---------|---------|---------|
| related defense costs | (259) | (149) | (1,270) | (1,837) |
| Proceeds from sale of investments | - | - | - | 5,840 |
| Free cash flows | (3,647) | (5,645) | 8,571 | (2,514) |

| | | | | |
|---|-------|---------|-------|-------|
| Related party receivable and payable, net | (249) | (5,012) | 6,110 | 2,231 |
|---|-------|---------|-------|-------|

| | | | | |
|--|------------|------------|-----------|----------|
| Free cash flows, net of related party activity | \$ (3,896) | \$(10,657) | \$ 14,681 | \$ (283) |
|--|------------|------------|-----------|----------|

eSpeed, Inc. and Subsidiaries
RECONCILIATION of NON-GAAP FINANCIAL MEASURES TO GAAP (unaudited)
(in thousands)

| | | | | |
|--|--------------|---------------------|------|------|
| | Three Months | | | |
| | Ended | Twelve Months Ended | | |
| | December 31, | December 31, | | |
| | 2006 | 2005 | 2006 | 2005 |

| | | | | |
|---------------------------------|----------|----------|-----------|-----------|
| Total non-GAAP revenues | \$41,625 | 36,119 | \$157,271 | \$150,236 |
| Insurance recovery (a) | - | 1,692 | 3,500 | 1,692 |
| Grant income (b) | 3,100 | - | 3,100 | - |
| Tax settlement (c) | - | - | 399 | - |
| Legal settlement (d) | - | - | 36 | - |
| Gain on sale of investments (e) | - | - | - | 1,015 |
| Total GAAP revenues | \$44,725 | \$37,811 | \$164,306 | \$152,943 |

| | | | | |
|--|----------|----------|-----------|-----------|
| Total non-GAAP operating expenses | \$36,761 | \$34,875 | \$145,282 | \$139,066 |
| Amortization of business partner and non-employee securities (f) | - | 8 | 19 | 318 |
| Litigation costs (g) | 725 | 655 | 3,112 | 4,376 |
| Tax settlement (h) | - | - | 36 | - |
| Legal settlement (i) | - | - | (700) | - |
| Accelerated amortization (j) | - | - | 1,162 | - |
| Office relocation costs (k) | 208 | - | 4,115 | - |
| Acquisition related costs (l) | - | (797) | 2,026 | 3,327 |
| Charitable contribution Re: 9/11(m) | - | - | 389 | 378 |
| Impairment of long lived assets (n) | 1,861 | 2,386 | 1,861 | 2,386 |
| Total GAAP operating expenses | \$39,555 | \$37,127 | \$157,302 | \$149,851 |

| | | | | |
|-------------------------------------|----------|----------|-----------|-----------|
| Non-GAAP income before income taxes | \$ 4,864 | \$ 1,244 | \$ 11,989 | \$ 11,170 |
| Sum of reconciling items = (a) | | | | |
| + (b) + (c) + (d) + (e) - (f) | | | | |
| - (g) - (h) - (i) - (j) - (k) | | | | |
| - (l) - (m) - (n) | 306 | (560) | (4,985) | (8,078) |
| GAAP income before income taxes | \$ 5,170 | \$ 684 | \$ 7,004 | \$ 3,092 |

| | | | | |
|--|----------|--------|----------|----------|
| Non-GAAP income tax provision | \$ 1,780 | \$ 347 | \$ 4,475 | \$ 3,726 |
| Income tax expense on non-operating income (o) | 140 | 47 | (1,861) | (2,678) |
| GAAP income tax provision | \$ 1,920 | \$ 394 | \$ 2,614 | \$ 1,048 |
| Non-GAAP net operating income | \$ 3,084 | \$ 897 | \$ 7,514 | \$ 7,444 |
| Sum of reconciling items = (a) | | | | |
| + (b) + (c) + (d) + (e) - (f) | | | | |
| - (g) - (h) - (i) - (j) - (k) | | | | |
| - (l) - (m) - (n) - (o) | 166 | (607) | (3,124) | (5,400) |
| GAAP net income | \$ 3,250 | \$ 290 | \$ 4,390 | \$ 2,044 |

eSpeed, Inc. and Subsidiaries
Quarterly Market Activity Report

The following table provides certain volume and transaction count information on the eSpeed system for the periods indicated.

| | 4Q05 | 1Q06 | 2Q06 | |
|--|--------|--------|--------|--|
| Volume (in billions) | | | | |
| Fully Electronic Volume - Excluding New Products | 7,500 | 8,957 | 10,235 | |
| Fully Electronic Volume - New Products* | 539 | 524 | 744 | |
| Total Fully Electronic Volume | 8,039 | 9,481 | 10,979 | |
| Voice-Assisted Volume | 7,608 | 8,093 | 8,618 | |
| Screen-Assisted Volume | 4,154 | 5,295 | 5,583 | |
| Total Voice/Screen-Assisted Volume | 11,763 | 13,388 | 14,201 | |
| Total Volume | 19,802 | 22,869 | 25,180 | |

Transaction Count

| | | | | |
|--|-----------|-----------|-----------|--|
| Fully Electronic Transactions - Excluding New Products | 1,640,167 | 1,971,347 | 2,035,458 | |
| Fully Electronic Transactions - New Products* | 111,801 | 131,700 | 138,421 | |
| Total Fully Electronic Transactions | 1,751,968 | 2,103,047 | 2,173,879 | |
| Voice-Assisted Transactions | 193,742 | 228,124 | 202,600 | |
| Screen-Assisted Transactions | 46,242 | 70,698 | 68,768 | |
| Total Voice/Screen-Assisted Volume | 239,984 | 298,822 | 271,368 | |
| Total Transactions | 1,991,952 | 2,401,869 | 2,445,247 | |

eSpeed Equities Direct Access (Number
of Shares Traded In Millions)

147 203 171

Trading Days 61 62 63

% Change % Change

4Q06 vs 4Q06 vs
3Q06 4Q06 3Q06 4Q05

Volume (in billions)

Fully Electronic Volume -
Excluding New Products 9,381 9,813 4.6% 30.8%
Fully Electronic Volume - New
Products* 1,179 1,335 13.2% 147.7%

Total Fully Electronic Volume 10,560 11,148 5.6% 38.7%

Voice-Assisted Volume 8,217 7,933 (3.5%) 4.3%
Screen-Assisted Volume 5,898 6,111 3.6% 47.1%

Total Voice/Screen-Assisted
Volume 14,115 14,044 (0.5%) 19.4%

Total Volume 24,675 25,192 2.1% 27.2%

Transaction Count

Fully Electronic Transactions -
Excluding New Products 1,687,779 1,764,930 4.6% 7.6%
Fully Electronic Transactions -
New Products* 140,539 142,239 1.2% 27.2%

Total Fully Electronic
Transactions 1,828,318 1,907,169 4.3% 8.9%

Voice-Assisted Transactions 183,646 177,789 (3.2%) (8.2%)
Screen-Assisted Transactions 66,451 62,977 (5.2%) 36.2%

Total Voice/Screen-Assisted
Volume 250,097 240,766 (3.7%) 0.3%

Total Transactions 2,078,415 2,147,935 3.3% 7.8%

eSpeed Equities Direct Access
(Number of Shares Traded In
Millions) 212 184 (13.3%) 25.4%

Trading Days 63 62

| | % Change | | |
|--|----------|--------|--------|
| | 2006 vs | | |
| | 2005 | 2006 | 2005 |
| Volume (in billions) | | | |
| Fully Electronic Volume - Excluding New Products | 29,009 | 38,385 | 32.3% |
| Fully Electronic Volume - New Products* | 1,858 | 3,783 | 103.6% |
| Total Fully Electronic Volume | 30,867 | 42,168 | 36.6% |
| Voice-Assisted Volume | 28,311 | 32,860 | 16.1% |
| Screen-Assisted Volume | 10,366 | 22,887 | 120.8% |
| Total Voice/Screen-Assisted Volume | 38,677 | 55,748 | 44.1% |
| Total Volume | 69,544 | 97,916 | 40.8% |

| | | | |
|--|-----------|-----------|--------|
| Transaction Count | | | |
| Fully Electronic Transactions - Excluding New Products | 5,642,628 | 7,459,514 | 32.2% |
| Fully Electronic Transactions - New Products* | 390,001 | 552,899 | 41.8% |
| Total Fully Electronic Transactions | 6,032,629 | 8,012,413 | 32.8% |
| Voice-Assisted Transactions | 822,391 | 792,159 | (3.7%) |
| Screen-Assisted Transactions | 112,123 | 268,894 | 139.8% |
| Total Voice/Screen-Assisted Volume | 934,514 | 1,061,053 | 13.5% |
| Total Transactions | 6,967,143 | 9,073,466 | 30.2% |

| | | | |
|---|-----|-----|-------|
| eSpeed Equities Direct Access (Number of Shares Traded In Millions) | 648 | 770 | 18.9% |
|---|-----|-----|-------|

Trading Days 250 250

* New Products defined as Foreign Exchange, Interest Rate Swaps, Repos and Futures. CBOT Futures volume calculated based on per contract notional value of \$200,000 for the two year contract and \$100,000 for all others.

| | 4Q05 | 1Q06 | 2Q06 |
|--|------|------|------|
| Global Interest Rate Futures Volume (1) CBOT - US Treasury | | | |

| | | | |
|-------------------------|-------------|-------------|-------------|
| Contracts | 101,854,952 | 127,606,543 | 128,443,758 |
| CME - Euro \$ Contracts | 97,306,869 | 117,284,097 | 127,350,219 |
| EUREX - Bund Contracts | 68,817,862 | 85,217,459 | 88,078,646 |

Fed UST Primary Dealer

| | | | |
|--------------------------|--------|--------|--------|
| Volume (in billions) (2) | | | |
| UST Volume | 32,820 | 34,810 | 33,688 |
| Average Daily UST Volume | 538 | 561 | 535 |

NYSE - Volume (shares

| | | | |
|---------------------------------|-----------|-----------|-----------|
| traded) - in millions (3) | 105,879 | 108,447 | 121,582 |
| Transaction Value - in millions | 3,738,882 | 4,072,426 | 4,627,787 |

NASDAQ - Volume (shares

| | | | |
|---------------------------------|-----------|-----------|-----------|
| traded) - in millions (4) | 110,647 | 128,566 | 134,155 |
| Transaction Value - in millions | 2,584,578 | 3,070,980 | 3,031,230 |

% Change % Change

| | | | | |
|-------|---------|------|---------|--|
| ----- | | | | |
| | 4Q06 vs | | 4Q06 vs | |
| 3Q06 | 4Q06 | 3Q06 | 4Q05 | |
| ----- | | | | |

Global Interest Rate Futures

| | | | | |
|-------------------------|-------------|-------------|------|-------|
| Volume (1) | | | | |
| CBOT - US Treasury | | | | |
| Contracts | 126,285,125 | 129,828,448 | 2.8% | 27.5% |
| CME - Euro \$ Contracts | 127,101,116 | 130,341,959 | 2.5% | 33.9% |
| EUREX - Bund Contracts | 72,591,730 | 74,001,534 | 1.9% | 7.5% |

Fed UST Primary Dealer

| | | | | |
|--------------------------|--------|--------|--------|--------|
| Volume (in billions) (2) | | | | |
| UST Volume | 32,171 | 30,742 | (4.4%) | (6.3%) |
| Average Daily UST Volume | 511 | 496 | (2.9%) | (7.8%) |

NYSE - Volume (shares

| | | | | |
|---------------------------------|-----------|-----------|------|-------|
| traded) - in millions (3) | 108,825 | 114,434 | 5.2% | 8.1% |
| Transaction Value - in millions | 3,941,583 | 4,316,756 | 9.5% | 15.5% |

NASDAQ - Volume (shares

| | | | | |
|---------------------------------|-----------|-----------|-------|-------|
| traded) - in millions (4) | 116,510 | 121,477 | 4.3% | 9.8% |
| Transaction Value - in millions | 2,587,538 | 2,945,401 | 13.8% | 14.0% |

% Change

| | | |
|-------|------|--------------|
| ----- | | |
| 2005 | 2006 | 2006 vs 2005 |
| ----- | | |

Global Interest Rate

| | | | |
|-------------------------|-------------|-------------|-------|
| Futures Volume (1) | | | |
| CBOT - US Treasury | | | |
| Contracts | 445,169,057 | 512,163,874 | 15.0% |
| CME - Euro \$ Contracts | 410,355,384 | 502,077,391 | 22.4% |
| EUREX - Bund Contracts | 299,287,916 | 319,889,369 | 6.9% |

Fed UST Primary Dealer
Volume (in billions) (2)

| | | | |
|-----------------------------|---------|---------|--------|
| UST Volume | 138,694 | 131,410 | (5.3%) |
| Average Daily UST Volume | 555 | 526 | (5.3%) |

NYSE - Volume (shares
traded) - in millions (3)

| | | | |
|------------------------------------|------------|------------|-------|
| | 403,764 | 453,289 | 12.3% |
| Transaction Value - in millions | 14,125,294 | 16,958,552 | 20.1% |

NASDAQ - Volume (shares
traded) - in millions (4)

| | | | |
|------------------------------------|-----------|------------|-------|
| | 449,226 | 500,708 | 11.5% |
| Transaction Value - in millions | 9,990,270 | 11,635,149 | 16.5% |

Sources: (1) Futures Industry Association - Monthly Volume Report -
(www.cbot.com, www.cme.com, www.eurexchange.com)
(2) www.ny.frb.org/pihome/statistics/dealer - Federal Reserve
Bank
(3) NYSE - www.nyse.com
(4) NASDAQ - www.marketdata.nasdaq.com

Trading Days
2007

| | | | |
|----|----|----|----|
| Q1 | Q2 | Q3 | Q4 |
| 62 | 63 | 63 | 62 |

2006

| | | | |
|----|----|----|----|
| Q1 | Q2 | Q3 | Q4 |
| 62 | 63 | 63 | 62 |

2005

| | | | |
|----|----|----|----|
| Q1 | Q2 | Q3 | Q4 |
| 61 | 64 | 64 | 61 |

MULTIMEDIA AVAILABLE:
<http://www.businesswire.com/cgi-bin/mmg.cgi?eid=5333766>

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