ESPEED INC
Form DEFM14A
February 11, 2008
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# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

# eSpeed, Inc.

**(Name of Registrant as Specified in its Charter)**

**Not Applicable**

**(Name of Person(s) Filing Proxy Statement if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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x Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

February 11, 2008

Dear stockholder:

I am pleased to inform you that eSpeed, Inc. ( eSpeed or the Company ) and BGC Partners, Inc. ( BGC Partners ), Cantor Fitzgerald, L.P. ( Cantor BGC Partners, L.P. ( BGC U.S. ), BGC Global Holdings, L.P. ( BGC Global ) and BGC Holdings, L.P. ( BGC Holdings ) have entered into a definitive Agreement and Plan of Merger, dated as of May 29, 2007, as amended as of November 5, 2007 and February 1, 2008 (the merger agreement ), pursuant to which BGC Partners will be merged (the merger ) with and into the Company. The surviving corporation in the merger will be renamed BGC Partners, Inc. (the Combined Company ). In terms of revenues, BGC Partners is one of the largest and fastest growing inter-dealer brokers of financial instruments for wholesale market participants worldwide. The Company s electronic marketplaces, licensing activities and other operations will continue to operate under the eSpeed brand within the Combined Company.

To acquire BGC Partners, the Company has agreed to issue in the merger an aggregate of 133,860,000 shares of Combined Company common stock and rights to acquire shares of Combined Company common stock. Of these shares and rights to acquire shares, it is expected that 56,000,000 will be in the form of Combined Company Class B common stock or rights to acquire Combined Company Class B common stock, and the remaining 77,860,000 shares and rights to acquire shares will be in the form of Combined Company Class A common stock or rights to acquire Combined Company Class A common stock. Current stockholders of the Company will hold the same number and class of shares of Combined Company common stock that they held in the Company prior to the merger. As of January 24, 2008, eSpeed stockholders (excluding Cantor) held approximately 30.0 million shares and options to purchase shares of eSpeed common stock which represented 58.6% of the economics of eSpeed and 12.9% of the voting rights of eSpeed as of such date, and is expected to represent 41.2% of the economics of the Combined Company and 11.8% of the voting rights of the Combined Company immediately after the merger. Following the completion of the merger, it is expected that the Combined Company Class A common stock will trade on the NASDAQ Global Market under the symbol BGCP.

After the merger, the combined businesses of the Company and BGC Partners will be held in two operating subsidiaries: (1) BGC U.S., which will hold the U.S. businesses, and (2) BGC Global, which will hold the non-U.S. businesses. The stockholders of the Company as of immediately prior to the merger will hold their interests in BGC U.S. and BGC Global after the merger through Combined Company common stock. Cantor, which is currently the sole stockholder of BGC Partners, will hold its interests in BGC U.S. and BGC Global through a combination of Combined Company common stock and interests in BGC Holdings. In addition, prior to the merger, Cantor will provide a portion of its interest in BGC Holdings to partners of Cantor who provide services primarily or exclusively to BGC U.S., BGC Global and their respective subsidiaries (the founding partners ). As a result of the merger:

- the stockholders of the Company as of immediately prior to the merger (including Cantor) will own equity interests representing approximately 28.0% of the economics of BGC U.S. and BGC Global after the merger as a result of their ownership of eSpeed common stock prior to the merger; and

- the equity owners of BGC Partners and its subsidiaries as of immediately prior to the merger (including Cantor and its founding partners) will own equity interests representing approximately 72.0% of the economics of BGC U.S. and BGC Global after the merger as a result of their ownership of BGC Partners and its subsidiaries prior to the merger.

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In addition, concurrently with the merger, and, in the future, as part of its compensation process, BGC Holdings intends to issue certain restricted equity units and BGC Partners intends to issue certain restricted stock units to certain employees of BGC Partners and other persons who provide services to BGC Partners. In addition, BGC Holdings is authorized to issue additional restricted equity interests or BGC restricted stock units in connection with acquisitions and the hiring of new employees prior to the merger. These issuances would be in addition to the 133,860,000 shares of Combined Company common stock and rights to acquire Combined Company common stock to be issued in the merger and be dilutive to both holders of BGC Holdings partnership interests and holders of Combined Company capital stock. After the merger, the equity interests in BGC U.S. and BGC Global will be held by the Combined Company and by BGC Holdings. Immediately after the merger, the Combined Company will hold approximately 39.8% of the equity in BGC U.S. and BGC Global, and BGC Holdings will hold approximately 60.2% of the equity in BGC U.S. and BGC Global.

The merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, have been approved unanimously by the eSpeed board of directors, upon a unanimous recommendation by a special committee of the eSpeed board of directors consisting exclusively of eSpeed s independent directors (the Special Committee ).

Completion of the merger requires adoption of the merger agreement by eSpeed s stockholders. To obtain this required adoption, the Company will hold a special meeting of its stockholders on March 14, 2008, at which the Company will ask its stockholders to adopt the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger (and consider the matters described below and other matters properly brought before the meeting). Holders of shares of eSpeed Class A common stock on the record date are each entitled to one vote per share of eSpeed Class A common stock, and holders of shares of eSpeed Class B common stock on the record date are each entitled to 10 votes per share of eSpeed Class B common stock on the matters to be considered at the special meeting. Adoption of the merger agreement requires the affirmative vote of a majority of the total combined voting power of eSpeed Class A common stock and eSpeed Class B common stock entitled to vote at the meeting, voting as a single class, in accordance with the eSpeed certificate of incorporation and Delaware law. Under the terms of the merger agreement, Cantor, which as of January 24, 2008 held 87.1% of the total combined voting power of the shares of eSpeed Class A common stock and shares of eSpeed Class B common stock, has agreed to vote its shares in favor of the merger so long as the eSpeed board of directors and the Special Committee recommend that the stockholders of eSpeed vote in favor of the merger. Accordingly, a sufficient number of the votes required to adopt the merger agreement and the transactions contemplated thereby is assured so long as the eSpeed board of directors and the Special Committee recommend that the stockholders of eSpeed vote in favor of the merger. Information about the meeting, the merger and the other business to be considered by eSpeed s stockholders is contained in the accompanying proxy statement and the documents incorporated by reference in the accompanying proxy statement, which we urge you to read. **In particular, see Risk Factors beginning on page 36**.

You are cordially invited to attend our special meeting of stockholders, which will be held at eSpeed, Inc., 499 Park Avenue, 3rd Floor, New York, New York, on March 14, 2008 commencing at 10:00 a.m. local time. We look forward to greeting as many of our stockholders as are able to be with us.

At the special meeting, in addition to the adoption of the merger agreement, pursuant to which BGC Partners will be merged with and into eSpeed, and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, you will be asked to consider and vote upon:

(1) the approval of the amendment to the eSpeed certificate of incorporation, to be in effect as of the closing of the merger as part of the Combined Company certificate of incorporation, to authorize additional shares of Combined Company Class A common stock;

(2) the approval of the amendment to the eSpeed certificate of incorporation, to be in effect as of the closing of the merger as part of the Combined Company certificate of incorporation, effecting changes regarding corporate opportunities;

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(3) the approval of the amended and restated BGC Partners, Inc. Long Term Incentive Plan; and

(4) such other business as may properly come before the special meeting or any adjournment or postponement thereof.

We hope you will find it convenient to attend the special meeting in person. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, TO ENSURE YOUR REPRESENTATION AT THE MEETING AND THE PRESENCE OF A QUORUM, PLEASE COMPLETE, DATE, SIGN AND MAIL PROMPTLY THE ENCLOSED PROXY CARD, for which a return envelope is provided. No postage need be affixed to the return envelope if it is mailed in the United States.

Whether or not you are able to attend the special meeting in person, it is important that your shares be represented. You can vote your shares by completing and returning the enclosed proxy card by mail. Please vote as soon as possible.

The eSpeed board of directors unanimously recommends that eSpeed s stockholders vote **FOR** the adoption of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, and the other proposals to be considered at the special meeting as described above. I join our board of directors in its recommendations.

Sincerely,

Howard W. Lutnick
*Chairman of the Board of Directors,*
*Chief Executive Officer and President*

**Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger agreement or the transactions contemplated thereby, including the merger, or passed upon the adequacy or accuracy of the disclosure in the accompanying proxy statement. Any representation to the contrary is a criminal offense.**

THE PROXY STATEMENT IS DATED FEBRUARY 11, 2008 AND IS FIRST BEING GIVEN OR SENT TO STOCKHOLDERS ON OR ABOUT FEBRUARY 12, 2008.

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**eSpeed, Inc.**

**110 East 59th Street**

**New York, New York 10022**

**Notice of Special Meeting of Stockholders**

NOTICE IS HEREBY GIVEN that our special meeting of stockholders will be held at eSpeed, Inc., 499 Park Avenue, 3rd Floor, New York, New York, on March 14, 2008 commencing at 10:00 a.m. local time, for the following purposes:

(1) To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of May 29, 2007, as amended as of November 5, 2007 and February 1, 2008, which we refer to as the merger agreement, by and among BGC Partners, Inc., which we refer to as BGC Partners, Cantor Fitzgerald, L.P., which we refer to as Cantor, eSpeed, Inc., which we refer to as eSpeed, Company, we, our and us, BGC Partners, L.P., which we refer to as BGC U.S., BGC Global Holdings, L.P., which we refer to as BGC Globa and BGC Holdings, L.P., which we refer to as BGC Holdings, pursuant to which, among other things, BGC Partners will be merged with and into eSpeed, with eSpeed surviving the merger and renamed as BGC Partners, Inc., which we refer to as the Combined Company, and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger;

(2) To approve the amendment to the eSpeed certificate of incorporation, to be in effect as of the closing of the merger as part of the Combined Company certificate of incorporation, to authorize additional shares of Class A common stock;

(3) To approve the amendment to the eSpeed certificate of incorporation, to be in effect as of the closing of the merger as part of the Combined Company certificate of incorporation, effecting changes regarding corporate opportunities;

(4) To approve the amendment and restatement of the BGC Partners, Inc. Long Term Incentive Plan, as described in the accompanying proxy statement; and

(5) To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The eSpeed board of directors has unanimously approved the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, upon the recommendation by a special committee of the eSpeed board of directors consisting exclusively of eSpeed s independent directors, which we refer to as the Special Committee, and is submitting it to the stockholders for their adoption. Pursuant to the merger agreement, BGC Partners will be merged with and into eSpeed. The merger is described in the accompanying proxy statement, which you are urged to read carefully. In particular, the section of the accompanying proxy statement entitled Risk Factors contains a description of risks that you should consider in evaluating the proposed merger. A copy of:

- the merger agreement is attached to the accompanying proxy statement as Annex A and is referred to in the accompanying proxy statement as the merger agreement;

- the form of separation agreement by and among Cantor, BGC Partners, BGC U.S., BGC Global and BGC Holdings is attached to the accompanying proxy statement as Annex B and is referred to in the accompanying proxy statement as the separation agreement;

the form of amended and restated limited partnership agreement of BGC Holdings is attached to the accompanying proxy statement as Annex C and is referred to in the accompanying proxy statement as the BGC Holdings limited partnership agreement;

the form of amended and restated limited partnership agreement of BGC U.S. is attached to the accompanying proxy statement as Annex D and is referred to in the accompanying proxy statement as the BGC U.S. limited partnership agreement;

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the form of amended and restated limited partnership agreement of BGC Global is attached to the accompanying proxy statement as Annex E and is referred to in the accompanying proxy statement as the BGC Global limited partnership agreement;

the form of registration rights agreement by and between Cantor and BGC Partners is attached to the accompanying proxy statement as Annex F and is referred to in the accompanying proxy statement as the separation registration rights agreement;

the form of administrative services agreement between Cantor and BGC Partners is attached to the accompanying proxy statement as Annex G and is referred to in the accompanying proxy statement as the administrative services agreement;

the form of administrative services agreement among Tower Bridge International Services L.P., BGC International (formerly known as Cantor Fitzgerald International) and Cantor is attached to the accompanying proxy statement as Annex H and is referred to in the accompanying proxy statement as the Tower Bridge administrative services agreement, and together with the administrative services agreement, as the administrative services agreements;

the form of BGC Holdings, L.P. Participation Plan is attached to the accompanying proxy statement as Annex I and is referred to in the accompanying proxy statement as the Participation Plan;

the fairness opinion of Sandler O Neill + Partners, L.P. is attached to the accompanying proxy statement as Annex J;

the form of amended and restated certificate of incorporation of the Combined Company is attached to the accompanying proxy statement as Annex K and is referred to in the accompanying proxy statement as the Combined Company certificate of incorporation;

the form of amended and restated by-laws of the Combined Company is attached to the accompanying proxy statement as Annex L and is referred to in the accompanying proxy statement as the Combined Company by-laws; and

the form of amended and restated BGC Partners, Inc. Long Term Incentive Plan is attached to the accompanying proxy statement as Annex M.

Only holders of record of the Company Class A common stock or Class B common stock at the close of business on January 31, 2008, the record date, are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement thereof. Holders of shares of Company Class A common stock on the record date are each entitled to one vote per share of Company Class A common stock, and holders of shares of Company Class B common stock on the record date are each entitled to 10 votes per share of Company Class B common stock, on the matters to be considered at the special meeting. A list of stockholders entitled to vote at the special meeting will be open for examination by any stockholder for any purpose germane to the meeting during ordinary business hours for a period of 10 days prior to the special meeting at the offices of eSpeed, 110 East 59th Street, New York, New York 10022. A copy of the list of stockholders entitled to vote at the special meeting will also be available at the special meeting.

Adoption of the merger agreement and the transactions contemplated thereby requires the affirmative vote of a majority of the total combined voting power of Company Class A common stock and Class B common stock entitled to vote at the meeting, voting as a single class, in accordance with the eSpeed certificate of incorporation and Delaware law. Under the terms of the merger agreement, Cantor, which as of January 24, 2008 held 87.1% of the total combined voting power of the shares of Company Class A common stock and shares of Company Class B common stock, has agreed to vote its shares in favor of the adoption of the merger agreement and the transactions contemplated thereby so long as the eSpeed board of directors and the Special Committee recommend that the stockholders of eSpeed vote in favor of the adoption of the merger agreement and the transactions contemplated thereby. Accordingly, a sufficient number of the votes required to adopt the merger agreement and the transactions contemplated thereby is assured so long as the eSpeed board of directors and the Special Committee recommend that the stockholders of eSpeed vote in favor of the adoption of the merger agreement and the transactions contemplated thereby. Information about the meeting, the merger and the other

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business to be considered by eSpeed stockholders is contained in the accompanying proxy statement and the documents incorporated by reference into the accompanying proxy statement, which we urge you to read. **In particular, see Risk Factors beginning on page 36**.

The eSpeed board of directors is not aware of any matters that may be brought before the special meeting other than those set forth in this Notice of Special Meeting of Stockholders. If other matters properly come before the special meeting, the proxies named in the accompanying proxy card will vote the shares represented by all properly executed proxy cards on such matters in accordance with any recommendation of the eSpeed board of directors or, in the absence of such recommendation, in their discretion.

**Whether or not you plan to attend the special meeting in person, please complete, sign, date and return the enclosed proxy card to ensure that your shares will be represented at the special meeting.** A return envelope (which is postage prepaid if mailed in the United States) is enclosed for that purpose. If you do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote in person at the meeting, you must obtain from your nominee a proxy issued in your name.

The Special Committee recommended that the eSpeed board of directors approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, and recommends that eSpeed s stockholders vote in favor of the adoption of the merger agreement and the transactions contemplated thereby.

The eSpeed board of directors has unanimously approved the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, and recommends that eSpeed s stockholders vote:

(1) **FOR** the proposal to adopt the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger;

(2) **FOR** the approval of the amendment to the eSpeed certificate of incorporation to authorize additional shares of Class A common stock;

(3) **FOR** the approval of the amendment to the eSpeed certificate of incorporation effecting changes regarding corporate opportunities; and

(4) **FOR** the approval of the amended and restated BGC Partners, Inc. Long Term Incentive Plan.

By Order of the Board of Directors,

Stephen M. Merkel
*Executive Vice President,*
*General Counsel and Secretary*

February 11, 2008

**YOUR VOTE IS IMPORTANT.**

**PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED**

**PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE.**

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ANNEXES*



* eSpeed, Inc. hereby agrees to supplementally furnish the staff of the U.S. Securities and Exchange Commission, on a confidential basis, with a copy of any omitted schedule or exhibit upon the staff s request.

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## QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MATTERS TO BE CONSIDERED

The following questions and answers address briefly some questions you may have regarding the special meeting of stockholders and the matters to be considered at such meeting. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents incorporated by reference in this proxy statement. Please refer to Summary Glossary for a glossary of certain defined terms.

All information contained in this proxy statement concerning BGC Partners, BGC U.S., BGC Global and BGC Holdings, and their affiliates and designees, has been supplied by BGC Partners and has not been independently verified by us. All information contained in this proxy statement concerning Cantor (our majority stockholder) has been supplied by Cantor and has not been independently verified by us.

Our principal executive offices are located at 110 East 59th Street, New York, New York 10022, and our telephone number is (212) 610-2200.

**Q: Why am I receiving this proxy statement?**

A: eSpeed and BGC Partners have agreed to combine their businesses under the terms of the merger agreement that is described in this proxy statement. A copy of the merger agreement is attached to this proxy statement as Annex A. In order to complete the merger, eSpeed stockholders must adopt the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger. Pursuant to the NASDAQ rules, stockholder approval is required when the issuance may equal or exceed 20% of the outstanding shares of eSpeed common stock, or rights to acquire eSpeed common stock, prior to the merger. eSpeed stockholders are also being asked to vote on the other proposals described below, most of which are typically considered at our annual meeting.

**Q: On what matters am I being asked to vote on at the special meeting?**

A: As an eSpeed stockholder, you are being asked to vote on:

(1) the adoption of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger;

(2) the approval of the amendment to the eSpeed certificate of incorporation to authorize additional shares of Class A common stock;

(3) the approval of the amendment to the eSpeed certificate of incorporation effecting changes regarding corporate opportunities;

(4) the approval of the amended and restated BGC Partners, Inc. Long Term Incentive Plan; and

(5) such other business as may properly come before the special meeting or any adjournment or postponement thereof.

**Q: How does the eSpeed board of directors recommend that I vote on the matters to be considered at the special meeting?**

A: A special committee of the eSpeed board of directors, consisting exclusively of eSpeed s independent directors, which we refer to as the Special Committee, recommended that the eSpeed board of directors approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, and recommends that eSpeed s stockholders vote in favor of the adoption of the merger agreement and the transactions contemplated thereby.

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The eSpeed board of directors has unanimously approved the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, and recommends that eSpeed s stockholders vote:

(1) **FOR** the proposal to adopt the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger;

(2) **FOR** the approval of the amendment to the eSpeed certificate of incorporation to authorize additional shares of Class A common stock;

(3) **FOR** the approval of the amendment to the eSpeed certificate of incorporation effecting changes regarding corporate opportunities; and

(4) **FOR** the approval of the amended and restated BGC Partners, Inc. Long Term Incentive Plan.

**Q: What will happen in the merger?**

A: In the merger, BGC Partners will merge with and into eSpeed, and eSpeed will be the surviving corporation, which will be renamed BGC Partners, Inc. eSpeed stockholders will continue to hold the same number and class of shares of Combined Company common stock as they did in eSpeed immediately prior to the merger. As of January 24, 2008, eSpeed stockholders (excluding Cantor) held approximately 30.0 million shares and options to purchase shares of eSpeed common stock which represented 58.6% of the economics of eSpeed and 12.9% of the voting rights of eSpeed as of such date, and is expected to represent 41.2% of the economics of the Combined Company and 11.8% of the voting rights of the Combined Company immediately after the merger. The former stockholders of BGC Partners (including Cantor, the founding partners and the restricted equity partners, which we refer to as restricted equity partners , will own approximately 72.0% of the economics of the Combined Company. eSpeed stockholders, other than Cantor and its affiliates, will have a reduced economic and voting interest in the Combined Company after the merger, which will be further reduced upon exchange of BGC Holdings limited partnership interests exchangeable for Combined Company Class A common stock or Combined Company Class B common stock. References to economics of an entity in this proxy statement refer to an interest in the income stream of such entity. Following the completion of the merger, it is expected that the Combined Company Class A common stock will trade on the NASDAQ Global Market under the symbol BGCP. Following the closing of the merger, we currently expect to conduct a primary and secondary offering of the Combined Company Class A common stock. The timing, the size and the price of such offering have not yet been determined.

**Q: What vote of stockholders is required to adopt the merger agreement and the transactions contemplated thereby?**

A: Stockholders holding a majority of the collective voting power represented by the shares of our Class A common stock and Class B common stock issued and outstanding on the record date, voting as a single class, which we refer to as the Total Voting Power, must vote **FOR** the adoption of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, for the merger agreement and the transactions contemplated thereby to be adopted.

Under the terms of the merger agreement, Cantor, which as of January 24, 2008 held 87.1% of the Total Voting Power, has agreed to vote its shares in favor of the adoption of the merger agreement and the transactions contemplated thereby so long as the eSpeed board of directors and the Special Committee recommend that eSpeed s stockholders vote in favor of the adoption of the merger agreement and the transactions contemplated thereby. Accordingly, a sufficient number of the votes required to adopt the merger agreement and the transactions contemplated thereby is assured so long as the eSpeed board of directors and the Special Committee recommend that the stockholders of eSpeed vote in favor of the adoption of the merger agreement and the transactions contemplated thereby.

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**Q: What vote of stockholders is required to approve the other matters to be considered at the special meeting?**

A. The affirmative vote of the holders of a majority of the Total Voting Power present in person or represented by proxy at the special meeting and entitled to vote is required to approve the other matters to be considered at the special meeting.

**Q: When and where is the special meeting?**

A: The special meeting will be held at eSpeed, Inc., 499 Park Avenue, New York, New York on March 14, 2008, at 10:00 a.m. local time.

**Q: Who is entitled to vote?**

A: Stockholders of record as of the close of business on January 31, 2008, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. On the record date, approximately 31,300,863 shares of our Class A common stock, held by approximately 375 stockholders of record, and 19,497,800 shares of our Class B common stock, held by one stockholder of record, were outstanding and entitled to vote at the special meeting. You may vote all shares you owned as of the close of business on the record date. All shares of Class A common stock are entitled to one vote per share. All shares of Class B common stock are entitled to 10 votes per share.

**Q: If my shares are held in street name by my broker, bank or other nominee, will it vote my shares for me?**

A: Yes, but only if you provide instructions to your broker, bank or other nominee on how to vote. You should follow the proxy submission instructions provided by your nominee regarding how to instruct it to vote your shares. Without those instructions, your shares will not be voted.

**Q: How do I cause my shares to be voted without attending the special meeting?**

A: If you hold shares in your name as the stockholder of record, then you received this proxy statement and a proxy card from us. To submit a proxy by mail, complete, sign and date the proxy card and return it in the postage-paid envelope provided. If you hold shares in street name through a broker, bank or other nominee, then you received this proxy statement from your nominee, along with the nominee s form of proxy submission instructions. In either case, you may submit a proxy for your shares by mail without attending the special meeting.

**Q: What does it mean if I get more than one proxy card or form of proxy submission instructions?**

A: If you have shares of our Class A common stock or Class B common stock that are registered differently or are in more than one account, you will receive more than one proxy card or form of proxy submission instructions. Please follow the directions for submitting a proxy on each of the proxy cards or form of proxy submission instructions you receive to ensure that all of your shares are voted.

**Q: How do I vote in person at the special meeting?**

A: If you hold shares in your name as the stockholder of record, you may vote those shares in person at the special meeting by giving us a signed proxy card or ballot before voting is closed. If you want to do that, please bring proof of identification with you to the special meeting. Even if you plan to attend the special meeting, we recommend that you submit a proxy card for your shares in advance as described above, so your vote will be counted even if you later decide not to attend.

If you hold shares in street name through a broker, bank or other nominee, you may vote those shares in person at the special meeting only if you obtain and bring with you a signed proxy from your nominee giving you the right to vote the shares. To do this, you should contact your nominee.

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**Q: Can I change my vote?**

A: After you submit a proxy card for your shares, you may change your vote at any time before voting is closed at the special meeting. If you hold shares in your name as the stockholder of record, you should write to our Secretary at our principal executive offices, eSpeed, Inc., Attention: Secretary, 110 East 59th Street, New York, New York 10022, stating that you want to revoke your proxy and that you need another proxy card. Attendance at the special meeting will not by itself constitute revocation of a proxy. If you hold your shares in street name through a broker, bank or other nominee, you should follow your nominee s proxy submission instructions. If you attend the special meeting, you may vote by ballot as described above, which will cancel your previous vote. Your last proxy submission or vote, as the case may be, before voting is closed at the special meeting is the vote that will be counted.

**Q: What is a quorum for the special meeting?**

A: A quorum of the holders of the outstanding shares of our Class A common stock and Class B common stock, treated as one class, must be present for the special meeting to be held. A quorum is present if a majority of the Total Voting Power is present, in person or represented by proxy, at the special meeting.

**Q: How are votes counted?**

A: You may vote **FOR**, **AGAINST** or **ABSTAIN** on the vote with respect to the matters to be considered at the special meeting. An abstention will not count as a vote cast **FOR** a proposal, but will count for the purpose of determining whether a quorum is present.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Like abstentions, broker non-votes will not count as votes cast **FOR** a proposal, but will count for the purpose of determining whether a quorum is present.

The affirmative vote of a majority of the Total Voting Power is required to adopt the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger. As a result, abstentions and broker non-votes on the proposal to adopt the merger agreement and the transactions contemplated thereby will have the same effect as a vote **AGAINST** the adoption of the merger agreement and the transactions contemplated thereby. Under the terms of the merger agreement, Cantor, which as of January 24, 2008 held 87.1% of the Total Voting Power, has agreed to vote its shares in favor of the adoption of the merger agreement and the transactions contemplated thereby so long as the eSpeed board of directors and the Special Committee recommend that the stockholders of eSpeed vote in favor of the adoption of the merger agreement and the transactions contemplated thereby. Accordingly, a sufficient number of the votes required to adopt the merger agreement and the transactions contemplated thereby is assured so long as the eSpeed board of directors and the Special Committee recommend that the stockholders of eSpeed vote in favor of the adoption of the merger agreement and the transactions contemplated thereby.

The affirmative vote of the holders of a majority of the Total Voting Power present in person or represented by proxy at the special meeting and entitled to vote is required to approve the matters to be considered at the special meeting.

If you sign your proxy card without indicating your vote, your shares will be voted **FOR** the proposal to adopt the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, **FOR** the approval of the amendment to the eSpeed certificate of incorporation to authorize additional shares of Class A common stock, **FOR** the approval of the amendment to the eSpeed certificate of incorporation effecting changes regarding corporate opportunities, **FOR** the approval of the amended and restated BGC Partners, Inc. Long Term Incentive

Plan and in accordance with any recommendation of the eSpeed board of directors or, in the absence of such recommendation, in the discretion of the proxies named in the enclosed proxy card on any other matter properly brought before the special meeting for a vote.

**Q: Who will bear the cost of this solicitation?**

A: We will pay the cost, if any, of soliciting stockholder proxies. We will, upon request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials to the beneficial owners of the shares they hold of record. We will solicit proxies by mail and may also solicit them in person or by telephone, e-mail, facsimile or other electronic means of communication.

**Q; What should I do now?**

A: You should carefully read and consider the information contained in this proxy statement. You should then complete and sign your proxy card and return it in the enclosed envelope so that your shares will be represented at the special meeting. You may also vote in person at the special meeting or through the other means described in this proxy statement.

**Q: When do you expect the merger to be completed?**

A: The merger is expected to close in the first quarter of 2008.

**Q: Where can I find additional information about eSpeed and the merger?**

A: eSpeed files annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission, which we refer to as the SEC, under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. You may read and copy these reports and other information filed by eSpeed at the Public Reference Section of the SEC, Room 1580, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like eSpeed, who file electronically with the SEC through the Electronic Data Gathering, Analysis and Retrieval system. The Internet address of this site is *http://www.sec.gov*.

This proxy statement incorporates by reference important business and financial information about eSpeed that is not included in or delivered with this document. You may request this information from eSpeed, without charge, excluding all exhibits, unless we have specifically incorporated by reference an exhibit in this proxy statement.

**Q: Who can help answer my other questions?**

A: If you have more questions about the special meeting or the matters to be considered at the special meeting, you should contact eSpeed, Inc., Attention: Secretary, 110 East 59th Street, New York, New York 10022, telephone number (212) 610-2200.

## SUMMARY

*The following summary highlights material information contained in this proxy statement but does not contain all of the information that may be important to you. You are urged to read the entire proxy statement carefully, including the annexes. In addition, we encourage you to read the information incorporated by reference in this proxy statement, which includes important business and financial information about eSpeed that has been filed with the SEC. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions in the section entitled Where You Can Find More Information beginning on page 302. The information contained in this summary is qualified in its entirety by reference to the more detailed information contained in this proxy statement and the annexes, and which are incorporated herein by reference.*

### The Companies

***eSpeed, Inc.*** **(see page 203)**

eSpeed 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. eSpeed s principal executive offices are located at 110 East 59th Street, New York, New York 10022 and its telephone number is (212) 610-2200. The Internet address for eSpeed is *http://www.espeed.com*.

***Pre-Merger BGC Partners*** **(see page 203)**

BGC Partners is a leading full-service inter-dealer broker, providing integrated voice and electronic execution brokerage services to many of the world s largest and most creditworthy banks that regularly trade in capital markets, brokerage houses and investment banks for a broad range of global financial products, including fixed income securities, foreign exchange, equity derivatives, credit derivatives, futures, structured products and other instruments, as well as market data products for selected financial instruments. Named in honor of B. Gerald Cantor, Cantor s founder and a pioneer in screen brokerage services and fixed income market data products, BGC Partners has offices in London, New York, Toronto, Mexico City, Paris, Nyon, Copenhagen, Hong Kong, Tokyo, Beijing (representative office), Singapore, Sydney, Seoul and Istanbul. BGC Partners principal executive offices are located at 199 Water Street, New York, New York 10038 and its telephone number is (646) 346-7000. The Internet address for BGC Partners is *http://www.bgcpartners.com*.

***Post-Merger Combined Company*** **(see page 252)**

The Combined Company, which will be named BGC Partners, Inc., will be a leading inter-dealer broker, offering integrated voice, hybrid and fully electronic execution and other brokerage services to banks, brokerage houses and investment banks for a broad range of global financial products, including fixed income securities, foreign exchange, equity derivatives, credit derivatives, futures, structured products and other instruments, as well as market data, analytics and financial technology solutions related to selected financial instruments and markets. The Combined Company s principal executive offices will be located at 199 Water Street, New York, New York 10038 and its telephone number will be (646) 346-7000. The Internet address for the Combined Company will be *http://www.bgcpartners.com*.

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**Value of the Transaction (see page 125)**

The dollar value of the merger is based on the number of shares of Combined Company common stock and rights to acquire shares of Combined Company common stock being issued multiplied by the average price of eSpeed common stock at the closing date of the transaction. As the price of eSpeed common stock fluctuates, the total dollar value of the transaction fluctuates, and therefore, the dollar value of the merger will not be fixed until the merger closes. As of May 29, 2007 (the date of execution of the merger agreement) and as of January 24, 2008, the dollar value of the transaction was $1,231,512,000 and $1,560,807,600, respectively, based on the average price of eSpeed Class A common stock on such dates.

**The Special Meeting (see page 69)**

The special meeting will be held at eSpeed, Inc., 499 Park Avenue, 3rd Floor, New York, New York on March 14, 2008, starting at 10:00 a.m. local time. You are entitled to notice of, and to vote at, the special meeting if you owned eSpeed Class A common stock or Class B common stock at the close of business on January 31, 2008, the record date. As of the record date, there were 31,300,863 shares of eSpeed Class A common stock issued and outstanding and 19,497,800 shares of eSpeed Class B common stock issued and outstanding.

Each share of eSpeed Class A common stock is entitled to one vote on each proposal at the special meeting, and each share of eSpeed Class B common stock is entitled to 10 votes on each proposal at the special meeting. Stockholders holding a majority of the Total Voting Power must vote **FOR** the adoption of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, for the merger agreement and the transactions contemplated thereby to be adopted. The affirmative vote of the holders of a majority of the Total Voting Power present in person or represented by proxy at the special meeting and entitled to vote is required to approve the other matters to be considered at the special meeting. A quorum will be present if a majority of the Total Voting Power is present, in person or represented by proxy, at the special meeting.

Under the terms of the merger agreement, Cantor, which as of January 24, 2008 held 87.1% of the Total Voting Power, has agreed to vote its shares in favor of the adoption of the merger agreement and the transactions contemplated thereby so long as the eSpeed board of directors and the Special Committee recommend that the stockholders of eSpeed vote in favor of the adoption of the merger agreement and the transactions contemplated thereby. Accordingly, a sufficient number of the votes required to adopt the merger agreement and the transactions contemplated thereby is assured so long as the eSpeed board of directors and the Special Committee recommend that the stockholders of eSpeed vote in favor of the adoption of the merger agreement and the transactions contemplated thereby.

**Reasons for the Merger; Risks of the Merger (see pages 90 and 36)**

The Special Committee, by unanimous vote, at a meeting held on May 29, 2007, determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are fair to, advisable and in the best interests of the Company and the holders of eSpeed Class A common stock (other than Cantor and its affiliates). In addition, the Special Committee recommended that the eSpeed board of directors approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, and recommended that the Company s common stockholders vote in favor of the adoption of the merger agreement and the transactions contemplated thereby. In reaching its conclusion, the Special Committee consulted with its financial and legal advisors, considered eSpeed s prospects, including the uncertainties and risks facing it, considered the prospects of BGC Partners and considered the interests of the holders of eSpeed Class A common stock (other than Cantor and its affiliates).

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In reaching such determination and recommendation, the Special Committee considered a variety of factors that it believed weighed favorably towards the merger, including the following material factors (which are not listed in any relative order of importance):

- financial terms of the merger;
- challenges facing eSpeed;
- prospects of BGC Partners;
- financial benefits;
- continuation of interests of holders of eSpeed Class A common stock;
- certain provisions of the merger agreement and the related agreements; and
- alignment of management interests.

In addition to the above mentioned benefits, the Special Committee also considered the following factors in the course of its deliberations:

- intentions of eSpeed s controlling stockholder;
- expected impact of the announcement of the merger in the market and on business operations of eSpeed; and
- results of due diligence investigation.

The Special Committee weighed these factors against a number of other material factors identified in its deliberations as potentially weighing negatively against the merger, including the following factors (which are not listed in any relative order of importance):

- the risk of not realizing all the anticipated cost savings and revenue enhancements;
- the challenges inherent in the operation of the businesses of eSpeed in conjunction with those of BGC Partners;
- the transaction costs associated with the merger and costs relating to the operation of the businesses of eSpeed in conjunction with those of BGC Partners;

- the risk of liabilities associated with the BGC business, including certain regulatory and litigation matters and other contingent liabilities;

- the continuing role of Cantor as controlling stockholder and the known and potential conflicts of interests of certain of the directors and executive officers of the Combined Company;

- certain terms of the merger agreement and the related agreements;

- that the merger is not subject to a vote by the holders of a majority of the shares of Company Class A common stock other than those held by Cantor and its affiliates;

- the possibility that the merger might not be consummated despite the parties efforts or that the closing of the merger may be unduly delayed; and

- the fact that the eSpeed Class A common stock had traded in the past at prices in excess of $9.75 per share.

As discussed in Proposal 1 The Merger Reasons for the Merger; Recommendation of the Merger by the Special Committee and the eSpeed Board of Directors, after consideration of these material factors, the Special Committee determined such risks could be mitigated or managed by eSpeed or BGC Partners or, following the

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merger, by the Combined Company, were reasonably acceptable under the circumstances, or, in light of the anticipated benefits, and that, overall, these risks were significantly outweighed by the potential benefits of the merger.

Despite the reasons for the merger, there are risks related to the merger, as discussed under the heading Risk Factors Risks Related to the Merger immediately following this summary, and these risks may cause us not to realize the full benefits of the merger, and could adversely impact our revenues and as a result could adversely affect our business, financial condition and results of operations. See Risk Factors Risks Related to the Merger.

**Interests of Directors, Executive Officers and Certain Beneficial Owners in the Merger (see page 104)**

The current directors and executive officers of eSpeed, the future directors and executive officers of the Combined Company and certain beneficial owners of eSpeed common stock may have interests in the merger that are different from, or in addition to, yours and the interests of the current directors and executive officers of eSpeed, the future directors and officers of the Combined Company and certain beneficial owners of eSpeed common stock may conflict with the interests of the unaffiliated eSpeed stockholders, including the following:

- The merger agreement provides that, prior to completion of the merger, upon the request of BGC Partners, eSpeed will provide each of Howard W. Lutnick, Lee M. Amaitis, Shaun D. Lynn, Stephen M. Merkel and Robert K. West with a letter agreement setting forth an annual base salary of $1,000,000 per year (except for Mr. West whose letter shall provide for an annual base salary of $550,000) and annual cash target bonuses of up to the percentages set forth below:

  - 400% of annual base salary for Mr. Lutnick;
  - 375% of annual base salary for Mr. Amaitis;
  - 300% of annual base salary for Mr. Lynn;
  - 100% of annual base salary for Mr. Merkel; and
  - 100% of annual base salary for Mr. West.

In addition to the target cash bonuses set forth above, the executive officers will be eligible for incentive compensation to be paid in the form of equity, partnership units or otherwise.

- The merger agreement provision described in the preceding bullet point with respect to Messrs. Amaitis and Lynn is expected to be implemented prior to the merger through employment agreements between BGC Partners and each of Messrs. Amaitis and Lynn, which agreements will be assumed at completion of the merger by the Combined Company, with base salary and bonus provisions consistent with the letter agreements described above.

- BGC Partners and eSpeed have agreed that, prior to the completion of the merger, BGC Partners may enter into (which it is expected to do) change of control employment agreements with each of Messrs. Lutnick, Lynn, Merkel and Amaitis, which agreements will be assumed at completion of the merger by the Combined Company, and will relate to a change of control of BGC Partners, or, after the merger, the Combined Company, other than the merger contemplated by the merger agreement.

Prior to the completion of the merger, Cantor will redeem all of the Cantor limited partnership interests held by founding partners in exchange for (1) a portion of the BGC Holdings limited partnership interests that Cantor will receive in the separation, and (2) rights to receive from Cantor, over time, shares of Combined Company Class A common stock, which we refer to as the distribution rights.

In connection with the separation, Cantor will receive BGC Holdings limited partnership interests. After the first anniversary of the completion of the merger, the BGC Holdings limited partnership interests held by Cantor will be exchangeable with the Combined Company for Combined Company

Class B common stock (or, at Cantor s option or if there are no additional authorized but unissued shares of Combined Company Class B common stock, Combined Company Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). Cantor will, however, be able to exchange up to 20 million of its BGC Holdings limited partnership interests prior to the first anniversary of the completion of the merger for shares of Combined Company Class A common stock in connection with a broad-based public offering including all the shares of Combined Company Class A common stock received upon such exchange, underwritten by a nationally recognized investment banking firm.

Cantor intends to provide all founding partners with the right to immediately exchange 20% of their BGC Holdings founding partner interests for restricted shares of Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by a founding partner upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. Cantor has also agreed to provide certain additional exchange rights to Messrs. Amaitis and Lynn. From time to time, Cantor may provide founding partners with the right to exchange their remaining BGC Holdings founding partner interests for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), on terms and conditions to be determined by Cantor, provided that the terms and conditions of such exchange cannot in any way diminish or adversely affect the rights of the Combined Company or its subsidiaries (it being understood that an obligation by the Combined Company to deliver shares of Combined Company Class A common stock upon exchange will not be deemed to diminish or adversely affect the rights of the Combined Company or its subsidiaries).

In connection with the separation and prior to the merger, Messrs. Amaitis, Lynn and Merkel as well as two other individuals who are employed by one or more of our affiliates, will use some of the proceeds that they receive in respect of the redemption of their Cantor limited partnership interests to repay certain loans made or guaranteed by Cantor. See Certain Relationships and Related Transactions Before and After the Merger Repayment of Existing Loans and Required Capital Contributions.

Concurrently with the merger, BGC Holdings expects to issue certain restricted equity interests (which we refer to as REUs ) to certain employees of BGC Partners and other persons who provide services to BGC Partners. REUs may also be issued in connection with acquisitions or the hiring of new employees. In addition, BGC Partners will issue to certain employees and other persons who provide services to BGC Partners certain BGC Partners restricted stock units, which we refer to as BGC RSUs.

The eSpeed board of directors has determined that Cantor is a deputized director of eSpeed and the Combined Company for purposes of Rule 16b-3 under the Exchange Act with respect to the transactions contemplated by the separation and the merger. The eSpeed board of directors intent in determining that Cantor is a deputized director is that Cantor s acquisitions or dispositions of shares of eSpeed or Combined Company capital stock or interests in eSpeed or Combined Company capital stock from or to eSpeed or the Combined Company or their respective majority-owned subsidiaries will be eligible for the Rule 16b-3 exemption from the short-swing profits liability provisions of Section 16(b) of the Exchange Act.

Upon the termination of employment or bankruptcy of a founding partner, or upon mutual agreement of Cantor and the general partner of BGC Holdings, BGC Holdings will redeem any BGC Holdings founding partner interests held by such founding partner (to the extent they have not become exchangeable). However, in such circumstances, Cantor has a right of first refusal to acquire such founding partner interests. Any BGC Holdings founding partner interests acquired by Cantor, while not exchangeable in the hands of the founding partner absent a determination by Cantor to the contrary (as Cantor is expected to do from time to time as described above), will be exchangeable by Cantor, generally commencing one year after the completion of the merger, for shares of Combined Company

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Class B common stock, or at Cantor s election, shares of Combined Company Class A common stock, in each case, on a one-for-one basis (subject to customary anti-dilution adjustments) on the same basis as the Cantor interests and will be designated as BGC Holdings exchangeable limited partnership interests when acquired by Cantor. In addition, Cantor will have a right of first refusal with respect to any BGC Holdings working partner interests and REU interests (in each case that have not become exchangeable), that (A) are called for redemption upon termination of employment or bankruptcy of a working partner or termination of employment or bankruptcy of a restricted equity partner or (B) are called for redemption by BGC Holdings, in each case if BGC Holdings elects to transfer the right to purchase such interest to a BGC Holdings partner rather than redeem such interest itself.

**Opinion of Financial Advisor to eSpeed s Special Committee (see page 95)**

The financial advisor to eSpeed s Special Committee, Sandler O Neill + Partners, L.P., which we refer to as Sandler O Neill, delivered an opinion, as of May 29, 2007 and subject to the assumptions and qualifications stated in the opinion, regarding the fairness from a financial point of view of the Exchange Ratios (as defined below under Proposal 1 The Merger Opinion of Financial Advisor to the Special Committee ) to holders of eSpeed Class A common stock other than Cantor and its affiliates. The opinion does not, and will not be updated to, take into account subsequent events, including fluctuations in the market value of eSpeed s common stock or changes to the merger included in the amendments to the merger agreement and related transaction agreements. See Proposal 1 The Merger Background of the Merger.

The full text of this fairness opinion is attached as Annex J to this proxy statement. You are urged to read the opinion carefully and in its entirety for a description of the procedures followed, matters considered and limitations on the review undertaken.

**Structure of the Merger (see page 76)**

The merger agreement provides that BGC Partners will be merged with and into eSpeed, with eSpeed surviving the merger. The Combined Company will be renamed BGC Partners, Inc. Following the completion of the merger, it is expected that the Combined Company Class A common stock will trade on the NASDAQ Global Market under the symbol BGCP. The dollar value of the merger is based on the number of shares of Combined Company common stock and rights to acquire shares of Combined Company common stock being issued multiplied by the average price of eSpeed Class A common stock at the closing date of the transaction. As the price of eSpeed common stock fluctuates, the total dollar value of the transaction fluctuates, and therefore, the dollar value of the merger will not be fixed until the merger closes. As of May 29, 2007 (the date of the merger agreement) and as of January 24, 2008, the dollar value of the transaction was $1,231,512,000 and $1,560,807,600, respectively, based on the average price of eSpeed Class A common stock on such dates.

To acquire BGC Partners, eSpeed has agreed to issue in the merger an aggregate of 133,860,000 shares of Combined Company common stock and rights to acquire shares of Combined Company common stock. Of these shares and rights to acquire shares, 56,000,000 will be in the form of Combined Company Class B common stock or rights to acquire Combined Company Class B common stock, and the remaining 77,860,000 will be in the form of Combined Company Class A common stock or rights to acquire Combined Company Class A common stock. Specifically, in the merger:

- each of the BGC Partners Class A units, 21,968,971 of which will be outstanding immediately prior to the merger, will be converted into Combined Company Class A common stock (and the issued and outstanding shares of eSpeed Class A common stock and options to purchase eSpeed Class A common stock will remain outstanding as Combined Company Class A common stock, 32,451,646 (including 1,150,783 of stock options) of which were issued and outstanding as of January 24, 2008);

- all of the issued and outstanding shares of eSpeed Class B common stock will remain outstanding as Combined Company Class B common stock or, at Cantor s election prior to the closing of the merger, be converted into shares of Combined Company Class A common stock, 19,497,800 of which were issued and outstanding as of January 24, 2008;

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the one BGC Partners Class C unit which will be issued and outstanding immediately prior to the merger will be converted into 100 shares of Combined Company Class B common stock or, at Cantor s election prior to the closing of the merger, 100 shares of Combined Company Class A common stock; and

(1) the 68,073,666 units of BGC Holdings exchangeable limited partnership interests which will be issued and outstanding immediately prior to the merger will be exchangeable with the Combined Company for Combined Company Class B common stock or Combined Company Class A common stock in accordance with the terms of the BGC Holdings limited partnership agreement and (2) the 43,817,263 units of BGC Holdings founding partner interests which will be issued and outstanding immediately prior to the merger will not be exchangeable with the Combined Company unless otherwise determined by Cantor in accordance with the terms of the BGC Holdings limited partnership agreement.

Cantor currently intends to elect to have the BGC Partners Class B units and the BGC Partners Class C unit converted in the merger into Combined Company Class A common stock.

Concurrently with or immediately after the merger, the Combined Company will contribute its assets and liabilities to BGC U.S. and BGC Global in exchange for limited partnership interests in these entities. As a result of this contribution, the Combined Company will receive limited partnership interests in each of these entities.

Current stockholders of the Company will hold the same number and class of shares of Combined Company common stock that they held in the Company prior to the merger. As of January 24, 2008, eSpeed stockholders (excluding Cantor) held approximately 30.0 million shares and options to purchase shares of eSpeed common stock which represented 58.6% of the economics of eSpeed and 12.9% of the voting rights of eSpeed as of such date, and is expected to represent 41.2% of the economics of the Combined Company and 11.8% of the voting rights of the Combined Company immediately after the merger. eSpeed stockholders, other than Cantor and its affiliates, will have a reduced economic and voting interest in the Combined Company after the merger, which will be further reduced upon exchange of BGC Holdings limited partnership interests that are exchangeable for Combined Company Class A common stock or Combined Company Class B common stock. Following the closing of the merger, we currently expect to conduct a primary and secondary offering of the Combined Company Class A common stock. The timing, the size and the price of such offering have not yet been determined.

Immediately after the merger, it is expected there will be approximately 54,420,617 fully diluted shares of Combined Company Class A common stock outstanding, of which 23,989,120 shares will be held by Cantor. Each share of Class A common stock will generally be entitled to one vote on matters submitted to the Combined Company s stockholders. In addition, immediately after the merger, Cantor will hold 19,497,900 shares of Combined Company Class B common stock (which represents all of the outstanding Combined Company Class B common stock), representing, together with the Combined Company Class A common stock held by Cantor, approximately 88.2% of the Combined Company s voting power. Each share of Class B common stock will generally be entitled to the same rights as a share of Class A common stock, except that, on matters submitted to a vote of the Combined Company s stockholders, each share of Class B common stock will be entitled to 10 votes. The Class B common stock generally will vote together with the Class A common stock on all matters submitted to a vote of the Combined Company s stockholders.

Immediately after the merger, the Combined Company will hold, directly or indirectly, the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Holdings, and will serve as the general partner of BGC Holdings, which will entitle the Combined Company to control BGC Holdings. BGC Holdings, in turn, will hold the BGC U.S. general partnership interest and the BGC U.S. special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC U.S., and the BGC Global general partnership interest and the BGC Global special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Global, and will serve as the general partner of each of BGC U.S. and BGC Global, which will entitle BGC Holdings (and thereby the Combined Company) to control each of BGC U.S. and BGC Global. BGC Holdings will hold its BGC Global general partnership interest through a company incorporated in the Cayman Islands, BGC Global Holdings GP Limited. In addition, it is expected the Combined Company will indirectly through wholly-owned subsidiaries hold BGC U.S. limited partnership interests and BGC Global limited partnership interests consisting of approximately 73,918,517 units and 73,918,517 units, representing approximately 39.8% and 39.8% of the outstanding BGC U.S. limited partnership interests and BGC Global limited partnership interests, respectively. The Combined Company will be a holding company that will hold these interests, will serve as the general partner of BGC Holdings, and, through BGC Holdings, will act as the general partner of each of BGC U.S. and BGC Global. As a result of the Combined Company s ownership of the general partnership interest in BGC Holdings and BGC Holdings general partnership interest in each of BGC U.S. and BGC Global, it is anticipated that the Combined Company will consolidate BGC U.S. s and BGC Global s results for financial reporting purposes.

Founding partners and working partners, which we refer to collectively as founding/working partners and as BGC Holdings founding/working partners, and restricted equity partners will directly and Cantor will indirectly hold BGC Holdings limited partnership interests. BGC Holdings, in turn, will hold BGC U.S. limited partnership interests and BGC Global limited partnership interests and, as a result, founding/working partners, restricted equity partners and Cantor will indirectly have interests in BGC U.S. limited partnership interests and BGC Global limited partnership interests.

After the first anniversary of the completion of the merger, the BGC Holdings limited partnership interests held by Cantor will be exchangeable with the Combined Company for Combined Company Class B common stock (or, at Cantor s option or if there are no additional authorized but unissued shares of Combined Company Class B common stock, Combined Company Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). Cantor will, however, be able to exchange up to an aggregate of 20 million of its BGC Holdings limited partnership interests prior to the first anniversary of the completion of the merger for shares of Combined Company Class A common stock in connection with a broad-based public offering including all shares of Combined Company Class A common stock received upon such exchange, underwritten by a nationally recognized investment banking firm.

The BGC Holdings limited partnership interests that Cantor transfers to founding partners in redemption of their current limited partnership interests in Cantor at the time of the separation will not be exchangeable with the Combined Company unless (1) Cantor reacquires such interests from the founding partners (which it has the right to do under certain circumstances), in which case such interests will be exchangeable with the Combined Company for Combined Company Class A common stock or Class B common stock, or (2) Cantor determines that such interests can be exchanged by such founding partners with the Combined Company for Combined Company Class A common stock, generally on a one-for-one basis (subject to customary anti-dilution adjustments), on terms and conditions to be determined by Cantor, provided that such terms and conditions do not have an adverse effect on the Combined Company (which exchange of certain interests Cantor expects to permit from time to time). Cantor intends to provide all founding partners with the right to immediately exchange 20% of their BGC Holdings founding partner interests for restricted shares of Combined Company Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by a founding partner upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. Cantor has also granted certain additional exchange rights to Messrs. Amaitis and Lynn. No working partner interests will be issued at the time of the separation and merger. Any working partner interests that are issued will not be exchangeable with the Combined Company unless otherwise determined by BGC Partners with the written consent of the affirmative vote of the majority of units underlying BGC Holdings

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exchangeable limited partnership interests outstanding as of the applicable record date, which we refer to as a BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement.

With each exchange, BGC Partners indirect interest in BGC U.S. and BGC Global will proportionately increase because, immediately following an exchange, BGC Holdings will redeem the BGC Holdings unit so acquired for the BGC U.S. limited partnership interest and the BGC Global limited partnership interest underlying such BGC Holdings unit. The acquired BGC U.S. limited partnership interest and BGC Global limited partnership interest will be appropriately adjusted to reflect the impact of certain litigation matters and the intention of the parties to the BGC Holdings limited partnership agreement for BGC Holdings (and not BGC Partners) to realize the economic benefits and burdens of such litigation matters.

The profit and loss of BGC U.S., BGC Global and BGC Holdings, as the case may be, will generally be allocated based on the total number of BGC U.S. units, BGC Global units and BGC Holdings units, as the case may be, outstanding, other than in the case of certain litigation matters, as described in Related Agreements Amended and Restated Limited Partnership Agreements of BGC U.S. and BGC Global.

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The following diagram illustrates the expected ownership structure of the Combined Company after the merger. References to economics of an entity in this proxy statement refer to an interest in the income stream of such entity. References to Public Stockholders includes Combined Company stockholders other than Cantor. The following diagram does not reflect the various subsidiaries of the Combined Company, BGC U.S., BGC Global, BGC Holdings or Cantor, the issuance of BGC Holdings REUs or BGC RSUs or the results of any exchange of BGC Holdings exchangeable limited partnership interests, or, to the extent applicable, BGC Holdings founding partner interests or BGC Holdings REUs:

* 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, if Cantor converted all of its Class B common stock into Class A common stock, Cantor would hold 59.8% of the voting power and the public stockholders would hold 40.2% of the voting power (and the indirect economic interests in BGC U.S. and BGC Global would remain unchanged).

Please see Risk Factors Risks Related to the Merger eSpeed stockholders, other than Cantor and its affiliates, will have a reduced ownership and voting interest after the merger and will be further diluted upon exchange of BGC Holdings limited partnership interest into Combined Company common stock and Risk Factors Risks Related to the Combined Company s Business The market price of eSpeed Class A common stock has fluctuated and the market price of Combined Company Class A common stock may fluctuate in the future. In addition, future sales of shares of Combined Company Class A common stock, including in any public offering, could adversely affect the market price of Combined Company Class A common stock. eSpeed has also repurchased its shares from time to time, and, after the merger, the Combined Company may cease doing so at any time, for a discussion of possible dilution and future sales of shares of Combined Company Class A common stock.

You should read Risk Factors Risks Related to the Combined Company s Capital Structure, Proposal 1 The Merger History, Formation, Separation and Pre-Merger Structure of BGC Partners, Proposal 1 The Merger Structure of the Combined Company, Related Agreements and Description o the Combined Company Capital Stock for additional information about the Combined Company s capital structure and the risks posed by this structure.

**Material U.S. Federal Income Tax Consequences (see page 111)**

Because eSpeed common stock held by eSpeed stockholders immediately prior to the merger will not be exchanged in the merger, eSpeed stockholders will not recognize any gain or loss for U.S. federal income tax purposes as a result of the merger. In addition, we do not anticipate that eSpeed will currently recognize any material amount of income or gain for U.S. federal income tax purposes as a result of the merger.

**Accounting Treatment (see page 112)**

The merger will be accounted for by eSpeed as a combination of entities under common control in accordance with generally accepted accounting principles in the United States, which we refer to as U.S. GAAP.

**Regulatory Approvals (see page 111)**

The merger is subject to the receipt of approvals of certain regulatory agencies, including the Financial Industry Regulatory Authority, which we refer to as FINRA, and the U.K. Financial Services Authority, which we refer to as the FSA (in respect of the change of control for all FSA-regulated entities and the conversion of BGC Financial, Inc. into a limited liability company). Consents from the Sydney Futures Exchange and the Hong Kong Monetary Authority are also required to consummate the separation transactions in Australia and Hong Kong, respectively. Consummation of the merger is also subject to approvals of, or filings with, securities commissions of certain states and other jurisdictions in which subsidiaries of BGC Partners and eSpeed conduct business.

**Conditions to the Merger (see page 121)**

A number of conditions to each party s obligation to close must be satisfied or waived before the merger will be completed. These include among others:

- the adoption of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, by the eSpeed stockholders;

- the NASDAQ listing of the Combined Company Class A common stock to be issued in the merger;
- the receipt of required governmental approvals, including the approval of FINRA, the FSA and other regulatory approvals;
- the lack of any order, injunction, ruling, decree or judgment by a court or agency;
- the absence of legal prohibitions restraining, enjoining or preventing the consummation of the merger or any of the transactions contemplated by the merger agreement being in effect;
- the separation occurring according to the terms of the separation agreement;
- the accuracy and correctness of the other party s or parties representations and warranties, subject to certain qualifications described in the merger agreement, and the receipt of a certificate from the other party to that effect; and
- the other party or parties covenants and agreements having been performed on or before the closing date of the merger in accordance with the merger agreement, and the receipt of a certificate from the other party to that effect.

The obligations of eSpeed to complete the merger are also subject to the following conditions:

- the estimated closing net equity and the estimated closing cash of BGC Partners being at least equal to the target closing net equity of $146.5 million and the target closing cash of $25.0 million of BGC Partners, respectively, and the receipt of a certificate from BGC Partners to that effect; and
- the estimated closing indebtedness of BGC Partners being equal to or less than the $150.0 million target closing indebtedness of BGC Partners.

The obligations of BGC Partners to complete the merger are also subject to the receipt of an opinion from BGC Partners counsel, Wachtell, Lipton, Rosen & Katz, dated the closing date of the merger, confirming that the merger qualifies as an exchange for purposes of Section 351(a) of the Internal Revenue Code, as amended, which we refer to as the Code.

Each of the parties may waive the conditions to the performance of its obligations under the merger agreement.

**Absence of Dissenters Rights of Appraisal (see page 111)**

Under the Delaware General Corporation Law, which we refer to as the DGCL, which governs the merger, eSpeed stockholders are not entitled to dissenters rights of appraisal in connection with the merger.

**Management Before and After the Merger (see page 156)**

Following the merger, the Combined Company board of directors will consist of six directors, all of whom will be the directors of eSpeed immediately prior to the merger. The initial term of the directors will end with the first annual meeting of stockholders to be held by the Combined Company. Thereafter, if re-elected, the directors will serve one year terms.

Upon completion of the merger, Howard W. Lutnick, Chairman, Chief Executive Officer and President of the Company, will be appointed Chairman and Co-Chief Executive Officer of the Combined Company; Lee M. Amaitis, Chairman and Chief Executive Officer of BGC Partners and Vice Chairman of the Company, will be appointed Co-Chief Executive Officer of the Combined Company; Shaun D. Lynn, President of

BGC Partners, will be appointed to the same position with the Combined Company; Stephen M. Merkel, Executive Vice President, General Counsel and Secretary of the Company, will be appointed to the same positions with the Combined Company; and Robert K. West, Chief Financial Officer of BGC Partners, will be appointed to the same position with the Combined Company.

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**Termination of the Merger Agreement (see page 123)**

BGC Partners and eSpeed (acting at the direction of the Special Committee) may mutually agree in writing by action of their respective boards of directors, at any time before the effective time of the merger, whether before or after eSpeed stockholder adoption, to terminate the merger agreement. Also, either BGC Partners or eSpeed (acting at the direction of the Special Committee) may terminate the merger agreement in several circumstances, including if:

- the merger is not consummated on or before April 30, 2008, which we refer to as the Outside Date, unless either BGC Partners or eSpeed exercises its option to extend the Outside Date for an additional period not to exceed 120 days if all other conditions to consummation of the transactions contemplated by the merger agreement were satisfied or were capable of being satisfied, and the sole reason that such transactions has not been satisfied is because the closing condition related to required government approvals has not been satisfied, except that this right to terminate the merger agreement is not available to any party to the merger agreement whose failure to perform any material covenant or obligation under the merger agreement has been the primary cause of or resulted in the failure of the transactions contemplated by the merger agreement to occur on or before such date; or

- any injunction permanently restrains, enjoins or prohibits the consummation of the transactions contemplated by the merger agreement.

BGC Partners may also terminate the merger agreement if eSpeed materially breaches any representation, warranty, covenant or agreement contained in the merger agreement, which breach by its nature is not curable within 45 days of written notice to eSpeed of such breach.

eSpeed may also terminate the merger agreement if BGC Partners, Cantor, BGC U.S. and BGC Global or BGC Holdings breaches any representation, warranty, covenant or agreement contained in the merger agreement, which breach by its nature is not curable within 45 days of written notice to the aforementioned parties of such breach.

**Fees and Expenses (see page 123)**

Each party will bear its own costs and expenses, including attorneys and other advisors fees, incurred in connection with the merger agreement.

**Related Agreements (see page 126)**

In the merger, the Combined Company will assume the related agreements described below:

***Separation Agreement (see page 126)***

The separation agreement will be entered into and the closing of the separation will occur on or prior to the closing of the merger, at which time Cantor will contribute, convey, transfer, assign and deliver to BGC Partners or its subsidiaries, including the Opcos, in a manner that is expected to be tax-free to BGC Partners or its subsidiaries, including the Opcos, and BGC Partners or its subsidiaries, including the Opcos, will acquire and accept from Cantor, all of the right, title and interest of Cantor to the following assets, which we refer to as the transferred assets:

- specified equity interests related to the BGC businesses;

- specified contracts related to the BGC businesses, including employment agreements with transferred employees;

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- certain rights under eSpeed s amended and restated joint services agreement, dated as of October 1, 2005, which we refer to as the JSA, with Cantor including rights and obligations in respect of clearance, settlement and fulfillment services, to the extent related to the inter-dealer brokerage business;

- all intellectual property primarily related to the BGC businesses being transferred;

- all books and records (other than tax returns), files, papers, tapes, disks, manuals, keys, reports, plans, catalogs, sales and promotional materials and all other printed and written materials, to the extent available and primarily related to the BGC businesses; and

- all permits or licenses issued by any governmental authority to the extent primarily related to the BGC businesses and permitted by applicable law to be transferred.

In addition, BGC Partners, BGC U.S. and/or BGC Global will assume certain transferred liabilities, which will include the following, which we refer to as the transferred liabilities:

- all liabilities primarily relating to, arising from or in connection with any transferred business or any transferred asset, regardless of when or where such liability arose and regardless of where or against whom such liability is asserted or determined;

- certain liabilities under the JSA to the extent related to the inter-dealer brokerage business, including liabilities related to Cantor s rights and obligations in respect of clearance, settlement and fulfillment services primarily related to the inter-dealer brokerage business;

- all liabilities primarily relating to, arising from or in connection with the transferred business employees and their employment, including all compensation, benefits, severance, workers compensation and welfare benefit claims and other employment-related liabilities primarily arising from or relating to the conduct of any transferred business; and

- certain indebtedness, the total amount of which will not exceed $150 million. We expect that the indebtedness will include a portion of Cantor s senior notes maturing in April 2010, or new debt to Cantor on terms similar to the senior notes, and the interest rate will be fixed at 7.5% per annum.

***Amended and Restated BGC Holdings Limited Partnership Agreement (see page 133)***

On or prior to the closing of the merger, the limited partnership agreement of BGC Holdings will be amended and restated. BGC Holdings will be managed by its general partner. Immediately after the separation and the merger, the Combined Company will indirectly hold the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Holdings, and will serve as the general partner of BGC Holdings, which will entitle the Combined Company to control BGC Holdings.

Under the BGC Holdings limited partnership agreement, BGC Partners, as BGC Holdings general partner, will manage the business and affairs of BGC Holdings, but will require Cantor s consent for amendments to the BGC Holdings limited partnership agreement, to decrease distributions to BGC Holdings limited partners to less than 100% of net income received by BGC Holdings (other than with respect to selected extraordinary items), to transfer any BGC U.S. or BGC Global partnership interests beneficially owned by BGC Holdings and to take any other actions that may interfere with Cantor s exercise of its pre-emptive right to acquire BGC Holdings limited partnership interests (and the corresponding investment in BGC U.S. and BGC Global by BGC Holdings), its right to acquire BGC Holdings limited partnership interests from founding partners and its right to exchange the BGC Holdings exchangeable limited partnership interests. Cantor s consent will also be required in connection with transfers of BGC Holdings limited partnership interests by other limited partners and the issuance of additional BGC Holdings limited partnership interests outside of the Participation Plan or that are not deemed issued in connection with the merger, in connection with the prior written consent of the BGC Partners

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compensation committee (or its designee) or in connection with a conversion of unissued unit and interest into a different class or type of unit and interest. BGC Holdings founding partner interests are only exchangeable if Cantor so determines, as Cantor has agreed to do with respect to a portion of the founding partner interests as described above and BGC Holdings working partner interests and REU interests are only exchangeable if the BGC Holdings general partner, with the written consent of the BGC Holdings exchangeable limited partnership majority in interest, so determines. The BGC Holdings limited partnership agreement will also provide that BGC Holdings, in its capacity as general partner of each of BGC U.S. and BGC Global, will require Cantor s consent to amend the terms of the BGC U.S. or BGC Global limited partnership agreements. Founding/working partners and restricted equity partners will not have any voting rights with respect to their ownership of BGC Holdings limited partnership interests, other than limited consent rights concerning amendments to the terms of the BGC Holdings limited partnership agreement.

After the first anniversary of the completion of the merger, the BGC Holdings limited partnership interests held by Cantor will be exchangeable with the Combined Company for Combined Company Class B common stock (or, at Cantor s option or if there are no additional authorized but unissued shares of Combined Company Class B common stock, Combined Company Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). Cantor will, however, be able to exchange up to an aggregate of 20 million of its BGC Holdings limited partnership interests prior to the first anniversary of the completion of the merger for shares of Combined Company Class A common stock received upon such exchange, in connection with a broad-based public offering of all shares of Combined Company Class A common stock underwritten by a nationally recognized investment banking firm. In addition, prior to the merger, a portion of the BGC Holdings founding partner interests held by Mr. Lynn, as well as two other individuals who are employed by one of our affiliates, who, together with Mr. Amaitis, we refer to collectively as the select persons, will be sold to Cantor for cash, and such persons aggregate net proceeds will be used as described in Certain Relationships and Related Transactions Before and After the Merger Repayment of Existing Loans and Required Capital Contributions. Upon acquiring such BGC Holdings founding partner interests from such persons, Cantor will exchange them for BGC Partners units on a one-for-one basis, and prior to the merger, BGC Partners will redeem such BGC Partners units from Cantor for cash equal to the amount paid by Cantor to the select persons in respect of such interests. See Certain Relationships and Related Transactions Before and After the Merger Repayment of Existing Loans and Required Capital Contributions.

The BGC Holdings limited partnership interests that Cantor transfers to founding partners in redemption of their current limited partnership interests in Cantor at the time of the separation will not be exchangeable with the Combined Company unless (1) Cantor reacquires such interests from the founding partners (which it has the right to do under certain circumstances), in which case such interests will be exchangeable with the Combined Company for Combined Company Class A common stock or Combined Company Class B common stock as described above, or (2) Cantor determines that such interests can be exchanged by such founding partners with the Combined Company for Combined Company Class A common stock, generally on a one-for-one basis (subject to customary anti-dilution adjustments), on terms and conditions to be determined by Cantor, provided that the terms and conditions of such exchange cannot in any way diminish or adversely affect the rights of the Combined Company or its subsidiaries (it being understood that an obligation by the Combined Company to deliver shares of Combined Company Class A common stock upon exchange will not be deemed to diminish or adversely affect the rights of the Combined Company or its subsidiaries) (which exchange of certain interests Cantor expects to permit from time to time). In particular, Cantor intends to provide all founding partners with the right to immediately exchange 20% of their BGC Holdings founding partner interests for restricted shares of Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by a founding partner upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. In addition, prior to the completion of the merger, Cantor intends to enter into agreements with Messrs. Amaitis and Lynn pursuant to which Cantor will agree that an additional portion of the BGC Holdings founding partner interests held by each of them will be immediately exchangeable into restricted shares of Combined Company

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Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by either of them upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. From time to time, Cantor may provide founding partners with the right to exchange their remaining BGC Holdings founding partner interests on terms and conditions to be determined by Cantor, provided that the terms and conditions of such exchange cannot in any way diminish or adversely affect the rights of the Combined Company or its subsidiaries (it being understood that an obligation by the Combined Company to deliver shares of Combined Company Class A common stock upon exchange will not be deemed to diminish or adversely affect the rights of the Combined Company or its subsidiaries). See Certain Relationships and Related Transactions Before and After the Merger Exchangeability of Founding Partner Interests.

No working partner interests will be issued at the time of the separation and merger. Any working partner interests that are issued will not be exchangeable with the Combined Company unless otherwise determined by BGC Partners with the written consent of a BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement.

In the fourth quarter of 2007, certain employees of BGC and other persons who provide services to BGC were informed that they could expect to receive an aggregate of 276,204 REU interests in lieu of a portion of their discretionary bonus for 2007 having an aggregate estimated value of $2,817,279 and 148,543 REU interests to be considered as part of their total 2008 compensation having an aggregate estimated value of $1,515,143, in each case to be delivered in 2008 and issued upon the closing of the merger. The right to receive payment upon redemption of these REU interests will vest in one-third increments on December 14, 2008, 2009 and 2010. The REU interests will only be exchangeable for Combined Company Class A common stock in accordance with terms and conditions of the grant of such REU interests, which terms and conditions will be determined in the sole discretion of the BGC Holdings general partner which, after the merger, will be the Combined Company, in accordance with the terms of the BGC Holdings limited partnership agreement. In addition, in the fourth quarter of 2007, certain employees of BGC and other persons who provide services to BGC were informed that they could expect to receive an aggregate of 182,591 BGC RSUs in lieu of a portion of their discretionary bonus for 2007 having an aggregate estimated value of $1,862,425 and 1,038,181 BGC RSUs to be considered as part of their total 2008 compensation having an aggregate estimated value of $10,589,451, in each case to be delivered in 2008 and issued upon the closing of the merger. BGC RSUs vest in one-third increments on December 14, 2008, 2009 and 2010. Generally, REUs were issued to persons who were expected to be founding partners and partners in BGC Partners and BGC RSUs were issued to persons who were employees of eSpeed and back office employees of BGC Partners or Cantor who had been providing services to BGC Partners. Aggregate estimated values in each case are determined based on the eSpeed stock price on the date of each award.

In addition, in the fourth quarter of 2007, certain executive officers of BGC were informed that they could expect to receive an aggregate of 593,990 REU interests (267,865 for Howard W. Lutnick, 133,932 for Lee Amaitis, 133,932 for Shaun Lynn, 38,171 for Stephen M. Merkel and 20,090 for Robert K. West) for delivery in 2008, which would be issued upon the closing of the merger. These REU interests have an aggregate estimated value of $6,652,500 ($3,000,000 for Howard W. Lutnick, $1,500,000 for Lee Amaitis, $1,500,000 for Shaun Lynn, $427,500 for Stephen M. Merkel and $225,000 for Robert K. West). The REUs will only be exchangeable for Combined Company Class A common stock in accordance with terms and conditions of the grant of such REU interests, which terms and conditions will be determined by the BGC Holdings general partner which, after the merger, will be the Combined Company, with the written consent of the BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement. The right to receive payment upon redemption of these REU interests for Messrs. Lutnick, Amaitis and Lynn was immediately vested on December 31, 2007. The right to receive payment upon redemption of these REUs for Messrs. West and Merkel will vest in one-third increments in December 2008, 2009 and 2010. Aggregate estimated values in each case are determined based on the eSpeed stock price on the date of each award.

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*Amended and Restated Limited Partnership Agreements of BGC U.S. and BGC Global (see page 148)*

On or prior to the closing of the merger, the limited partnership agreements of each of BGC U.S. and BGC Global will be amended and restated. Each of BGC U.S. and BGC Global will be managed by BGC Holdings, its general partner. As the general partner, BGC Holdings will be entitled to make all decisions with respect to BGC U.S. and BGC Global and their subsidiaries, subject to limited consent rights of Cantor and to the rights of the special voting limited partner, which will be BGC Holdings. BGC Holdings will require Cantor s consent to amend the terms of the BGC U.S. or the BGC Global limited partnership agreement or to take any other action that may interfere with Cantor s exercise of its pre-emptive right to acquire BGC Holdings limited partnership interests (and the corresponding investment in BGC U.S. and BGC Global by BGC Holdings) or Cantor s right to exchange BGC Holdings exchangeable limited partnership interests.

The BGC U.S. and BGC Global special voting limited partner will be entitled to appoint and remove the general partner of the applicable entity. The Combined Company, in its capacity as the general partner of BGC Holdings, will not cause BGC Holdings, in its capacity as the general partner of BGC U.S. and BGC Global, to make any amendments (other than ministerial or other immaterial amendments) to the limited partnership agreements of BGC U.S. or BGC Global unless such action is approved by a majority of the Combined Company s independent directors.

*Separation Registration Rights Agreement (see page 152)*

On or prior to the closing of the merger, BGC Partners and Cantor will enter into the separation registration rights agreement. The separation registration rights agreement will provide that Cantor and any affiliate of Cantor, which we refer to as a holder, holding BGC Partners units, or, after the merger, Combined Company common stock, which is transferred or issued to any holder pursuant to and in accordance with the BGC Holdings limited partnership agreement, and any BGC Partners units, or, after the merger, Combined Company common stock, issuable in respect of or in exchange for any such BGC Partners units or Combined Company common stock, as the case may be, which we refer to as registrable securities, will have unlimited piggyback registration rights. The separation registration rights agreement also will grant Cantor four demand registration rights requiring that BGC Partners, or, after the merger, the Combined Company, register the units or shares of its common stock, as the case may be, held by Cantor, provided that the amount of securities subject to such demand constitutes at least 10% of the BGC Partners Class A units, or, after the merger, shares of Combined Company Class A common stock, outstanding or has an aggregate market value in excess of $20 million.

*Administrative Services Agreements (see page 152)*

Tower Bridge International Services L.P., which we refer to as Tower Bridge, BGC International (formerly known as Cantor Fitzgerald International), which we refer to as BGCI, and Cantor have entered into a new agreement, with an effective date of January 1, 2007. At the closing of the separation, Cantor and BGC Partners will enter into the administrative services agreement. Each is for an initial three-year term with successive one-year renewal periods unless terminated by any party, in the case of the Tower Bridge administrative services agreement, at least 180 days, or, in the case of the administrative services agreement, 120 days, before the end of the three-year term or any subsequent one-year renewal period, as the case may be.

*BGC Holdings Participation Plan (see page 154)*

In connection with the separation, BGC Holdings intends to adopt the Participation Plan as a means to attract, retain, motivate and reward present founding partners, present and prospective working partners and restricted equity partners and executive officers of BGC Partners, by enabling such founding/working partners, restricted equity partners and executive officers to acquire or increase their ownership interests in BGC Holdings.

**Approval of Amendment to Certificate of Incorporation Regarding Authorized Class A Common Stock (see page 288)**

In connection with the merger and the transactions contemplated thereby, the eSpeed board of directors deems it advisable to amend the eSpeed certificate of incorporation, effective upon completion of the merger, to increase the authorized number of shares of its Class A common stock from 200 million to 500 million. The eSpeed board of directors deems this advisable because, after the merger, if there were to be a full exercise of all outstanding rights to acquire Combined Company Class A common stock (including a conversion of all shares of outstanding Combined Company Class B common stock), the Combined Company would have limited authorized and unissued shares of Combined Company Class A common stock. The proposed increase in the authorized Combined Company Class A common stock has been recommended by the eSpeed board of directors to assure that an adequate supply of authorized, unissued shares of Combined Company Class A common stock is available for general corporate needs and to provide the Combined Company board of directors, following the merger, with the necessary flexibility to issue Combined Company Class A common stock in connection with potential financings without the expense and delay incidental to obtaining stockholder approval of an amendment to the certificate of incorporation at the time of such action, except as may be required for a particular issuance by applicable law or the NASDAQ rules. This proposed amendment is conditioned upon the completion of the merger.

**Approval of Amendment to Certificate of Incorporation Regarding Corporate Opportunities (see page 290)**

Currently, the eSpeed certificate of incorporation does not directly address potential conflicts of interest between eSpeed and Cantor and its representatives. As such, in connection with the merger and the transactions contemplated thereby, the eSpeed board of directors deems it advisable to amend and restate the eSpeed certificate of incorporation, effective upon completion of the merger, to resolve such potential conflicts of interest. In particular, the amended and restated eSpeed certificate of incorporation will contain provisions regulating and defining the conduct of the Combined Company s affairs as they may involve Cantor and its representatives, and its relationship with Cantor and its affiliates, officers, directors, general partners or employees. The amended and restated certificate of incorporation will provide that no Cantor Company or any of the representatives of a Cantor Company will owe any fiduciary duty to, nor shall any Cantor Company or any of their respective representatives be liable for breach of fiduciary duty to, the Combined Company or any of its stockholders. Please note, however, that to the extent a representative of Cantor or its affiliates also serves as a director or officer of the Combined Company, such person will owe fiduciary duties to the Combined Company in his or her other capacity as a director or officer of the Combined Company.

In addition, the amended and restated certificate of incorporation will provide that Cantor and its respective representatives will have no duty to refrain from:

- engaging in the same or similar business activities or lines of business as the Combined Company; or
- doing business with any of the Combined Company s clients or customers.

For purposes of the above, Cantor Company means Cantor and any of its affiliates (other than, if applicable, the Combined Company and its affiliates) and representatives means, with respect to any person, the directors, officers, employees, general partners or managing member of such person. The proposed amendment is conditioned upon the completion of the merger.

**Approval of Amended and Restated BGC Partners, Inc. Long Term Incentive Plan (see page 292)**

Our Long Term Incentive Plan, which we refer to as the Equity Plan, was initially adopted in 1999 as the eSpeed, Inc. 1999 Long Term Incentive Plan, and was subsequently amended and restated in 2003. The eSpeed board of directors has further amended and restated our Equity Plan, subject to the approval of our stockholders, to (1) increase the number of our shares of Class A common stock that may be subject to outstanding awards under the Equity Plan from the greater of 18.5 million shares of our Common Stock or 30% of the number of outstanding shares of all classes of our common stock to the greater of 40 million shares of our Common Stock or 15% of the number of outstanding shares of all classes of our common stock, and increase the overall limit on the number of shares of Class A common stock that may be issued pursuant to the exercise or settlement of all awards granted under the Equity Plan from 30 million shares to 60 million shares, all of which shares may be subject to incentive stock options; (2) provide that the price per share at which our Class A common stock may be purchased upon the exercise of a stock option may not be less than 100% of the fair market value of such shares on the date of grant; (3) prohibit repricing of stock options and stock appreciation rights, without prior stockholder approval to the extent required by applicable law and regulation; (4) provide that we may not, in connection with any award, extend, maintain, renew, guarantee or arrange for credit in the form of a personal loan to any participant who is our director or executive officer (within the meaning of the Exchange Act); (5) provide that Other Stock-Based Awards, as defined in the Equity Plan, includes BGC Holdings limited partnership interests issued under the BGC Holdings Participation Plan that are exchangeable for or otherwise represent the right to receive Combined Company common stock; (6) make certain other changes to clarify the meaning and operation of various provisions of the Equity Plan, conform the Equity Plan to recent regulatory developments, and remove outdated references in the Equity Plan; and (7) rename the Equity Plan the Amended and Restated BGC Partners, Inc. Long Term Incentive Plan.

We are submitting our Equity Plan, as amended and restated to incorporate these changes, to our stockholders for approval pursuant to the terms of the Equity Plan. Also, stockholder approval is being sought (i) so that the compensation attributable to certain awards under our Equity Plan may continue to qualify for an exemption from the $1,000,000 federal income tax deduction limit under Section 162(m) of the Code; (ii) so that incentive stock options may continue to meet the requirements of the Code; and (iii) to meet the published listing requirements of the NASDAQ Global Market.

The eSpeed board of directors believes that the number of shares of our Class A common stock provided for under our Equity Plan will not be sufficient in view of our significantly increased size after the merger. The board has concluded that our ability to attract, retain and motivate top quality employees, officers, directors and consultants is material to our success, and would be enhanced by our continued ability to grant equity compensation under the Equity Plan and facilitate the grant of BGC Holdings limited partnership interests that are exchangeable for or otherwise represent the right to receive Combined Company common stock. Thus, the board believes that our interests and the interests of our stockholders will be advanced if employees, officers, directors and consultants can continue to be offered the opportunity to acquire or increase their proprietary interests in us. The board, therefore, believes that the availability of more shares under the Equity Plan will ensure that there will continue to be a sufficient number of shares with which to achieve the compensation strategy of the Combined Company. The other proposed amendments, which will be effective whether or not the merger agreement is approved, are intended to limit, clarify, and update the Equity Plan in various respects.

If this proposal to amend Equity Plan is approved by our stockholders, the increase in the number of shares of Class A common stock provided for under our Equity Plan, the inclusion within Other Stock-Based Awards of BGC Holdings limited partnership interests issued under the BGC Holdings Participation Plan that are exchangeable for or otherwise represent the right to receive Combined Company common stock and the renaming of the Equity Plan will be effective only if our stockholders approve the merger agreement. All other amendments to our Equity Plan, and the restatement of our Equity Plan, will be effective whether or not our stockholders approve the merger agreement.

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## SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following table sets forth a summary of the historical combined financial information and other data of BGC Partners and summary pro forma combined financial information of the Combined Company.

The summary historical combined financial data of BGC Partners as of December 31, 2006 and 2005 and for each of the years ended December 31, 2006, 2005 and 2004 have been derived from BGC Partners audited historical combined financial statements included elsewhere in this proxy statement. The summary historical combined financial data of BGC Partners as of December 31, 2004 have been derived from BGC Partners audited historical combined financial statements not included in this proxy statement.

The summary historical combined financial data of BGC Partners as of and for the nine months ended September 30, 2007 have been derived from the unaudited historical combined financial statements included elsewhere in this proxy statement. The summary historical combined financial data of BGC Partners for the nine months ended September 30, 2006 have been derived from the unaudited historical combined financial statements included elsewhere in this proxy statement.

This financial data should be read in conjunction with BGC Partners Selected Historical Combined Financial Data, BGC Partners Management s Discussion and Analysis of Financial Condition and Results of Operations and BGC Partners Combined Financial Statements and the accompanying Notes thereto included elsewhere in this proxy statement.

For purposes of this section of the proxy statement, references to BGC Partners refer to the BGC Division (as defined in Note 1 to the BGC Division Combined Financial Statements for the years ended December 31, 2006, 2005 and 2004, included elsewhere in this proxy statement).

The unaudited pro forma Combined Company statement of operations data for the nine months ended September 30, 2007 and the year ended December 31, 2006 and the unaudited pro forma statement of financial condition data as of September 30, 2007 were derived by applying pro forma adjustments to the historical statements of operations data of eSpeed and BGC Partners for the nine months ended September 30, 2007 and the year ended December 31, 2006 and the historical statement of financial condition data of eSpeed and BGC Partners as of September 30, 2007. The unaudited pro forma combined statement of operations data for the nine months ended September 30, 2007 and the year ended December 31, 2006 and the unaudited pro forma combined statement of financial condition data at September 30, 2007 present the results of operations and financial position of the Combined Company assuming that the merger had been completed as of January 1, 2006 with respect to the unaudited pro forma combined statement of operations data and at September 30, 2007 with respect to the unaudited pro forma combined statement of financial condition data.

The BGC Partners stand-alone pro forma adjustments give effect to the impact of the BGC s separation from Cantor. The separation adjustments are as follows:

*Business Transfer:* As part of the separation, Cantor will transfer to BGC Partners all rights and obligations to receive North American fully electronic trading revenues. Under the JSA, these rights include the recognition of North American fulfillment revenues; fees paid to eSpeed under revenue share arrangements; and costs required to settle and clear the transactions. The separation is described in more detail in the Related Agreements Separation Agreement section of this proxy statement. The adjustments include 35% recognition of fulfillment revenues (eSpeed recognizes 65%) and actual costs incurred by Cantor to support the business.

*Finance Restructuring:* As part of the separation, BGC Partners will be relieved of its current long-term debt obligations with Cantor in the amount of approximately $250 million and allocated a portion of existing long-term debt of approximately $150 million. The pro forma financial statements reflect the net impact of the existing debt relief and the assumption of the new debt.

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The Combined Company pro forma adjustments principally give effect to the impact of the merger as well as the following matters:

*Ownership Structure:* The Combined Company will consolidate the worldwide interests of the Opcos and eSpeed. For financial reporting purposes under U.S. GAAP the ownership interest held in Combined Company common stock, the BGC Holdings founding/working partner interest and BGC Holdings limited partnership interest held by Cantor will be accounted for as described below. A reconciliation of the calculation of fully diluted earnings per share will be reflected in the footnotes to the combined financial statements. The details of this reconciliation are outlined in the tables below. For purposes of providing an explanation of the capital structure we have labeled the three economic ownerships: (1) Combined Company; (2) founding/working partners; and (3) BGC Holdings limited partnership interests held by Cantor. The interest held by the public (including Combined Company common stock held by Cantor) will be in the form of Combined Company Class A common stock and Class B common stock. The BGC Holdings interests held by Cantor and the founding/working partners will be in the form of BGC Holdings limited partnership interests. The BGC Holdings exchangeable limited partnership interests received by Cantor may, in effect, be exchanged in the future for shares of Combined Company Class B common stock (or, at Cantor s option or if there are no additional authorized but unissued shares of Combined Company Class B common stock, Combined Company Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). In addition, Cantor intends to provide all founding partners with the right to immediately exchange 20% of their BGC Holdings founding partner interests for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by a founding partner upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. Cantor also expects to grant certain additional exchange rights to Messrs. Amaitis and Lynn. No working partner interests will be issued at the time of the separation and merger. Any working partner interests that are issued will not be exchangeable with the Combined Company unless otherwise determined by BGC Partners with the written consent of a BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement.

The accounting for the three economic ownership categories is described in the table below:

| Economic Ownership | Statement of Operations Presentation | Statement of Financial Condition Presentation |
|---|---|---|
| **Combined Company**<br><br>Combined Company stockholders (Class A and B common stockholders) | The public stockholders (including Cantor) basic earnings per share ( EPS ) in the Combined Company is based on net income after allocations to the founding/working partners divided by the number of outstanding shares of Combined Company common stock. | Public stockholders (including Cantor) equity will be included in stockholders equity in the combined statement of financial condition. |
| **Founding/working partners**<br><br>Founding/working partner interests (BGC Holdings limited partnership interests holders) | The founding/working partners may receive allocations of net income based on their pro rata share of the fully diluted shares in the Combined Company. This charge will be called allocation of net income to BGC Holdings founding partner units which will be a separate component listed in compensation expense. | The capital account balance, generally the amount of capital contributed by founding/working partners, will be classified on a separate liability line in the combined statement of financial condition called mandatorily redeemable partnership interest. |
| **BGC Holdings limited partnership interests held by Cantor**<br><br>BGC Holdings limited partnership interests held by Cantor (BGC Holdings limited partnership interests holders) | Cantor s pro rata share of the net income in the Combined Company will be reported as a minority interest charge in the combined statement of operations. | Cantor s pro rata share of the capital held in BGC Division will be included as a component of minority interest in the combined statement of financial condition. |

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| Economic Ownership | Statement of Operations Presentation | Statement of Financial Condition Presentation |
|---|---|---|
| **Consolidated BGC Partners, Inc.** | EPS on a fully diluted basis for the Combined Company are presented as follows: Net income allocations to the founding/working partners and the minority interest to Cantor described above will be added back to net income. The number of units held in BGC Holdings by both the founding/working partners and Cantor will be added to the Combined Company common stock (plus common stock equivalents) to determine fully diluted shares outstanding. The adjusted net income will be divided by the adjusted fully diluted shares to calculate fully diluted EPS. Because basic EPS and fully diluted EPS (with the exception of the impact of stock option) are based on pro rata ownership in the Combined Company, there should not be any difference in the calculations. | The three economic ownership categories will be accounted for as components of the Combined Company s liabilities and equity on the combined statement of financial condition. The founding/working partner interests will be recorded as mandatorily redeemable partnership interest; Cantor s BGC Holdings limited partnership interests will be treated as a component of minority interest and the interests held by the public will be a component of stockholders equity in the Combined Company. |

It is expected that after the merger the economic ownership structure percentages in the operating subsidiaries of the Combined Company will be 39.6% held by the public (including Combined Company common stock held by Cantor), 37.2% held by Cantor as BGC Holdings limited partnership interests, and 23.2% held by the founding partners as BGC Holdings limited partnership interests. In addition, concurrently with the merger, and, in the future, as part of its compensation process, BGC Holdings intends to issue certain REUs and BGC Partners intends to issue certain RSUs to certain employees of BGC and other persons who provide services to BGC. The calculation of the economic ownership percentages is described in the following table (in thousands):

| Ownership | Pre-Merger Common Stock (1) | Issued Common Stock (2) | Issued BGC Holding Units (3) | Total | Percentage (4) |
|---|---|---|---|---|---|
| Combined Company | 51,461 | 21,969 | | 73,430 | 39.6% |
| Founding/working partners | | | 42,936 | 42,936 | 23.2 |
| BGC Holdings limited partnership interests held by Cantor | | | 68,955 | 68,955 | 37.2 |
| Total common stock/BGC Holdings units | 51,461 | 21,969 | 111,891 | 185,321 | 100.0% |

(1) Common stock amounts represent total eSpeed common stock including common stock options outstanding at September 30, 2007.

(2) Reflects shares issued in return for Maxcor. Maxcor is an entity that was acquired by BGC Division in May 2005. Maxcor is being contributed to the Combined Company directly. A separate valuation was performed on Maxcor on May 25, 2007 to determine the amount of shares to be issued.

(3) Reflects the issuance of BGC Holdings units to be held by the founding partners and Cantor upon completion of the merger. As part of the merger, the Cantor units held by founding partners will be redeemed for two distribution rights for each unit and 10 founding partner exchangeable interests for each unit. Cantor partners will receive two distribution rights for each Cantor unit they hold. They will not receive the one for 10 exchangeable interests as they are not BGC Holdings founding partners. Included in Cantor s portion of the BGC Holdings units are 7.4 million of distribution rights Cantor is obligated to distribute to the founding partners.

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(4) The collective management of BGC, including founding partners and certain executives of Cantor who hold BGC management positions, are expected to own another 8.2% of the Combined Company, reflecting distribution and exchange rights. As a result, the Combined Company ownership held by management of BGC and eSpeed is the founding partners BGC Holdings units representing 23.2% plus another approximately 8.2% or approximately 31.4%. This amount excludes any shares of Class A or Class B common stock or any options previously granted to, held directly by, or held beneficially by, or otherwise controlled by the executives of the Combined Company.

The economic ownership percentages calculated above determine certain income statement and balance sheet allocations in the Combined Company pro forma financial statements as of September 30, 2007. The allocations are calculated below (in thousands, except for per share data):

| **Statement of Operations** | | **Amount** |
|---|---|---|
| *Net income allocations* | | |
| Combined Company net income prior to allocations to founding partners and Cantor | | $ 46,724 |
| Founding/working partners net income allocation percentage and compensation charged based on a pro rata ownership in the Combined Company. | 23.2% | (10,826) |
| Cantor minority interest allocation percentage and charge based on a pro rata ownership in the Combined Company. | 37.2% | (17,386) |
| Public company net income after founding partner distributions and minority interest allocations | | $ 18,512 |
| *Basic and Fully Diluted Share Calculations* | | |
| Basic weighted average shares of common shares outstanding (1) | | 72,411 |
| Stock option programs | | 1,006 |
| BGC Holdings units held by founding partners | | 42,936 |
| BGC Holdings units held by Cantor | | 68,955 |
| Total fully diluted weighted average shares outstanding | | 185,308 |
| *Earnings Per Share Calculations* | | |
| **Basic earnings per share** | | |
| Combined Company net income | | $ 18,512 |
| Basic weighted average shares outstanding | | 72,411 |
| Basic earnings per share | | $ 0.26 |
| **Fully diluted earnings per share** | | |
| Combined Company net income adjusted to add back net income allocations to founding partners and Cantor minority interest allocations | | $ 46,724 |
| Total fully diluted weighted average shares outstanding | | 185,308 |
| Fully diluted earnings per share | | $ 0.25 |
| **Statement of Financial Condition** | | |
| Total stockholders equity and net assets prior to allocations | | $ 390,662 |
| *Mandatorily redeemable interest* | | |
| Value of BGC founding partner capital accounts at the time of the merger (2) | | 170,857 |
| Subtotal remaining stockholders equity and net assets | | 219,805 |
| *Minority interest and Public Company* | | |
| The Cantor minority interest and the public company stockholders equity was based on each ownership s pro rata share (based on assumed common stock and units held at September 30, 2007) of the remaining stockholders equity after the allocation to the founding partners | | |

| | | | |
|---|---|---|---|
| Public Company shares of common stock outstanding and stockholders equity allocation assumed at the time of the merger | 73,430 | 51.6% | 113,357 |
| BGC Holding units held by and minority interest allocation to Cantor assumed at the time of the merger | 68,955 | 48.4% | 106,448 |
| Total | 142,384 | | |

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(1) The weighted average basic common shares outstanding amounts were taken from eSpeed s Quarterly Report on Form 10-Q for the nine months ended September 30, 2007, filed with the SEC on November 9, 2007. The amount per the filing was 50.4 million shares. The pro forma Combined Company basic weighted average common shares takes the share amount per the eSpeed Form 10-Q and adds Combined Company Class A common stock contributed by Maxcor of 22.0 million shares assuming those shares were outstanding for the entire nine-month period ended September 30, 2007.

(2) The value of the founding partner accounts reflects redemptions of partnership interests to settle loans to certain Combined Company executive officers.

*Separation:* BGC Partners separation from Cantor is described in more detail in the The Merger Agreement Certain Actions Prior to the Merger and Related Agreements Separation Agreement sections of this proxy statement.

*Sale of Partnership Interests:* Prior to completion of the merger, Messrs. Amaitis, Lynn, Merkel and two other individuals who are employed by one of BGC s affiliates will settle outstanding loans made to or guaranteed by Cantor. The settlement of the loans will result in a reduction in pro forma equity and cash and cash equivalents on the Combined Company s balance sheet as well as one-time compensation charge. To settle the loan balances, Messrs. Lynn, Merkel and two other individuals who are employed by one or more of BGC s affiliates will immediately after the separation sell to Cantor, for cash, distribution rights and founding partner interest provided to them in connection with the redemption of their Cantor limited partnership interests in connection with the separation at a price per interest or share equal to the closing price of eSpeed Class A common stock on the date of closing of the merger. The distribution rights and founding partner interest were derived by taking each of identified partner s Cantor partnership units and exchanging each of the Cantor units held for two distribution rights and 10 founding partner interests units in the Combined Company. Mr. Merkel will not receive founding partner interests. Cantor will redeem a portion of Mr. Amaitis Cantor limited partnership interests for $100.00 a unit. This price is based on a value determined by Cantor. The amount of the compensation charge is based on the closing price of eSpeed Class A common stock at the date of the transaction, or in Mr. Amaitis case the $100.00 value determined by Cantor, less the partner s basis in his Cantor interest or distribution rights and founding partner interest required to settle the outstanding debt at such date. Partner basis is based on the value of the partner s capital account at the time of the merger divided by their total units. The total amount of BGC executive officer debt at September 30, 2007 was $66.9 million. The closing price of eSpeed Class A common stock on September 28, 2007 of $8.53 was used for purposes of the below table. If the sale of the distribution rights, founding partner interests and Cantor interests occurred on September 28, 2007, it would have generated a compensation charge of $41.3 million for the nine months ended September 30, 2007. Terms of the repayment are described in more detail in the Certain Relationships and Related Transactions Before and After the Merger Repayment of Existing Loans and Required Capital Contributions section of this proxy statement.

Under SEC Regulation S-X, Rule 11-02 (b)(5), The pro forma condensed income statement shall disclose income (loss) from continuing operations before nonrecurring charges or credits directly attributable to the transaction. Material nonrecurring charges or credits and related tax effects which result directly from the transaction and which will be included in the income of the registrant within the 12 months succeeding the transaction shall be disclosed separately. Therefore, the compensation charge will not be considered in the pro forma combined statement of operations for the Combined Company.

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The following table shows the calculation of the projected compensation charges in connection with the redemption of the executive officers Cantor interests or distribution rights and founding partner interests (in thousands, except for per share data):

| Executive Officer | Total Loan Outstanding(1)(2) | Share Redemption Price | Cantor Interest | Distribution Rights and BGC Holdings Founding Partner Interests Required to Repay Outstanding Loan | Cost Basis(1) | Compensation Charge (Total Proceeds Less Cost Basis) From Sale |
|---|---|---|---|---|---|---|
| Lee Amaitis | $ 51,784 | $ 100.00 | 518 | | $ 39.46 | $ 31,349 |
| Shaun Lynn | 9,627 | $ 8.53 | | 1,129 | $ 2.91 | 6,344 |
| Stephen Merkel | 1,190 | $ 8.53 | | 140 | $ 2.89 | 787 |
| Other executives | 4,273 | $ 8.53 | | 500 | $ 2.93 | 2,807 |
| Total | $ 66,874 | | 518 | 1,769 | | $ 41,287 |

(1) Outstanding loan balances and partner cost basis were based on August 31, 2007 partnership data of Cantor.
(2) Loan balances include accrued interest.

*Issuance of Additional Partnership Interest:* Immediately after the redemption, Cantor will provide Messrs. Amaitis and Lynn with 1,100,000 and 200,000, respectively, of additional BGC Holdings founding partner interests that will be immediately exchangeable into shares of Class A common stock in the Combined Company. Mr. Lynn will also have 400,000 units of his existing founding partner interests become immediately exchangeable into shares of Class A common stock in the Combined Company. The additional founding partner interests will be treated as 100% compensation and Mr. Lynn s existing partnership interests that become immediately exchangeable will be treated as compensation to the extent the assumed share price exceeds his basis. The value of the interests is based on the closing price of eSpeed Class A common stock on the closing date of the merger. The closing price of eSpeed Class A common stock on September 28, 2007 of $8.53 is used for purposes of the below table. If the additional units were issued and Mr. Lynn s existing founding partner interest became immediately exchangeable on September 28, 2007 it would have resulted in a compensation charge of $13.3 million for the nine months ended September 30, 2007.

As described under Sale of Partnership Interests above, this charge is one-time in nature and therefore, under SEC Regulation S-X, Rule 11-02 (b)(5), the compensation charge will not be considered in the pro forma combined statement of operations for the Combined Company.

The following table shows the calculation of the projected compensation charge in connection with the issuance of additional founding partner interests (in thousands, except for per share data):

| Executive Officer | Additional Exchangeable Rights | Share Price | Cost Basis(1) | Compensation Charge |
|---|---|---|---|---|
| Lee Amaitis | 1,100 | $ 8.53 | $ | $ 9,383 |
| Shaun Lynn | 200 | $ 8.53 | $ | 1,706 |
| | 400 | $ 8.53 | $ 2.91 | 2,248 |
| Total | 1,700 | | | $ 13,337 |

(1) Partner cost basis was based on August 31, 2007 partnership data of Cantor.

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*Merger Structure:* The structure of the merger, which includes the issuance of 133,860,000 shares of Combined Company common stock and rights to acquire shares of Combined Company common stock and Cantor s and the founding partners and the restricted equity partners interests in BGC Holdings. The structure of the merger is described in more detail in the Proposal 1 The Merger Structure of the Combined Company section of this proxy statement.

*Exchangeability of Partnership Interest:* Upon the close of the merger, Cantor intends to provide all founding partners with the right to immediately exchange 20% of their BGC Holdings founding partner interests for restricted shares of Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by a founding partner upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. In addition, prior to the merger, Cantor intends to enter into agreements with Messrs. Amaitis and Lynn pursuant to which Cantor will agree that an additional portion of the BGC Holdings founding partner interests held by each of them, 1,100,000 and 600,000 (200,000 of additional BGC Holdings founding partner interest and 400,000 of existing partnership interest), respectively, will be immediately exchangeable into restricted shares of Combined Company Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by either of them upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. From time to time, Cantor may provide founding partners with the right to exchange their remaining BGC Holdings founding partner interests on terms and conditions to be determined by Cantor, provided that the terms and conditions of such exchange cannot in any way diminish or adversely affect the rights of the Combined Company or its subsidiaries (it being understood that an obligation by the Combined Company to deliver shares of Combined Company Class A common stock upon exchange will not be deemed to diminish or adversely affect the rights of the Combined Company or its subsidiaries).

*Finance Restructuring:* As part of the separation and merger, the Combined Company will be relieved of existing long-term debt obligations to Cantor of approximately $322 million and allocated a portion of existing Cantor long-term debt, not to exceed $150 million, which will mature in 2010. The Combined Company s obligations are described in more detail in the Related Agreements Separation Agreement Separation and Contribution section of this proxy statement.

*Accounting for the Combined Company:* The transaction contemplated by the merger agreement will be accounted for as a combination of entities under common control. For this purpose, eSpeed will be deemed the acquirer and BGC Partners will be deemed the acquiree. Statement of Financial Accounting Standards, which we refer to as SFAS, No. 141, *Accounting for Business Combinations*, which we refer to as SFAS No. 141, requires that in a transaction between entities under common control, the net assets of the acquiree, BGC Division, be recognized at their carrying amounts in the accounts of the transferring entity at the date of transfer; which for purposes of the statement of financial condition is assumed to be September 30, 2007.

*Consolidation:* The businesses of the Combined Company will be held under two subsidiaries: a partnership primarily holding the U.S. businesses called BGC U.S. and a partnership holding the non-U.S. businesses called BGC Global. These subsidiaries are collectively referred to as the Opcos. The Opcos will consolidate under Emerging Issues Task Force ( EITF ) 04-05, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights, as it has been determined there are no variable interest entities.

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The summary pro forma financial data of the Combined Company are included for informational purposes only and should not be considered indicative of actual results that would have been achieved had these events actually been consummated on the dates indicated and do not purport to indicate results of operations as of any future date or for any future period. Please refer to Unaudited Pro Forma Financial Data for more information regarding the pro forma adjustments for the Combined Company.

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| | Year Ended December 31, | | | 2006 | Nine Months Ended September 30, | | | 2007 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Pro Forma BGC Partners | |
| | BGC Partners | | | Pro Forma | BGC Partners | | Stand-Alone | Pro Forma |
| | | | Restated | Combined | Restated | | | Combined |
| | 2004 | 2005 | 2006 | Company | 2006 | 2007 | 2007 | Company |
| **Combined Statement of Income Data:** | | | | | | | | |
| Revenues: | | | | | | | | |
| Commissions | $ 165,410 | $ 343,327 | $ 512,075 | $ 592,078 | $ 374,730 | $ 519,193 | $ 539,614 | $ 579,715 |
| Principal transactions | 125,272 | 119,586 | 134,939 | 134,939 | 107,484 | 181,679 | 181,679 | 181,679 |
| Fees from related parties | 11,501 | 13,059 | 22,498 | 36,046 | 16,499 | 25,423 | 25,423 | 37,973 |
| Market data | 14,307 | 16,283 | 17,409 | 17,409 | 13,136 | 14,240 | 14,240 | 14,240 |
| Interest income | 1,055 | 9,048 | 21,545 | 31,086 | 18,874 | 12,348 | 12,335 | 19,872 |
| Other revenues | 10,276 | 2,432 | 19,614 | 43,184 | 13,473 | 2,878 | 2,878 | 11,918 |
| Total revenues | 327,821 | 503,735 | 728,080 | 854,742 | 544,196 | 755,761 | 776,169 | 845,397 |
| Expenses: | | | | | | | | |
| Compensation and employee benefits | 193,405 | 386,752 | 510,893 | 560,016 | 388,051 | 444,980 | 444,980 | 486,912 |
| Allocation of net income to founding partners holding units | | | | | | | | 10,826 |
| Total compensation | 193,405 | 386,752 | 510,893 | 560,016 | 388,051 | 444,980 | 444,980 | 497,738 |
| Other expenses | 130,770 | 220,567 | 331,685 | 382,938 | 231,309 | 257,042 | 250,162 | 300,447 |
| Total expenses | 324,175 | 607,319 | 842,578 | 942,954 | 619,360 | 702,022 | 695,142 | 798,185 |
| Income (loss) from continuing operations before income taxes and minority interest | 3,646 | (103,584) | (114,498) | (88,212) | (75,164) | 53,739 | 81,027 | 47,212 |
| Minority interest | (54) | (16) | 11 | (53,744) | 17 | 1,443 | 1,443 | 18,810 |
| Provision (benefit) for income taxes | 2,577 | (7,634) | (1,843) | 204 | (361) | 9,147 | 10,180 | 9,890 |
| Income (loss) from continuing operations | 1,123 | (95,934) | (112,666) | (34,672) | (74,820) | 43,149 | 69,404 | 18,512 |
| Loss from discontinued operations, net of tax | | (117) | (650) | | (650) | | | |
| Cumulative effect of a change in accounting principle | | | (10,080) | | (10,080) | | | |
| Net income (loss) | $ 1,123 | $ (96,051) | $ (123,396) | $ (34,672) | $ (85,550) | $ 43,149 | $ 69,404 | $ 18,512 |
| Adjustments for net income for fully diluted computation | | | | | | | | |
| Net income | | | | | | | | $ 18,512 |
| Allocation of net income to founding partner holding units | | | | | | | | 10,826 |
| Minority interest to Cantor | | | | | | | | 17,386 |
| Net income for fully diluted computation | | | | | | | | $ 46,724 |
| **Per share data:** | | | | | | | | |
| Basic earnings per share | | | | | | | | $ 0.26 |
| Fully diluted earnings per share | | | | | | | | $ 0.25 |
| Basic weighted average shares of common stock outstanding | | | | | | | | 72,411 |
| Stock option programs | | | | | | | | 1,006 |
| BGC Holding units held by founding partners | | | | | | | | 42,936 |
| BGC Holding units held by Cantor | | | | | | | | 68,955 |
| Fully diluted weighted average shares of common stock outstanding | | | | | | | | 185,308 |
| **Revenue by Geographic Region:** | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| United Kingdom | $ 218,503 | $ 232,798 | $ 344,342 | $ 345,507 | $ 273,504 | $ 338,008 | $ 338,008 | $ 340,697 |
| United States | 50,501 | 131,160 | 203,496 | 321,649 | 155,436 | 213,064 | 233,472 | 299,989 |
| Other international | 58,817 | 139,777 | 180,242 | 187,586 | 115,256 | 204,689 | 204,689 | 204,710 |
| Total revenues | $ 327,821 | $ 503,735 | $ 728,080 | $ 854,742 | $ 544,196 | $ 755,761 | $ 776,169 | $ 845,397 |
| **Selected Statistical Data:** | | | | | | | | |
| Total average brokers | 496 | 800 | 1,124 | 1,124 | 1,088 | 1,195 | 1,195 | 1,195 |
| Total average employees | 746 | 1,132 | 1,541 | 1,931 | 1,515 | 1,653 | 1,653 | 2,063 |

| | As of December 31, | | | As of September 30, 2007 | |
|---|---|---|---|---|---|
| | BGC Partners | | | BGC Partners | Pro Forma Combined Company |
| | 2004 | 2005 | Restated 2006 | 2007 | |
| **Combined Statement of Financial Condition Data:** | | | | | |
| Cash and cash equivalents | $ 19,215 | $ 127,367 | $ 109,050 | $ 185,442 | $ 202,526 |
| Total assets | $ 454,409 | $ 875,059 | $ 1,119,099 | $ 1,439,203 | $ 1,538,257 |
| Total liabilities | $ 340,153 | $ 709,803 | $ 1,039,383 | $ 1,314,014 | $ 1,146,171 |
| Mandatorily redeemable partnership interest | $ | $ | $ | $ | $ 170,857 |
| Minority interest (Cantor) | $ | $ | $ | $ | $ 106,448 |
| Total net assets/stockholders equity | $ 107,208 | $ 158,224 | $ 72,673 | $ 116,703 | $ 113,357 |

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**GLOSSARY**

Unless we otherwise indicate or unless the context requires otherwise, any reference in this document to:

BGC Partners refers to (a)(i) BGC Partners, Inc., prior to its conversion to BGC Partners, LLC, or (ii) BGC Partners, LLC, after such conversion, or (b) the BGC Division (as defined in Note 1 to the BGC Division Combined Financial Statements for the years ended December 31, 2006, 2005 and 2004, included elsewhere in this proxy statement), where the context requires;

the Opcos refers to BGC U.S. and BGC Global, collectively;

the Combined Company refers to the surviving corporation in the merger, which will be renamed BGC Partners, Inc., and its subsidiaries;

the related agreements refers collectively to the amended and restated limited partnership agreements of BGC U.S., BGC Global and BGC Holdings, the administrative services agreement, the Tower Bridge administrative services agreement, the separation registration rights agreement and the tax receivable agreement;

exchangeable limited partners or BGC Holdings exchangeable limited partners means (a) any Cantor Company that holds an exchangeable limited partnership interest and that has not ceased to hold such exchangeable limited partnership interest and (b) any person to whom a Cantor Company has transferred an exchangeable limited partnership interest and, prior to or at the time of such transfer, whom Cantor has agreed will be designated as an exchangeable limited partner;

founding partners or BGC Holdings founding partners refers to the individuals who will become limited partners of BGC Holdings in the mandatory redemption of interests in Cantor in connection with the separation and who will provide services to the Combined Company (provided that any member of the Cantor group and Howard W. Lutnick (including any entity directly or indirectly or controlled by Mr. Lutnick or any trust to which he is a guarantor, trustee or beneficiary) will not be a founding partner);

working partners or BGC Holdings working partners refers to holders of working partner units and the individuals who become limited partners of BGC Holdings from time to time after the separation and the merger and who will provide services to the Combined Company;

restricted equity partners or BGC Holdings restricted equity partners refers to certain individuals who will become limited partners of BGC Holdings in connection with the merger and from time to time after the merger and who will provide services to the Combined Company;

the BGC Partners group refers to BGC Partners and its subsidiaries (other than BGC Holdings and its subsidiaries and BGC U.S., BGC Global and their respective subsidiaries);

the BGC Holdings group refers to BGC Holdings and its subsidiaries (other than BGC U.S., BGC Global and their respective subsidiaries);

the Cantor group refers to Cantor and its subsidiaries (other than any member of the BGC Partners group or the BGC Holdings group);

BGC Partners common stock refers collectively to BGC Partners Class A common stock, BGC Partners Class B common stock and BGC Partners Class C common stock;

BGC Partners units refers collectively to BGC Partners Class A units, BGC Partners Class B units and BGC Partners Class C units;

eSpeed common stock refers collectively to eSpeed Class A common stock and eSpeed Class B common stock;

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Combined Company common stock refers collectively to Combined Company Class A common stock and Combined Company Class B common stock;

the BGC business refers to the business Cantor will contribute to BGC Partners pursuant to the separation agreement, which includes the business of BGC Financial Group, Inc. (formerly known as Maxcor Financial Group Inc.), which we refer to as BGC Financial, including its Euro Brokers subsidiaries, which we refer to as Euro Brokers, the business of ETC Pollak SAS, which we refer to as ETC Pollak, the business of Aurel Leven Securities, which we refer to as Aurel Leven, the business of AS Menkul Kiymetler A.S., which we refer to as AS Menkul, Cantor s interests in Freedom International Holdings, L.P. (which holds an interest in Freedom International Brokerage L.P.), which we refer to as Freedom, the emerging markets equity derivatives business of Marex Financial Limited, which we refer to as Marex Financial, and the other inter-dealer brokerage, electronic brokerage services and market data businesses, historically operated by Cantor, that Cantor intends to contribute to BGC Partners pursuant to the separation agreement. After the merger, Cantor will continue to hold its equity capital markets, debt capital markets and gaming businesses, its interests in the Combined Company and BGC Holdings, certain greenhouse gas, energy, environmental and emission allowances businesses, the equity derivatives inter-dealer brokerage business of the Equities Division of Cantor and certain other businesses; and

the separation refers to the separation, by Cantor, of the BGC business from the remainder of Cantor s businesses pursuant to the separation agreement.

## RISK FACTORS

*You should carefully consider the following risks and all of the other information set forth in this proxy statement and the annexes, which are incorporated herein by reference. The risk factors set forth below primarily relate to the business of BGC U.S. and BGC Global. These risks also affect the Combined Company because, after the completion of the merger, the business of the Combined Company will primarily consist of its interest in BGC U.S. limited partnership interests, BGC Global limited partnership interests, the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Holdings. If any of the events or developments described below actually occurred, our, or the Combined Company s, as the case may be, business, financial condition and results of operations would likely suffer. In that case, the trading price of our, or the Combined Company, as the case may be, common stock would likely decline, and you could lose part or all of your investment in the common stock. In addition, you should read and consider the risks associated with each of the businesses of eSpeed because these risks will also affect the Combined Company. These risks can be found below under Risk Factors Risks Related to the Combined Company s Business, as well as in Item 1A. Risk Factors in eSpeed s Annual Report on Form 10-K/A for the fiscal year ended December 31, 2006, which is incorporated herein by reference. You should also read and consider the other information in this proxy statement and the other documents incorporated by reference in this proxy statement. See the sections entitled Where You Can Find More Information on page 302 and Documents Incorporated by Reference beginning on page 302.*

### Risks Related to the Merger

***The failure to integrate successfully the businesses and operations of eSpeed and BGC Partners in the expected time frame may adversely affect the Combined Company s future results.***

Historically, eSpeed and BGC Partners have operated as separate companies related primarily through the JSA, and they will continue to do so until the completion of the merger. The management of the Combined Company may face significant challenges in consolidating the functions of eSpeed and BGC Partners, integrating their technologies, organizations, procedures, policies and operations, as well as retaining key eSpeed and BGC Partners personnel. The integration may also be complex and time consuming, and require substantial resources and effort resulting in the possible diversion of management s attention for an extended period of time. The integration process and other disruptions resulting from the merger may also disrupt each company s ongoing businesses or cause inconsistencies in standards, controls, procedures and policies that adversely affect their relationships with employees and others with whom they have business or other dealings or to achieve the anticipated benefits of the merger, including the realization of anticipated cost savings and revenue enhancements. In addition, difficulties in integrating the businesses of eSpeed and BGC Partners could harm the reputation of the Combined Company.

***The Combined Company will incur significant transaction and merger-related costs in connection with the merger.***

eSpeed and BGC Partners expect to incur a number of non-recurring costs associated with combining the operations of the two companies including legal, accounting and other transaction fees and other costs related to the merger, anticipated to be between $10 million and $12 million. Some of these costs are payable regardless of whether the merger is completed. Additional unanticipated costs may be incurred in the integration of the businesses of eSpeed and BGC Partners.

Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset these transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

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***Certain directors and executive officers of eSpeed and BGC Partners may have interests in the merger that are different from, or in addition to or in conflict with, yours.***

Executive officers of BGC Partners (who, in some cases, are also officers of eSpeed) negotiated the terms of the merger agreement on behalf of BGC Partners and, upon the unanimous recommendation of the Special Committee, the eSpeed board of directors approved the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, and unanimously recommends that you vote in favor of the adoption of the merger agreement and the transactions contemplated thereby. These directors and executive officers may have interests in the merger that are different from, or in addition to, yours, and the interests of the current directors and executive officers of eSpeed, the future directors and officers of the Combined Company and certain beneficial owners of eSpeed common stock may conflict with the interests of the unaffiliated eSpeed stockholders. These interests include the continued employment of certain executive officers of eSpeed or BGC Partners by the Combined Company, the continued positions of directors of eSpeed as directors of the Combined Company or as officers or partners of Cantor, and the indemnification of former eSpeed and BGC Partners directors and officers by the Combined Company. You should be aware of these interests when you consider the recommendation of the eSpeed board of directors that you vote in favor of the adoption of the merger agreement and the transactions contemplated thereby. For a discussion of the interests of eSpeed s directors and executive officers in the merger, see The Merger Interests of Directors, Executive Officers and Certain Beneficial Owners in the Merger.

***eSpeed stockholders, other than Cantor and its affiliates, will have a reduced ownership and voting interest in the Combined Company after the merger and will be further diluted upon exchange of BGC Holdings limited partnership interests into Combined Company common stock.***

After the completion of the merger, eSpeed stockholders, other than Cantor and its affiliates, will own a smaller percentage of the Combined Company than they currently own of eSpeed. Upon completion of the merger, the holders of eSpeed Class A common stock (other than Cantor and its affiliates) will own approximately 41.2% of the Combined Company Class A common stock and will have approximately 11.8% of the voting power of the Combined Company on a diluted basis. Following the closing of the merger, we currently expect to conduct a primary and secondary offering of the Combined Company Class A common stock. The timing, the size and the price of such offering have not yet been determined. Such an offering could dilute the Combined Company stockholders. Holders of eSpeed Class A common stock (other than Cantor and its affiliates), as a group, will have reduced ownership and voting power in the Combined Company compared to their ownership and voting power in eSpeed. In addition, future sales of shares of Combined Company Class A common stock could further dilute eSpeed stockholders. Current eSpeed stockholders will experience further dilution of their ownership interest in the Combined Company upon exchange of BGC Holdings limited partnership interests into Combined Company common stock.

***The impact of the separation and the merger on the founding partners, restricted equity partners and future working partners may adversely affect the Combined Company s ability to retain, recruit and motivate these persons.***

While we believe the separation will promote retention and recruitment, some founding partners, restricted equity partners and future working partners may be more attracted to the benefits of working at a private, controlled partnership or of being a partner in Cantor, which may adversely affect the Combined Company s ability to retain, recruit and motivate these persons. The impact of the separation on the founding partners, restricted equity partners, future working partners and other employee retention and recruitment is uncertain.

Many of the individuals that will be key employees of the Combined Company are currently limited partners of Cantor. We believe that the possibility of becoming a limited partner of Cantor has been an important tool in its ability to hire and retain key employees. Prior to the merger, Cantor will redeem Cantor limited partnership interests held by founding partners in exchange for BGC Holdings limited partnership interests and distribution rights in respect of BGC Partners interests and, after the merger, Combined Company Class A common stock. For a discussion of this redemption and the treatment of founding partners, BGC Partners employees and other persons who provide services to BGC Partners in connection with the separation and the merger, see Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement REUs, Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Partner Obligations and Related Agreements BGC Holdings Participation Plan. In addition, we expect that from time to time following the merger, key employees of the Combined Company will have the opportunity to become limited partners of BGC Holdings. See Related Agreements BGC Holdings Participation Plan.

While these BGC Holdings limited partnership interests will entitle founding/working partners and restricted equity partners to participate in distributions of income from the operations of the Combined Company s business, upon leaving BGC Holdings (or upon any other redemption or purchase of such limited partnership interests as described below), any such founding/working partner or restricted equity partners will, unless Cantor, in the case of the founding partners, and the Combined Company, as the general partner of BGC Holdings, otherwise determine, only be entitled to receive over time, and provided he or she does not violate certain partner obligations, an amount for his or her BGC Holdings limited partnership interests that reflects such partner s capital account, and not any goodwill or going concern value of the Combined Company s business. Moreover, unlike Cantor, founding/working partners and restricted equity partners will have no right to exchange their BGC Holdings limited partnership interests for shares of Combined Company capital stock (unless, in the case of founding partners, Cantor determines otherwise as Cantor intends to do with respect to a portion of the founding partner interests immediately after the merger and in the case of working partners and restricted equity partners, the BGC Holdings general partner with Cantor s consent determines otherwise) and thereby realize any higher value associated with Combined Company capital stock. See Certain Relationships and Related Transactions Before and After the Merger Exchangeability of Founding Partner Interests.

The BGC Holdings limited partnership interests are also subject to redemption, with respect to the founding partners, upon mutual agreement of Cantor and the general partner of BGC Holdings, and with respect to the working partners and restricted equity partners, at the election of the general partner of BGC Holdings, as described in Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Redemption of BGC Holdings Founding/Working Partner Interests and REU Interests, and will subject founding/working partners and restricted equity partners to non-competition and non-solicitation covenants, as well as other obligations as described in Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Partner Obligations. In addition, the exercise of Cantor s right of first refusal in respect of founding partner interests and, in certain circumstances, working partner interests and REU interests (in each case that have not become exchangeable), will result in the share of distributions of income from the operations of the Combined Company s business on other outstanding BGC Holdings limited partnership interests, including those held by founding/working or restricted equity partners, to remain the same rather than increasing as would be the case if such interests were redeemed by BGC Holdings. See Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Cantor s Right of First Refusal.

The terms of the BGC Holdings limited partnership interests held by founding/working partners and restricted equity partners will also differ from the terms of the limited partnership interests in Cantor currently held by founding partners and by certain of the restricted equity partners as follows:

- unlike the limited partnership interests in Cantor, founding/working partners and restricted equity partners will not be entitled to reinvest the distributions on BGC Holdings limited partnership interests in additional BGC Holdings limited partnership interests at preferential or historical prices; and

- as described in Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Distributions, Cantor will be entitled to receive any amounts from selected extraordinary transactions which are withheld from distributions to founding/working partners and restricted equity partners and forfeited by founding/working partners and restricted equity partners leaving BGC Holdings prior to their interests in such withheld distributions fully vesting rather than any such forfeited amounts accruing to the benefit of all BGC Holdings limited partners on a pro rata basis.

Founding partners may find any of these terms of the BGC Holdings limited partnership interests to be less attractive than the current arrangements for limited partners of Cantor, which may reduce the effectiveness of these interests as retention tools.

In addition, the ownership of the distribution rights and underlying shares of Combined Company Class A common stock received by founding partners and other persons providing services to BGC Partners will not be dependent upon a founding partner s continued employment with the Combined Company or Cantor or compliance with the partner obligations, and founding partners will not be restricted from leaving the Combined Company by the potential loss of shares distributable pursuant to these distribution rights.

***The combined pro forma financial information in this proxy statement may not permit you to predict the Combined Company s costs of operations, and the estimates and assumptions used in preparing the combined pro forma financial information may be materially different from the Combined Company s actual experience as a reorganized, combined company and its actual results of operations could materially differ from the combined pro forma financial information in this proxy statement.***

In preparing the combined pro forma financial information in this proxy statement, we have made adjustments to the historical financial information of BGC Partners and we have made adjustments to historical financial information of BGC Partners and eSpeed to reflect the separation and the merger, based upon currently available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of the transactions contemplated by the separation and the merger. The adjustments for the separation and merger include, among other items, a forgiveness of intercompany balances with Cantor; settlement of outstanding executive loans; a calculation of distributions of net income to founding partners; a calculation of Cantor s minority interest in the Combined Company; a transfer of business lines between the Combined Company and Cantor; a deduction and charge to earnings for estimated income taxes based on an estimated tax rate, estimated salaries, payroll taxes and benefits for founding/working partners; and an elimination of intercompany transactions between eSpeed and BGC Partners. These and other estimates and assumptions used in the calculation of the pro forma financial information in this proxy statement may be materially different from the actual experience of the BGC business as a separate, independent business from Cantor and the Combined Company s actual experience combining the historic operations of BGC Partners and eSpeed. The pro forma financial information in this proxy statement does not purport to represent what the Combined Company s or BGC U.S. s or BGC Global s results of operations would actually have been had BGC Partners, the Combined Company, BGC U.S. or BGC Global operated as a combined company, with BGC Partners separated from Cantor, during the periods presented, nor does the pro forma information give effect to any events other than those discussed in the unaudited pro forma financial information and related notes. The pro forma financial information also does not purport to be indicative of results of operations as of any future date or future period. The Combined Company s actual results of operations could materially differ from the pro forma financial information in this proxy statement.

***The Combined Company will be required to pay Cantor for a significant portion of the benefit relating to any additional tax depreciation or amortization deductions it may claim as a result of the tax basis step-up BGC Partners receives, the rights to which the Combined Company will assume in the merger, in connection with the separation and the related transactions, respectively.***

The BGC Holdings exchangeable limited partnership interests received by Cantor may, in effect, be exchanged in the future for shares of Combined Company Class B common stock (or, at Cantor s option or if there are no additional authorized but unissued shares of Combined Company Class B common stock, Combined Company Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). The exchanges may result in increases in the tax basis of the tangible and intangible assets of BGC U.S. and BGC Global attributable to BGC Partners , or, after the merger, the Combined Company s, interest in BGC U.S. and BGC Global that otherwise would not have been available. These increases in the tax basis may reduce the amount of tax that BGC Partners, or, after the merger, the Combined Company, would otherwise be required to pay in the future, although the Internal Revenue Service may challenge all or part of that tax basis increase, and a court could sustain such a challenge.

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The merger agreement and the separation agreement contemplate that BGC Partners will enter into, and the Combined Company will assume BGC Partners rights and obligations under, a tax receivable agreement with Cantor that will provide for the payment by the Combined Company to Cantor of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that it actually realizes as a result of these increases in tax basis and of certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. The Combined Company expects to benefit from the remaining 15% of cash savings, if any, in income or franchise tax that it realizes. The Combined Company will determine, after consultation with Cantor, the extent to which it is permitted to claim any such tax benefits, and such tax benefits will be taken into account in computing any cash savings so long as the Combined Company s accountants agree that it is at least more likely than not that such tax benefit is available. BGC Partners, or, after the merger, the Combined Company, will have the right to terminate the tax receivable agreement at any time for an amount based on an agreed value of payments remaining to be made under the agreement, provided that if Cantor and the Combined Company cannot agree upon a value, the agreement will remain in full force and effect. While the actual amount and timing of any payments under the tax receivable agreement will vary depending upon a number of factors, including the timing of exchanges, the extent to which such exchanges are taxable and the amount and timing of the income that BGC Partners, or, after the merger, the Combined Company, achieves, it is expected that as a result of the anticipated magnitude of the increases in the tax basis of the tangible and intangible assets of BGC U.S. and BGC Global attributable to BGC Partners , or, after the merger, the Combined Company s, interest in BGC U.S. and BGC Global, during the expected 24-year term of the tax receivable agreement, the payments that BGC Partners, or, after the merger, the Combined Company, may make to Cantor could be substantial. The ability of BGC Partners, or, after the merger, the Combined Company, to achieve benefits from any such increase will depend upon a number of factors, including the timing and amount of future income of BGC Partners, or, after the merger, the Combined Company.

Pursuant to the tax receivable agreement, 20% of each payment that would otherwise be made by the Combined Company will be deposited into an escrow account until the expiration of the statute of limitations for the tax year to which the payment relates. If the Internal Revenue Service successfully challenges the availability of any tax benefit and determines that a tax benefit is not available, the Combined Company will be entitled to receive reimbursements from Cantor for amounts it previously paid under the tax receivable agreement and Cantor will indemnify the Combined Company and hold it harmless with respect to any interest or penalties in respect of the disallowance of any deductions which gave rise to the payment under the tax receivable agreement (together with reasonable attorneys and accountants fees incurred in connection with any related tax contest, but only to the extent Cantor is permitted to control such contest). Any such reimbursement or indemnification payment shall be satisfied first from the escrow account (to the extent funded in respect of such payments under the tax receivable agreement). See Related Agreements Tax Receivable Agreement.

***The separation and the merger might be challenged by creditors as a fraudulent transfer or conveyance, and equity holders and creditors of the entity held liable could be adversely affected should a court agree with such a challenge.***

Although we do not believe that the separation or the merger will result in a fraudulent conveyance or transfer, if a court in a suit by an unpaid creditor or representative of creditors of Cantor or another entity transferring consideration to BGC Partners or the Combined Company, such as a trustee in bankruptcy, or Cantor or such other entity itself, as debtor-in-possession in a reorganization case under Title 11 of the U.S. Code, were to find that:

- the separation or the merger, as the case may be (or any component transaction thereof), was undertaken for the purpose of hindering, delaying or defrauding creditors of Cantor or another entity by transferring consideration to BGC Partners as part of the separation or the Combined Company as part of the merger, as the case may be; or

- Cantor or another entity transferring consideration to BGC Partners as part of the separation or the Combined Company as part of the merger received less than reasonably equivalent value or fair consideration in connection with the separation or the merger, as the case may be, and (1) any of Cantor or such other entity (as applicable) were insolvent immediately before, or were rendered

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insolvent by, the separation or the merger, as the case may be, (2) Cantor or such other entity (as applicable) immediately prior to, or as of the effective time of, the completion of the separation or the merger, as the case may be, and after giving effect thereto, intended or believed that it would be unable to pay its debts as they became due or (3) the capital of any of Cantor or such other entity (as applicable) immediately before, or at the effective time of, the completion of the separation or the merger, as the case may be, and after giving effect thereto, was inadequate to conduct its business;

then that court could determine that the separation or the merger, as the case may be (or any component transaction thereof), violated applicable provisions of the U.S. Bankruptcy Code or applicable non-bankruptcy fraudulent transfer or conveyance laws. This determination would permit unpaid creditors, the bankruptcy trustee or debtor-in-possession to rescind the separation or the merger, as the case may be (or component transaction thereof), to recover the consideration transferred or an amount equal to the value thereof from BGC Partners or the Combined Company, or to subordinate or render unenforceable the debt incurred in furtherance thereof, or to require BGC Partners or the Combined Company or the holder of such debt to fund liabilities for the benefit of creditors. Equity holders and creditors of BGC Partners or the Combined Company held liable as a result of such a determination would be adversely affected to the extent each is required to surrender value to satisfy its liability.

The measure of insolvency for purposes of the foregoing considerations will vary depending upon the law of the jurisdiction that is being applied. Generally, however, an entity would be considered insolvent if:

- the sum of its liabilities, including contingent liabilities, is greater than its assets, at a fair valuation;

- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities, including contingent liabilities, as they become absolute and matured; or

- it is generally not paying its debts as they become due.

Similar provisions would also apply in any other jurisdiction in which the separation and/or merger takes effect.

***If the Combined Company were deemed an investment company under the Investment Company Act of 1940, as amended, as a result of its ownership of BGC U.S., BGC Global or BGC Holdings, applicable restrictions could make it impractical for the Combined Company to continue its business as contemplated and could materially adversely affect its business, financial condition and results of operation.***

If Cantor ceases to hold a majority of the Combined Company s voting power, Cantor s interest in the Combined Company could be deemed an investment security under the Investment Company Act of 1940, as amended, which we refer to as the Investment Company Act. If the Combined Company were to cease participation in the management of BGC Holdings (or BGC Holdings, in turn, were to cease participation in the management of BGC U.S. or BGC Global) or not be deemed to have a majority of the voting power of BGC Holdings (or BGC Holdings, in turn, were to not be deemed to have a majority of the voting power of BGC U.S. or BGC Global), the Combined Company s interest in BGC Holdings or BGC U.S. or BGC Global could be deemed an investment security for purposes of the Investment Company Act. If BGC Holdings ceased to participate in the management of BGC U.S. or BGC Global or not be deemed to have a majority of the voting power of BGC U.S. or BGC Global, its interest in BGC U.S. or BGC Global could be deemed an investment security for purposes of the Investment Company Act. Generally, an entity is an investment company if it owns investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items), absent an applicable exemption. The Combined Company will be a holding company and will hold BGC U.S. limited partnership interests, BGC Global limited partnership interests, the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Holdings. A determination that the Combined Company holds more than 40% of its assets in investment securities could result in the Combined Company being an investment company under the Investment Company Act and becoming subject to registration and other requirements of the Investment Company Act.

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The Investment Company Act and the rules thereunder contain detailed prescriptions for the organization and operations of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, limit the issuance of debt and equity securities, prohibit the issuance of stock options and impose certain governance requirements. If anything were to happen that would cause the Combined Company, BGC Holdings or Cantor to be deemed to be an investment company under the Investment Company Act, the Investment Company Act would limit its capital structure, ability to transact business with affiliates (including Cantor, BGC Holdings or the Combined Company, as the case may be) and ability to compensate key employees. Therefore, if Cantor, BGC Holdings or the Combined Company became subject to the Investment Company Act, it could make it impractical to continue the business of the Combined Company as contemplated by the merger, impair the agreements and arrangements, including the merger agreement, the separation agreement and related agreements and the transactions contemplated by those agreements, between and among eSpeed, BGC Partners, BGC Holdings, BGC U.S., BGC Global and Cantor or any combination thereof and materially adversely affect the Combined Company s business, financial condition and results of operations.

**Risks Related to the Combined Company s Business**

***Because competition for the services of brokers is intense, the Combined Company may not be able to attract and retain highly skilled brokers, which could adversely impact its revenues and as a result could materially adversely affect its business, financial condition and results of operations.***

The Combined Company s ability to provide high-quality brokerage services and maintain long term relationships with its customers will depend, in large part, upon its brokers. As a result, the Combined Company must attract and retain highly qualified brokerage personnel. In recent years, BGC Partners has significantly grown the number of brokers in its business through new hires and acquisitions of existing businesses, and the Combined Company is expected to continue to do so in the future. Competition for the services of brokers is intense, especially for brokers with extensive experience in the specialized markets in which the BGC businesses participate or the Combined Company may seek to enter. If the Combined Company is unable to hire or retain highly qualified brokers, including retaining those at businesses acquired in the future, the Combined Company may not be able to enter new brokerage markets or develop new products. If the Combined Company loses one or more of its brokers in a particular market in which it participates, the Combined Company s revenues may decrease and the Combined Company may lose market share in that particular market.

In addition, recruitment and retention of qualified brokers could result in substantial additional costs. The businesses constituting the Combined Company have been a party to, or otherwise involved in, several litigations and arbitrations involving competitor claims in connection with new employee hires. The Combined Company may also pursue its rights through litigation when competitors hire its employees who are under contract with the Combined Company. The businesses constituting the Combined Company are currently involved in litigations and arbitrations with their competitors relating to new employee hires and departures. We believe such proceedings are common in the Combined Company s industry due to its highly competitive nature. An adverse settlement or judgment related to these or similar types of claims could have a material adverse effect on the Combined Company s financial condition. Regardless of the outcome of these claims, the Combined Company will generally incur significant expenses and require substantial management time to deal with these claims. See Information About BGC Partners Business Legal Proceedings and Item 3. Legal Proceedings in eSpeed s Annual Report on Form 10-K/A for the fiscal year ended December 31, 2006, which is incorporated herein by reference.

If the Combined Company fails to attract new personnel, or fails to retain and motivate its current personnel, or if the Combined Company incurs increased costs associated with attracting and retaining personnel (such as litigation, arbitration, sign-on or guaranteed bonuses or forgivable loans), the Combined Company s revenues could be adversely impacted and, as a result, its business, financial condition and results of operations could be materially adversely affected.

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***The Combined Company will face strong competition from brokerage and financial services firms, many of which have greater market presence, marketing capabilities and technological and personnel resources than will the Combined Company, which could lead to pricing pressures which could adversely impact the Combined Company s revenues and as a result could materially adversely affect the Combined Company s business, financial condition and results of operations.***

The brokerage and financial services industries are intensely competitive, and are expected to remain so. The Combined Company will compete directly with numerous other brokerage firms. The Combined Company will also compete with companies that provide alternative products, such as contracts traded on futures exchanges, and trading processes, such as the direct dealer-to-dealer market for government securities and stock exchange markets for corporate equities and other securities. BGC Partners and eSpeed increasingly compete with exchanges for the execution of trades in certain products, mainly in derivatives such as futures, options and options on futures. Some of the Combined Company s competitors have greater market presence, marketing capabilities and financial, technological and personnel resources than it will and, as a result, its competitors may be able to:

- develop and expand their network infrastructures and service offerings more efficiently or more quickly than the Combined Company can;
- adapt more swiftly to new or emerging technologies and changes in customer requirements;
- take advantage of acquisitions and other opportunities more effectively than the Combined Company can;
- hire brokers and other key employees of the Combined Company;
- devote greater resources to the marketing and sale of their products and services;
- more effectively leverage existing relationships with customers and strategic partners or exploit more recognized brand names to market and sell their services;
- provide a lower cost structure and lower commissions;
- provide access to trading in products or a range of products that at any particular time the Combined Company does not offer; and
- develop services similar to the Combined Company s new services that are preferred by the Combined Company s customers.

In addition, new competitors may emerge and entire product lines may be threatened by new technologies or market trends that reduce the value of these existing product lines. If the Combined Company is not able to compete successfully in the future, its revenues could be adversely impacted and as a result its business, financial condition and results of operations could be materially adversely affected.

Competition for brokerage transactions also has resulted in substantial commission discounting by brokers that will compete with the Combined Company for its brokerage business. Further discounting could adversely impact the Combined Company s revenues and as a result could materially adversely affect the Combined Company s business, financial condition and results of operations. The market for hiring brokers of various securities and financial products is also highly competitive and, from time to time, may result in litigation and/or arbitration. See Information About BGC Partners Business Legal Proceedings and Item 3. Legal Proceedings in eSpeed s Annual Report on Form 10-K/A for the fiscal year ended December 31, 2006, which is incorporated herein by reference.

The Combined Company s operations also will include the sale of pricing and transactional information produced by its brokerage operations to securities information processors and/or vendors. There is a high degree of competition in pricing and transaction reporting products and services, and such businesses may become more competitive in the future. Competitors and customers of the Combined Company s brokerage businesses have together and individually offered market information services in competition with those offered and expected to be offered by the Combined Company.

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***Consolidation in the brokerage, exchange and financial services industries could materially adversely affect the Combined Company s business, financial condition and results of operations because the Combined Company may not be able to compete successfully.***

In recent years, there has been substantial consolidation and convergence among companies in the brokerage, exchange and financial services industries, resulting in increased competition. Continued consolidation in the financial services industry and especially among the Combined Company s customers could lead to the exertion of additional pricing pressure by the Combined Company s primary customers, impacting the commissions it generates from its brokerage services. Further, the recent consolidation among exchange firms, and expansion by these firms into derivative and other non-equity trading markets, will increase competition for customer trades and place additional pricing pressure on commissions and spreads. These developments have increased competition from firms with potentially greater access to capital resources than the Combined Company. Finally, consolidation among the Combined Company s competitors other than exchange firms could result in increased resources and product or service offerings for the Combined Company s competitors. If the Combined Company is not able to compete successfully in the future, its business, financial condition and results of operations could be materially adversely affected.

***The Combined Company may pursue strategic alliances, acquisitions or joint ventures or hire brokers for new or existing brokerage desks, which could present unforeseen integration obstacles or costs and could dilute the common stock owned by the Combined Company s stockholders.***

BGC Partners and eSpeed have explored and it is expected that the Combined Company will continue to explore a wide range of strategic alliances with other brokers and with other companies that have interests in businesses in which there are brokerage or other strategic opportunities. The Combined Company also may seek to hire brokers for new or existing brokerage desks. These acquisitions or new hires may be necessary in order for the Combined Company to enter into or develop new product areas.

Strategic alliances, acquisitions, joint ventures and new hires involve a number of risks and present financial, managerial and operational challenges, including:

- potential disruption of the Combined Company s ongoing business and product development and distraction of management;
- difficulty retaining and integrating personnel and integrating financial and other systems;
- the necessity of hiring additional management and other critical personnel and integrating them into current operations;
- litigation and/or arbitration associated with hiring brokerage personnel;
- increasing the scope, geographic diversity and complexity of the Combined Company s operations;
- potential dependence upon, and exposure to liability, losses or reputational damage relating to systems, controls and personnel that are not under the Combined Company s control;
- potential unfavorable reaction to the Combined Company s strategic alliance, acquisition or joint venture strategy by its customers;
- to the extent that the Combined Company pursues business opportunities outside the United States, exposure to political, economic, legal, regulatory, operational and other risks that are inherent in operating in a foreign country, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls and other restrictive governmental actions, as well as the outbreak of hostilities;

the up-front costs associated with recruiting brokerage personnel, including those costs associated with establishing a new brokerage desk;

conflicts or disagreements between any strategic alliance or joint venture partners and the Combined Company; and

exposure to additional liabilities of any acquired business, strategic alliance or joint venture.

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As a result of these risks and challenges, the Combined Company may not realize any anticipated benefits from strategic alliances, acquisitions or joint ventures, and such strategic alliances, acquisitions or joint ventures may in fact materially adversely affect the Combined Company s business, financial condition and results of operations. In addition, future strategic alliances, acquisitions or joint ventures or the hiring of new brokerage personnel may involve the issuance of additional shares of Combined Company common stock, which may dilute your ownership of the Combined Company or may involve litigation (see Information About BGC Partners Business Legal Proceedings ).

***If the Combined Company is unable to identify and exploit new market opportunities, its revenues may decline and as a result its business, financial condition and results of operations could be materially adversely affected.***

As more participants enter markets, the resulting competition often leads to lower commissions. This may result in a decrease in revenues in a particular market even if the volume of trades the Combined Company handles in that market increases. As a result, the Combined Company s strategy will be to broker more trades and increase market share in existing markets and to seek out new markets in which it believes it can charge higher commissions. Pursuing this strategy may require significant management attention and broker expense. The Combined Company may not be able to attract new customers or successfully enter new markets. If the Combined Company is unable to identify and exploit new market opportunities on a timely and cost-effective basis, its revenues may decline and as a result its business, financial condition and results of operations could be materially adversely affected.

***The Combined Company s ability to retain its key employees and the ability of certain key employees to devote adequate time to the Combined Company are critical to the success of the Combined Company s business, and failure to do so may adversely affect the Combined Company s revenues and as a result could materially adversely affect its business, financial condition and results of operations.***

The Combined Company s people will be its most important resource. The Combined Company must retain the services of its key employees and strategically recruit and hire new talented employees to obtain customer transactions that generate substantially all of the Combined Company s revenues.

Howard W. Lutnick, who will serve as the Combined Company s Co-Chief Executive Officer and Chairman, is also the Chairman of the Board and Chief Executive Officer of Cantor and President and the controlling stockholder of CF Group Management, Inc., Cantor s managing general partner, which we refer to as CFGM. Stephen M. Merkel, who will serve as the Combined Company s Executive Vice President, General Counsel and Secretary, is employed as Executive Managing Director, General Counsel and Secretary of Cantor. We currently expect that Mr. Lutnick will spend approximately 50% of his time each year on Combined Company matters, that Mr. Amaitis will spend approximately 90% of his time each year on Combined Company matters and that Mr. Merkel will spend approximately 50% of his time each year on Combined Company matters, although these percentages may vary depending on business developments at the Combined Company or Cantor or any of their affiliates. Messrs. Lutnick and Merkel hold Cantor partnership interests and will not have these interests redeemed as part of the separation. In addition, Lee M. Amaitis, who will serve as the Combined Company s Co-Chief Executive Officer and a member of its board of directors, and who is currently Chairman and Chief Executive Officer of BGCI and BGC Partners, is currently employed as President and Chief Executive Officer of Cantor Index Limited and holds positions at various gaming affiliates of Cantor. It is expected that Messrs. Lutnick, Merkel and Amaitis will continue to hold such offices following the merger. In addition, Messrs. Lutnick and Merkel also hold and/or will hold offices at various other affiliates of Cantor. As a result, these key employees will dedicate only a portion of their professional efforts to the Combined Company s business and operations. These key employees may not be able to dedicate adequate time to the Combined Company s business and operations and the Combined Company could experience an adverse effect on its operations due to the demands placed on its management team by their other professional obligations.

The BGC Holdings limited partnership agreement, which will include non-competition and other arrangements applicable to those key employees of the Combined Company who will be limited partners of BGC Holdings, may not prevent the Combined Company s key employees, including Messrs. Lutnick and Merkel, who as continuing Cantor partners are not subject to these provisions in the BGC Holdings limited partnership agreement, from resigning or competing against the Combined Company. See Management Before and After the Merger Employment Agreements and Certain Relationships and Related Transactions Before and After the Merger. In addition, the success of the businesses that will comprise the Combined Company has largely been dependent on the efforts of Messrs. Lutnick, Amaitis and Shaun D. Lynn and other executive officers. Should Mr. Lutnick leave or otherwise become unavailable to render services to the Combined Company, control of the Combined Company would likely pass to Cantor, and indirectly pass to the then controlling stockholder of CFGM, Cantor s managing general partner, or to such other managing general partner as CFGM shall appoint. Although we expect that the Combined Company s named executive officers will enter into non-competition agreements with respect to the Combined Company s business, the scope of such agreements will generally not prohibit such named executive officers from offering services to Cantor or its affiliates. However, we expect that Messrs. West and Lynn will work exclusively for the Combined Company and that, in addition to his responsibilities at BGC Partners, Mr. Amaitis will provide services solely to Cantor s gaming affiliates. If any of the Combined Company s key employees, including Messrs. Lutnick, Amaitis and Lynn, were to join an existing competitor, form a competing company, offer services to Cantor that compete with the Combined Company s services or otherwise leave the Combined Company, some of the Combined Company s customers could choose to use the services of that competitor or another competitor instead of the Combined Company s services, which could adversely affect the Combined Company s revenues and as a result could materially adversely affect its business, financial condition and results of operations.

***Difficult market conditions, economic conditions and geopolitical uncertainties could adversely affect the Combined Company s business in many ways by negatively impacting its revenues in the financial markets in which it offers services, which could have a material adverse effect on its business, financial condition and results of operations.***

Difficult market conditions, economic conditions and geopolitical uncertainties have in the past adversely affected and may in the future adversely affect the businesses that will comprise the Combined Company s business and profitability. The businesses that will comprise the Combined Company and the brokerage and financial services industry in general are directly affected by national and international economic and political conditions, broad trends in business and finance, the level and volatility of interest rates, changes in and uncertainty regarding tax laws and substantial fluctuations in the volume and price levels of securities transactions. On a pro forma combined basis, in the year ended December 31, 2006 and the nine months ended September 30, 2007, over 85% and 90%, respectively, of the Combined Company s revenues were generated by brokerage operations. As a result, the Combined Company s revenues and profitability are likely to decline significantly during periods of low trading volume in the financial markets in which it will offer its services. The financial markets and the global financial services business are, by their nature, risky and volatile and are directly affected by many national and international factors that will be beyond the Combined Company s 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. These events could have a material adverse effect on the Combined Company s results and profitability. These factors include:

- economic and political conditions in the United States, Europe and elsewhere in the world;
- concerns about terrorism, war and other armed hostilities;
- concerns over inflation and wavering institutional and consumer confidence levels;
- the availability of cash for investment by the Combined Company s dealer customers and their customers;
- the level and volatility of interest rates and foreign currency exchange rates;

- the level and volatility of trading in certain equity and commodity markets;

- the level and volatility of the difference between the yields on corporate securities being traded and those on related benchmark securities, which we refer to as credit spreads; and

- currency values.

Low trading volume or declining prices generally result in reduced revenues. Under these conditions, profitability is adversely affected since many costs, including certain aspects of commissions, compensation and bonuses, are fixed. In addition, although less common, some of the Combined Company s brokerage revenues will be determined on the basis of the value of transactions or on credit spreads. For these reasons, decreases in trading volume or declining prices or credit spreads could have a material adverse effect on the Combined Company s business, financial condition and results of operations.

***Employee misconduct or error could harm the Combined Company by impairing its ability to attract and retain customers and subjecting the Combined Company to significant legal liability and reputational harm; moreover, this type of misconduct is difficult to detect and deter and error is difficult to prevent.***

Employee misconduct or error could subject the Combined Company to financial losses and regulatory sanctions and could seriously harm its reputation and negatively affect its business. It is not always possible to deter employee misconduct, and the precautions taken to prevent and detect employee misconduct may not always be effective. Misconduct by employees could include engaging in improper or unauthorized transactions or activities, failing to properly supervise other employees or improperly using confidential information. Employee errors, including mistakes in executing, recording or processing transactions for customers, could cause the Combined Company to enter into transactions that customers may disavow and refuse to settle, which could expose the Combined Company to the risk of material losses even if the errors are detected and the transactions are unwound or reversed. If the Combined Company s customers are not able to settle their transactions on a timely basis, the time in which employee errors are detected may be increased and its risk of material loss could be increased. The risk of employee error or miscommunication may be greater for products that are new or have non-standardized terms. It is not always possible to deter employee misconduct or error, and the precautions the Combined Company takes to detect and prevent this activity may not be effective in all cases.

***The industry in which the Combined Company will operate is subject to significant regulation. This will often impose regulatory capital requirements on the Combined Company s regulated entities, and a significant operating loss or any extraordinary charge against capital could adversely affect the Combined Company s ability to expand or, depending upon the magnitude of the loss or charge, even to maintain the current level of its business.***

Many aspects of the Combined Company s business, like those of other brokerage firms, are subject to significant capital requirements. In the United States, the SEC, FINRA and various other regulatory bodies (including the Commodity Futures Trading Commission, which we refer to as the CFTC, and the National Futures Association, which we refer to as the NFA ) have stringent provisions with respect to capital applicable to the operation of brokerage firms, which vary depending upon the nature and extent of the broker-dealer s activities. BGC Partners currently operates, and the Combined Company will operate, three U.S.-registered broker-dealers: BGC Securities, a New York general partnership, which we refer to as BGC Securities, BGC Financial and eSpeed Government Securities, Inc., a Delaware corporation, which we refer to as eSpeed Government. In addition, eSpeed holds a 49% limited partnership interest in Aqua Securities, L.P., a Delaware limited partnership, which we refer to as Aqua, a U.S. registered broker-dealer. These broker-dealers are each subject to SEC and FINRA net capital requirements. See Information About BGC Partners Business Regulation Capital Requirements U.S. for a further discussion of domestic capital requirements.

The Combined Company s international operations will also be subject to capital requirements, which we refer to as non-U.S. net capital requirements. BGC Partners and certain of its subsidiaries that are incorporated in the United Kingdom are subject to capital requirements established by the FSA. The FSA also applies

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stringent provisions with respect to capital applicable to the operation of these brokerage firms, which vary depending upon the nature and extent of their activities. In addition, the majority of the Combined Company s other foreign subsidiaries will be subject to similar regulation by the relevant authorities in the countries in which they do business. These regulations often include minimum capital requirements which are subject to change, including in connection with the FSA s review of this transaction as discussed in Information About BGC Partners Business Regulation U.K. and European Regulation. See Information About BGC Partners Business Regulation Other Regulation for a listing of the other regulating entities to which the BGC businesses are subject in other foreign jurisdictions and see Information About BGC Partners Business Regulation Capital Requirements Non-U.S. for a further discussion of international capital requirements.

While the Combined Company is expected to continue to maintain levels of capital in excess of regulatory minimums, there can be no assurance that this will be the case in the future. If the Combined Company fails to maintain the required capital, the Combined Company will be required to suspend its broker-dealer operations during the period that it is not in compliance with capital requirements, and may be subject to suspension or revocation of registration by the SEC and FINRA or withdrawal of authorization or other disciplinary action from domestic and international regulators, which would have a material adverse effect on the Combined Company s business. In addition, if the Combined Company fails to maintain the capital required by clearing organizations of which it is a member, its ability to clear through those clearing organizations may be impaired, which may adversely affect its ability to process trades. If the capital rules are changed or expanded, or if there is an unusually large charge against capital, operations that require the intensive use of capital would be limited. The Combined Company s ability to withdraw capital from its regulated subsidiaries is subject to restrictions, which, in turn, could limit its ability to pay dividends, repay debt and redeem or purchase shares of its common stock. In addition, the Combined Company may become subject to capital requirements in other foreign jurisdictions in which BGC Partners or eSpeed currently operates or in which the Combined Company may enter. We cannot predict the Combined Company s future capital needs or its ability to obtain additional financing. For a further discussion of the Combined Company s capital requirements, see Information About BGC Partners Business Regulation.

***BGC Partners has incurred substantial losses in recent periods and the Combined Company may incur losses in the future.***

BGC Partners has incurred substantial losses in several recent periods as it has sought to expand its operations quickly. BGC Partners recorded net losses of $96.1 million and $123.4 million for the year ended December 31, 2005 and the year ended December 31, 2006, respectively. BGC Partners also recorded net losses in certain quarters within other fiscal years.

While eSpeed was profitable in 2006, as the Combined Company continues to develop its systems and infrastructure and expand its brand recognition and customer base through increased hiring of sales and other personnel, the Combined Company may incur losses in the future. If the Combined Company s revenues do not increase sufficiently, or even if the Combined Company s revenues increase but it is unable to manage its expenses, it may not achieve and maintain profitability in future periods.

***Due to the current customer concentration of the businesses that will comprise the Combined Company, a loss of two, three or more of the Combined Company s significant customers could harm the Combined Company s business, financial condition and results of operations.***

For the year ended December 31, 2006, on a pro forma combined basis, the Combined Company s top 10 customers, collectively, accounted for approximately 40% of the Combined Company s revenues. If the Combined Company were to lose two, three or more of these significant customers for any reason and not be compensated for such loss by doing additional business with other customers or by adding new customers, the Combined Company s revenues would decline significantly and the Combined Company s business, financial condition and results of operations would suffer.

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***The Combined Company s brokerage activities will be subject to credit and performance risks, which could result in the Combined Company incurring significant losses and as a result could materially adversely affect its business, financial condition and results of operations.***

The Combined Company s brokerage activities will be subject to credit and performance risks. For example, the Combined Company s customers may not deliver securities to one of the Combined Company s operating subsidiaries which has sold those securities to another customer. If the securities due to be delivered have increased in value, there is a risk that the Combined Company may have to expend its own funds in connection with the purchase of other securities to consummate the transaction. While the Combined Company will take steps to ensure that its customers and counterparties have high credit standings and that financing transactions are adequately collateralized, the large dollar amounts that may be involved in its brokerage and financing transactions could subject it to significant losses if, as a result of customer or counterparty failures to meet commitments, it was to incur significant losses in liquidating or covering its positions in the open market.

BGC Partners and eSpeed have adopted policies and procedures to identify, monitor and manage credit risk, in both agency and principal transactions, through reporting and control procedures and by monitoring credit standards applicable to their customers or counterparties. These policies and procedures, however, may not be fully effective. Some of these risk management methods depend upon the evaluation of information regarding markets, customers or other matters that are publicly available or otherwise accessible by BGC Partners, eSpeed or, after the merger, the Combined Company. That information may not, in all cases, be accurate, complete, up-to-date or properly evaluated. If BGC Partners and eSpeed s and, after the merger, the Combined Company s policies and procedures are not fully effective or the Combined Company is not always successful in monitoring or evaluating the risks to which it is, or may be, exposed, the Combined Company s financial condition and results of operations could be materially adversely affected. In addition, the Combined Company s insurance policies will not provide coverage for these risks.

In agency transactions, the Combined Company will charge a commission for connecting buyers and sellers and assisting in the negotiation of the price and other material terms of the transaction. After all material terms of a transaction are agreed upon, the Combined Company will identify the buyer and seller to each other and leave them to settle the trade directly. The Combined Company will be exposed to credit risk for commissions, as it bills to customers for its agency brokerage services. The Combined Company s customers may default on their obligations to the Combined Company due to disputes, bankruptcy, lack of liquidity, operational failure or other reasons. Any losses arising from such defaults could materially adversely affect the Combined Company s business, financial condition and results of operations.

***The securities settlement process and the execution of matched principal transactions will expose the Combined Company to risks related to a counterparty failing to fulfill its obligations that may impact the Combined Company s liquidity and profitability and as a result could materially adversely affect its business, financial condition and results of operations.***

The Combined Company will often provide brokerage services to its customers in the form of matched principal transactions, in which it will act as a middleman by serving as counterparty for identified buyers and sellers in matching, in whole or in part, reciprocal back-to-back trades. These principal transactions are then settled through clearing institutions with which the Combined Company will have a contractual relationship.

In executing matched principal transactions, the Combined Company is exposed to the risk that one of the counterparties to a transaction may fail to fulfill its obligations, either because it is not matched immediately or, even if matched, one party fails to deliver the cash or securities it is obligated to deliver. The exposure the Combined Company will have to less liquid markets exacerbates this risk because transactions in these markets tend to be more likely not to settle on a timely basis than transactions in liquid markets. Adverse movements in the prices of securities that are the subject of these transactions can increase the risk. In addition, widespread technological failure, natural disasters (e.g., tsunami and earthquakes) or communication failures, such as those which occurred as a result of the terrorist attacks on September 11, 2001 and the blackout in the eastern portion

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of the United States in August 2003, as well as actual or perceived credit difficulties or the insolvency of one or more large or visible market participants, could cause market-wide credit difficulties or other market disruptions. These failures, difficulties or disruptions could result in a large number of market participants not settling transactions or otherwise not fulfilling their obligations.

The Combined Company will be subject to financing risk in these circumstances because if a transaction does not settle on a timely basis, the resulting unmatched position may need to be financed, either directly by the Combined Company or through one of the clearing organizations, at the Combined Company s expense. These charges may be recoverable from the failing counterparty, but sometimes they are not. In addition, in instances where the unmatched position or failure to deliver is prolonged or widespread due to rapid or widespread declines in liquidity for an instrument, there may also be regulatory capital charges required to be taken by the Combined Company, which, depending on their size and duration, could limit the Combined Company s business flexibility or even force the curtailment of those portions of the Combined Company s business requiring higher levels of capital. Credit or settlement losses of this nature may impact the Combined Company s liquidity and profitability and as a result could adversely affect the Combined Company s business, financial condition and results of operations.

***The Combined Company will have market risk exposure from unmatched principal transactions entered into by some of its brokerage desks, which could result in losses and have a disproportionate effect on its revenues, financial condition and results of operations for any particular reporting period.***

Occasionally the Combined Company s brokerage desks will enter into unmatched principal transactions in the ordinary course of business due to errors or to facilitate transactions, add liquidity, improve customer satisfaction, increase revenue opportunities, attract additional order flow and, in a limited number of instances and subject to risk management limits, for the purpose of proprietary trading. As a result, the Combined Company will have market risk exposure on these unmatched principal transactions. The Combined Company s exposure will vary based on the size of the overall positions, the terms and liquidity of the instruments brokered and the amount of time the positions are held before the Combined Company disposes of the position.

From a risk management perspective, the Combined Company will monitor risk on an end-of-day basis and desk managers will generally monitor such exposure on a continuous basis. Any unmatched positions are intended to be disposed of in the short term. Due to a number of factors, including the nature of the position and access to the market on which it trades, the Combined Company may not be able to match the position or effectively hedge its exposure and often may be forced to hold a position overnight that has not been hedged. To the extent these unmatched positions are not disposed of intra-day, the Combined Company will mark these positions to market. Adverse movements in the securities underlying these positions or a downturn or disruption in the markets for these positions could result in a loss. In addition, any principal gains and losses resulting from these positions could on occasion have a disproportionate effect, positive or negative, on the Combined Company s revenues, financial condition and results of operations for any particular reporting period.

***The Combined Company will be generally subject to risks inherent in doing business in the international markets, particularly in the regulated brokerage industry, and any failure to develop effective compliance and reporting systems could result in regulatory penalties in the applicable jurisdiction and the Combined Company s business could be adversely affected.***

The businesses that will comprise the Combined Company currently provide services and products to customers in North America, Europe and the Asia-Pacific region through offices in New York, Chicago, London, Toronto, Hong Kong, Paris, Nyon, Tokyo, Beijing (representative office), Singapore, Mexico City, Copenhagen, Sydney, Istanbul and Seoul and the Combined Company may seek to further expand its operations. On a pro forma combined basis, revenues from foreign countries were $545.4 million, or 64.5% of total revenues, and $533.1 million, or 62.4% of total revenues, for the nine months ended September 30, 2007 and the year ended December 31, 2006, respectively. There are certain additional political, economic, legal, regulatory, operational

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and other risks inherent in doing business in international markets, particularly in the regulated brokerage industry. These risks include:

- less developed automation in exchanges, depositories and national clearing systems;
- additional or unexpected changes in regulatory requirements, capital requirements, tariffs and other trade barriers;
- the impact of the laws and regulations of foreign governmental and regulatory authorities of each country in which the Combined Company conducts business;
- possible nationalization, expropriation and regulatory, political and price controls;
- difficulties in staffing and managing international operations;
- capital controls, exchange controls and other restrictive governmental actions;
- any failure to develop effective compliance and reporting systems, which could result in regulatory penalties in the applicable jurisdiction;
- fluctuations in currency exchange rates;
- reduced protections for intellectual property rights;
- adverse labor laws;
- outbreak of hostilities; and
- potentially adverse tax consequences arising from compliance with foreign laws and regulations to which the Combined Company s international subsidiaries are subject.

In many countries, the laws and regulations applicable to the securities and financial services industries are uncertain and evolving, and it may be difficult for the Combined Company to determine the exact requirements of local laws in every market. The Combined Company s inability to remain in compliance with local laws and regulations in a particular foreign market could have a significant and negative effect not only on its businesses in that market but also on its reputation generally. If the Combined Company is unable to manage any of these risks effectively, its business could be adversely affected.

***If the value of the dollar against the other currencies in which the Combined Company pays expenses continues to decline or if the value of the dollar against the other currencies in which the Combined Company earns revenues improves dramatically, the Combined Company s financial results could suffer.***

Because the Combined Company s business will be global, dramatic exchange rate fluctuations will be able to impact its results. Significant movements in the U.S. dollar against other currencies, including the Euro and the British pound, in which the Combined Company will pay expenses or earn profits, may have an adverse effect on its financial results. Potential movements in the U.S. dollar against other currencies in which the Combined Company will earn revenues could also adversely affect its financial results.

***The Combined Company is expected to be leveraged, which could adversely affect its ability to raise additional capital to fund its operations, limit its ability to react to changes in the economy or its industry, expose it to interest rate risk and prevent it from meeting its obligations under its indebtedness.***

The Combined Company is expected to be leveraged and have approximately $150 million of indebtedness, which is expected to be with third-party institutions and contain covenants that limit the Combined Company s ability to take selected actions or set financial tests for its business. These covenants could limit the Combined Company s ability to take advantage of certain business opportunities that may arise. In addition, if the Combined Company is unable to maintain compliance with these covenants, the holders of such indebtedness could declare a default, thereby causing the debt to become immediately due and payable at a premium. If a default were to occur and the Combined Company were unable to meet its obligations, it would be forced to restructure or refinance its indebtedness, sell additional equity or sell assets.

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The Combined Company s indebtedness could have important consequences for its stockholders, including:

- it may limit, along with the financial and other restrictive covenants in the Combined Company s indebtedness, among other things, its ability to borrow money, dispose of assets or sell equity for its working capital, capital expenditures, dividend payments, debt service requirements, strategic initiatives or other purposes;

- it may limit the Combined Company s flexibility in planning for, or reacting to, changes in its operations or business;

- the Combined Company may be more highly leveraged than some of its competitors, which may place it at a competitive disadvantage;

- it may make the Combined Company more vulnerable to downturns in its business or the economy; and

- there would be a material adverse effect on the Combined Company s business, financial condition and results of operations if it were unable to service its indebtedness or obtain additional financing, as needed.

***The Combined Company may not be able to obtain additional financing, if needed, on terms that are acceptable to it, which could prevent it from developing or enhancing its business, taking advantage of future opportunities or responding to competitive pressure or unanticipated requirements.***

The Combined Company will be dependent upon the availability of adequate funding and sufficient regulatory and clearing capital. Clearing capital is the amount of cash, guarantees or similar collateral that the Combined Company must provide or deposit with its third-party clearing organizations in support of its obligations under contractual clearing arrangements with these organizations. Historically at BGC Partners, these needs have been satisfied from internally generated funds and capital contributions by limited partners of Cantor. Because each of BGC U.S. and BGC Global is expected to distribute, on a quarterly basis, all of its net income to its limited partners, the Combined Company may not have sufficient internally generated funds and may need to raise additional funds. If for any reason the Combined Company needs to raise additional funds, including in order to meet increased clearing capital requirements arising from growth in its brokerage business or otherwise, the Combined Company may not be able to obtain additional financing when needed. If the Combined Company cannot raise additional funds on acceptable terms, the Combined Company may not be able to develop or enhance its business, take advantage of future opportunities or respond to competitive pressure or unanticipated requirements.

***The Combined Company and the brokerage and financial services industry in general face substantial litigation and regulatory risks, and the Combined Company may face damage to its professional reputation and legal liability if its services are not regarded as satisfactory or for other reasons, all of which could adversely affect the Combined Company s revenues and as a result could have a materially adverse effect on its business, financial condition and results of operations.***

Many aspects of the Combined Company s business involve substantial risks of liability and, in the normal course of business, the businesses that will comprise the Combined Company have been a party to lawsuits, arbitrations, investigations and other actions involving primarily claims for damages. Regulatory inquiries and subpoenas or other requests for information or testimony in connection with litigation may cause the Combined Company to incur significant expenses, including fees for legal representation and fees associated with document production. The risks associated with such potential liabilities often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. The expansion of the Combined Company s business, including the expansion into new areas, imposes additional risks of liability. A settlement of, or judgment related to, any such claims or litigation, arbitration, investigation or other action could result in civil or criminal liability, fines, limitations on business activities and other sanctions and otherwise have a material adverse effect on the Combined Company s results of operations and financial condition. Any such action could also cause the Combined Company significant reputational harm, which, in turn, could seriously harm its business and prospects. In addition, regardless of the outcome of these lawsuits, arbitrations,

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investigations and other actions, the Combined Company may incur significant legal and other costs, including substantial management time, dealing with such matters, even if the Combined Company is not a party to the litigation or a target of the inquiry.

As a brokerage and financial services firm, the Combined Company will depend to a large extent on its relationships with its customers and its reputation for integrity and high-caliber professional services to attract and retain customers. As a result, if the Combined Company s customers are not satisfied with the Combined Company s services, such dissatisfaction may be more damaging to its business than to other types of businesses. Substantial legal liability or significant regulatory action against the Combined Company could adversely affect its revenues and, as a result, could have a material adverse effect on its business, financial condition and results of operations or cause significant reputational harm to the Combined Company, which could seriously harm its business and prospects. See Information About BGC Partners Business Legal Proceedings, Item 3. Legal Proceedings, in eSpeed s Annual Report on Form 10-K/A for the fiscal year ended December 31, 2006, and Item 5. Legal Proceedings, in eSpeed s Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, which are incorporated herein by reference.

***Extensive regulation of the Combined Company s businesses will limit its activities and will result in ongoing exposure to the potential for significant penalties, including fines or limitations on the Combined Company s ability to conduct its businesses.***

Firms in the financial services industry, including the Combined Company s businesses, have experienced increased scrutiny in recent years and penalties and fines sought by regulatory authorities, including the SEC, FINRA, state securities commissions, state attorneys general and the FSA, have increased accordingly. This regulatory and enforcement environment has created uncertainty with respect to a number of transactions that historically had been entered into by financial services firms and that were generally believed to be permissible and appropriate.

The financial services industry, including the Combined Company business, is subject to extensive regulation. The Combined Company and its subsidiaries will be subject to regulation by governmental and self- regulatory organizations in the jurisdictions in which they operate around the world. Many of these regulators, including U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or suspension or expulsion. From time to time, associated persons of the businesses that will comprise the Combined Company have been and are subject to periodic investigations which have and may result in disciplinary actions by the SEC, self-regulatory organizations and state securities administrators. Currently, the businesses that will comprise the Combined Company and certain other inter-dealer brokers are being investigated by the SEC with respect to trading practices. See Information About BGC Partners Business Legal Proceedings. In addition, self-regulatory organizations such as FINRA and the NFA, along with statutory bodies such as the SEC and the FSA, require strict compliance with their rules and regulations. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who will deal with the Combined Company and are not designed to protect the Combined Company s stockholders. These regulations will often serve to limit the Combined Company s activities, including through capital, customer protection and market conduct requirements.

Changes in legislation and in the rules and regulations promulgated by the SEC, the CFTC, the U.S. Department of Treasury, which we refer to as the Treasury, the FSA and other domestic and international regulators and self-regulatory organizations, as well as changes in the interpretation or enforcement of existing laws and rules, often directly affect the method of operation and profitability of broker-dealers and could result in restrictions in the way the Combined Company conducts its business. For example, the U.S. Congress, the Treasury, the Board of Governors of the Federal Reserve System and the SEC are continuing to review the nature and scope of their regulation and oversight of the government securities markets and U.S. markets. In Europe, the implementation of the Markets in Financial Instruments Directive in Europe, which we refer to as the MIFID, in November 2007 will involve wide-ranging changes to European financial services regulation. Future legislation and/or regulation, and uncertainties resulting from the possibility of legislation and/or regulation, could adversely impact the Combined Company s business. Failure to comply with any of these laws, rules or regulations could result in fines, limitations on business activity, suspension or expulsion from the industry, any of which could have a material adverse effect upon the Combined Company.

In addition, financial services firms are subject to numerous conflicts of interests or perceived conflicts, including for example principal trading and trading to make markets. The businesses that will comprise the Combined Company have adopted various policies, controls and procedures to address or limit actual or perceived conflicts and the Combined Company will regularly seek to review and update its policies, controls and procedures. However, these policies, controls and procedures may result in increased costs and additional operational personnel. Failure to adhere to these policies, controls and procedures may result in regulatory sanctions or customer litigation.

***A portion of the Combined Company s revenues will be derived from its sale of market data to third parties, and a decline in customer purchases or adverse new legislation or regulation could have an adverse effect on the Combined Company s business.***

A portion of the Combined Company s revenues, 2% on a pro forma combined basis for the year ended December 31, 2006, was derived from the sale of market data to third parties. BGCantor Market Data (formerly Cantor Market Data) is the exclusive source of real-time proprietary pricing and other data derived through BGC Partners and eSpeed for U.S. and European securities and derivatives. If customers cease buying data or making payments, or if new legislation or regulation were enacted affecting the Combined Company s right to sell or distribute its market data, it could have an adverse effect on the Combined Company s business.

***The Combined Company s revenues and profitability could be limited or otherwise adversely affected by pricing plans relating to commissions and fees on its trading platform.***

The businesses that will comprise the Combined Company negotiate from time to time with certain customers (including many of these businesses largest customers) to enter into customized volume discount pricing plans. While the pricing plans are designed to encourage customers to be more active on what will be the Combined Company s electronic trading platform, they will limit the amount of commissions payable to the Combined Company by certain of its most active customers for certain products, which could limit the Combined Company s revenues and constrain its profitability.

***Reduced spreads in securities pricing, levels of trading activity and trading through market makers and/or specialists could materially adversely affect the Combined Company s business, financial condition and results of operations.***

Computer-generated buy/sell programs and other technological advances and regulatory changes in the marketplace may continue to tighten securities spreads. In addition, new and enhanced alternative trading systems, such as electronic communications networks, have emerged as an alternative for individual and institutional investors, as well as broker-dealers. As such systems do not direct trades through market makers, their use could result in reduced revenues for the Combined Company. In addition, reduced trading levels could lead to lower revenues which could materially adversely affect the Combined Company s business, financial condition and results of operations.

***The Combined Company may not be able to protect its intellectual property rights or may be prevented from using intellectual property necessary for its business.***

The Combined Company s success will be dependent, in part, upon its intellectual property. BGC Partners and eSpeed have generally relied, and the Combined Company will generally rely, primarily on trade secret, contract, copyright, trademark and patent law to establish and protect their rights to their proprietary technologies, methods and products. It is possible that third parties may copy or otherwise obtain and use the

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Combined Company s proprietary technologies without authorization or otherwise infringe on its rights. We cannot assure you that any of the rights granted under any patent, copyright or trademark that the Combined Company may obtain will protect its competitive advantages. In addition, the laws of some foreign countries may not protect the Combined Company s proprietary rights to the same extent as the laws in the United States. The Combined Company may also face claims of infringement that could interfere with its ability to use technology that is material to its business operations and limitations or restrictions on the distribution of some of the market data generated by the Combined Company s brokerage desks. This may limit the comprehensiveness and quality of the data the Combined Company is able to distribute or sell.

In the future, the Combined Company may have to rely on litigation to enforce its intellectual property rights, protect its trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such claims or litigation, whether successful or unsuccessful, could result in substantial costs and the diversion of resources and the attention of management, any of which could negatively affect the Combined Company s business. Responding to these claims could also require the Combined Company to enter into royalty or licensing agreements with the third parties claiming infringement. Such royalty or licensing agreements, if available, may not be available on terms acceptable to the Combined Company.

Intellectual property rights of third parties may have an important bearing on the Combined Company s ability to offer certain of its products and services. Although BGC Partners and eSpeed have taken, and, after the merger, the Combined Company will take, steps to protect themselves, there can be no assurance that BGC Partners and eSpeed are or the Combined Company will be aware of all patents or copyrights containing claims that may pose a risk of infringement by the Combined Company products and services. eSpeed is currently defending a patent infringement claim, which could have a material adverse effect on the Combined Company s business.

In addition, in the past several years, there has been a proliferation of so-called business method patents applicable to the computer and financial services industries. There has also been a substantial increase in the number of such patent applications filed. Under current law, U.S. patent applications remain secret for 18 months and may, depending upon where else such applications are filed, remain secret until a patent is issued. In light of these factors, it is not economically practicable to determine in advance whether our products or services may infringe the present or future patent rights of others. Although BGC Partners and eSpeed have taken, and, after the merger, the Combined Company will take, steps to protect themselves, the Combined Company may not be able to protect its technology from disclosure or from other developing technologies that are similar or superior to its technology.

***If the Combined Company is unable to protect the intellectual property rights it owns, its ability to operate electronic marketplaces may be materially adversely affected.***

The Combined Company s business will be dependent on proprietary technology and other intellectual property rights. We cannot guarantee that the concepts which are the subject of the patents and patent applications that the Combined Company will own are patentable or that issued patents are or will be valid and enforceable or that such concepts will be marketable or profitable for the Combined Company s business. Where patents are granted in the United States, 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 the Combined Company s issued patents will be valid and enforceable, or that third parties competing or intending to compete with the Combined Company will not infringe any of these patents. Despite precautions BGC Partners, eSpeed or Cantor has taken or that the Combined Company may take to protect the intellectual property rights that will be owned by the Combined Company, it is possible that third parties may copy or otherwise obtain and use the Combined Company s proprietary technology without authorization. It is also possible that third parties may independently develop technologies similar to the Combined Company. It may be difficult for the Combined Company to monitor unauthorized use of its proprietary technology and intellectual property rights. We cannot assure you that the steps the Combined Company will take will prevent misappropriation of its technologies or intellectual property rights.

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***If the Combined Company s software licenses from third parties are terminated or adversely changed or amended or if any of these third parties were to cease doing business, the Combined Company s ability to operate its business may be materially adversely affected.***

BGC Partners and eSpeed currently license and after the merger the Combined Company will license database and other software from third parties, much of which is integral to our systems and the Combined Company s business. The licenses are terminable if the Combined Company breaches its obligations under the license agreements. If any material relationships were terminated or adversely changed or amended or if any of these third parties were to cease doing business, the Combined Company may be forced to spend significant time and money to replace the licensed software, and the Combined Company s ability to operate its business may be materially adversely affected.

Although the Combined Company will take steps to locate replacements, there can be no assurance that the necessary replacements will be available on reasonable terms, if at all.

***The financial markets in which the Combined Company will operate are generally affected by seasonality which could have a material adverse effect on the Combined Company s financial performance in a given period.***

Traditionally, the financial markets around the world experience lower volume during the summer and at the end of the year due to a general slowdown in the business environment and, therefore, the Combined Company s transaction volume levels may decrease during those periods. The timing of holidays also affects transaction volume. These factors could have a material adverse effect on the Combined Company s financial performance in a given period.

***The Combined Company will operate in a rapidly evolving business environment. If the Combined Company is unable to adapt its business effectively to keep pace with these changes, the Combined Company s ability to succeed will be adversely affected, which could have a material adverse effect on its business, financial condition and results of operations.***

The pace of change in the industry in which the Combined Company will operate is extremely rapid. Operating in such a rapidly changing business environment involves a high degree of risk. The Combined Company s ability to succeed will depend on its ability to adapt effectively to these changing market conditions. If the Combined Company is unable to keep up with rapid technological changes, it may not be able to compete effectively.

To remain competitive, the Combined Company must continue to enhance and improve the responsiveness, functionality, accessibility and features of its proprietary software, network distribution systems and technologies. The Combined Company s business environment is characterized by rapid technological changes, changes in use and customer requirements and preferences, frequent product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render its existing proprietary technology and systems obsolete. The Combined Company s success will depend, in part, on its ability to:

- develop, license and defend intellectual property useful in its business;
- enhance its existing services;
- develop new services and technologies that address the increasingly sophisticated and varied needs of the Combined Company s existing and prospective customers;
- respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis;
- respond to the demand for new services, products and technologies on a cost-effective and timely basis; and

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adapt to technological advancements and changing standards to address the increasingly sophisticated requirements and varied needs of its customers and prospective customers.

There can be no assurance that the Combined Company will be able to respond in a timely manner to changing market conditions or customer requirements. 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 the Combined Company to devote substantial resources to modify, adapt and defend its technology. There can be no assurance that the Combined Company will successfully implement new technologies or adapt its proprietary technology and transaction-processing systems to customer requirements or emerging industry standards, or that the Combined Company will be able to successfully defend any challenges to any technology it develops. Any failure on the part of the Combined Company to anticipate or respond adequately to technological advancements, customer requirements or changing industry standards, or any significant delays in the development, introduction or availability of new services, products or enhancements, could have a material adverse effect on the Combined Company s business, financial condition and results of operations.

***The Combined Company s networks and those of its third-party service providers may be vulnerable to security risks, which could make the Combined Company s customers hesitant to use its electronic marketplaces.***

We expect the secure transmission of confidential information over public networks to be a critical element of the Combined Company s operations. The Combined Company s networks, those of its third-party service vendors, including Cantor and associated clearing corporations, and the Combined Company s customers may be vulnerable to unauthorized access, computer viruses and other security problems. Persons who circumvent security measures could wrongfully use the Combined Company s information or cause interruptions or malfunctions in its operations, which could make the Combined Company s customers hesitant to use its electronic marketplaces. The Combined Company 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.

***If the Combined Company experiences computer systems failures or capacity constraints, its ability to conduct its operations could be harmed.***

The Combined Company will internally support and maintain many of its computer systems and networks. The Combined Company s 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 its ability to conduct its operations. Although all of its business critical systems have been designed and implemented with fault tolerant and/or redundant clustered hardware and diversely routed network connectivity, the Combined Company s redundant systems or disaster recovery plans may prove to be inadequate. Although the Combined Company has three geographically disparate main data centers, they could be subject to failure due to environmental factors, power outage and other factors. Accordingly, the Combined Company may be subject to system failures and outages which might impact its revenues and relationship with customers. In addition, the Combined Company will be subject to risk in the event that systems of its partners, customers or vendors are subject to failures and outages.

The Combined Company is expected 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. The Combined Company s systems, or those of its third-party providers, may fail or operate slowly, causing one or more of the following:

unanticipated disruptions in service to its customers;

slower response times;

delays in its customers trade execution;

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- failed settlement of trades;
- incomplete or inaccurate accounting, recording or processing of trades;
- financial losses;
- litigation or other customer claims; and
- regulatory sanctions.

There can be no assurance that the Combined Company will not experience additional systems failures in the future from power or telecommunications failure, acts of God or war, terrorist attacks, human error, natural disasters, fire, power loss, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism and similar events. Any system failure that causes an interruption in service or decreases the responsiveness of the Combined Company s service, including failures caused by customer error or misuse of our systems, could damage its reputation, business and brand name.

***If the Combined Company fails to implement and maintain an effective internal control environment, its business and stock price could suffer.***

The Combined Company will be subject to the requirements of the Sarbanes-Oxley Act and the applicable SEC rules and regulations that require an annual management report on our internal controls over financial reporting. Such a report includes, among other matters, management s assessment of the effectiveness of our internal control over financial reporting, and an attestation report by our independent registered public accounting firm addressing these assessments.

In August 2007, eSpeed completed a restatement of its financial statements with respect to certain revenues and expenses related to a portion of the development of related party software, and in connection with that restatement, concluded that its internal control over financial reporting was not effective at December 31, 2006. In addition, eSpeed s independent registered public accounting firm issued a revised report concluding that eSpeed s internal control over financial reporting was not effective at December 31, 2006. While eSpeed has taken various remedial steps to improve its internal control over financial reporting, its management has not conducted an assessment of its internal control over financial reporting since eSpeed took those steps, nor has eSpeed requested or received from its independent registered public accounting firm a new report with respect to the effectiveness of its internal control over financial reporting as of any date subsequent to December 31, 2006.

BGC Partners internal controls over financial reporting are being evaluated. BGC Partners is not currently subject to the Sarbanes-Oxley Act. In November 2007, BGC Partners completed a restatement of its financial statements with respect to errors related to accounting for certain intercompany transactions between BGC Partners and certain affiliates. Also, in a previous filing, management of BGC Partners identified a material weakness in its internal control over financial reporting, as defined in the standards established by the Public Company Accounting Oversight Board, including the lack of a formal, documented closing process designed to identify key financial reporting risk.

The Combined Company cannot be certain as to its ability to comply with the requirements of the Sarbanes-Oxley Act. If the Combined Company cannot comply with the requirements of the Sarbanes-Oxley Act in a timely manner or with adequate compliance, it may be subject to sanctions or investigation by regulatory authorities, including the SEC or the Nasdaq Global Market. In addition, if a material weakness is identified, there can be no assurance that the Combined Company would be able to remediate such material weakness in a timely manner in future periods. Moreover, if the Combined Company is unable to assert that its internal control over financial reporting is effective in any future period (or if its independent auditors are unable to express an opinion on the effectiveness of its internal controls), it could lose investor confidence in the accuracy and completeness of its financial reports, which may have an a material adverse effect on the Combined Company s stock price.

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Compliance with the Sarbanes-Oxley Act may require significant expenses and management resources that would need to be diverted from the Combined Company s operations and could require a restructuring of its internal controls over financial reporting. Any such expenses, time reallocations or restructuring could have a material adverse effect on the Combined Company s operations.

***The Combined Company will be a holding company, and accordingly it will be dependent upon distributions from BGC U.S. and BGC Global to pay dividends, taxes and other expenses.***

Following the merger, the Combined Company will be a holding company with no independent means of generating revenues. Any dividends declared by the Combined Company and all applicable taxes payable in respect of the Combined Company s net taxable income, if any, are expected to be paid from distributions to the Combined Company from BGC U.S. and BGC Global. To the extent that the Combined Company needs funds to pay taxes on its share of BGC U.S. s and BGC Global s net taxable income, or if the Combined Company needs funds for any other purpose, and either BGC U.S. or BGC Global is restricted from making such distributions under applicable law or regulation, or is otherwise unable to provide such funds, it could materially adversely affect the Combined Company s business, financial condition and results of operations and its ability to declare dividends. In addition, any unanticipated accounting or other charges against net income could adversely affect the Combined Company s ability to declare dividends.

***While portions of the Combined Company s compensation structure will be variable, significant parts of the Combined Company s cost structure will be fixed, and if the Combined Company s revenues decline and the Combined Company is unable to reduce its costs in the amount that the Combined Company s revenues decline, its profitability could be materially adversely affected.***

While portions of the Combined Company s compensation structure will be variable, significant parts of the Combined Company s cost structure will be fixed. The Combined Company will base its overall cost structure on historical and expected levels of demand for the products and services of the businesses that will comprise the Combined Company. If demand for these products and services and the Combined Company s resulting revenues decline, the Combined Company may not be able to adjust its cost structure on a timely basis. If the Combined Company is unable to reduce its costs in the amount that the Combined Company s revenues decline, its profitability could be materially adversely affected.

***The market price of eSpeed Class A common stock has fluctuated and the market price of Combined Company Class A common stock may fluctuate in the future. In addition, future sales of shares of Combined Company Class A common stock, including in any public offering, could adversely affect the market price of Combined Company Class A common stock. eSpeed has also repurchased its shares from time to time, and, after the merger, the Combined Company may cease doing so at any time.***

The market price of eSpeed Class A common stock has fluctuated widely since its initial public offering in December 1999 and, after the merger, the market price of Combined Company Class A common stock may fluctuate widely, depending upon many factors, including the Combined Company s actual results of operations and perceived prospects, the prospects of the Combined Company s competition and of the financial marketplaces in general, differences between the Combined Company s actual financial and operating results and those expected by investors and analysts, changes in analysts recommendations or projections, seasonality, changes in general valuations for companies in the Combined Company s business segment, changes in general economic or market conditions and broad market fluctuations.

Future sales of the Combined Company s shares also could adversely affect the market price of its Class A common stock. Following the closing of the merger, we currently expect to conduct a primary and secondary offering of Class A common stock of the Combined Company. The timing, the size and the price of such offering have not yet been determined, any of which could adversely affect the market price of Combined Company Class A common stock. If the Combined Company s existing stockholders sell a large number of shares, or if the Combined

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Company issues a large number of shares of its common stock in connection with future acquisitions, strategic alliances, third-party investments and private placements or otherwise, the market price of Combined Company Class A common stock could decline significantly. Moreover, the perception in the public market that these stockholders might sell shares could depress the market price of Combined Company Class A common stock.

eSpeed has registered under the U.S. Securities Act of 1933, as amended, which we refer to as the Securities Act, 30,430,000 shares of Class A common stock, which are reserved for issuance upon exercise of options, restricted stock and other incentive compensation granted under its Long Term Incentive Plan. Following the merger, the Combined Company may register additional shares of Class A common stock under the Securities Act that become reserved for issuance under its Long Term Incentive Plan. These shares can be sold in the public market upon issuance, subject to restrictions under the securities laws applicable to resales by affiliates. In addition, eSpeed has registered under the Securities Act 425,000 shares of Class A common stock issuable under its stock purchase plan and 500,000 shares issuable under its 401(k) plan.

Since June 9, 2002, approximately 5.9 million shares of eSpeed Class A common stock that have been distributed to partners of Cantor as part of a deferred stock distribution by Cantor have been eligible for resale in the public market subject to Rule 144 under the Securities Act. The availability for sale of such number of shares may have an adverse effect on the market price of eSpeed Class A common stock.

Cantor will be able to exchange up to an aggregate of 20 million of its BGC Holdings limited partnership interests prior to the first anniversary of the completion of the merger for shares of Combined Company Class A common stock in connection with a broad-based public offering including all shares received upon such exchange, of Combined Company Class A common stock underwritten by a nationally recognized investment banking firm and all of its BGC Holdings limited partnership interests after the first anniversary of the completion of the merger. The BGC Holdings limited partnership interests that Cantor transfers to founding partners in redemption of their current limited partnership interests in Cantor at the time of the separation will be exchangeable for Combined Company common stock if Cantor reacquires such interests from the founding partners, in which case such interests will be exchangeable with the Combined Company for Combined Company Class A common stock or Combined Company Class B common stock, or Cantor determines that such interests can be exchanged by such founding partners with the Combined Company for Combined Company Class A common stock. Cantor expects to permit such exchanges from time to time, including with respect to 20% of the BGC Holdings founding partner interests held by each founding partner, and certain additional exchange rights for Messrs. Amaitis and Lynn immediately after the merger. See Certain Relationships and Related Transactions Before and After the Merger Exchangeability of Founding Partner Interests. Any working partner interests that are issued after the merger will not be exchangeable with the Combined Company unless otherwise determined by BGC Partners with the written consent of a BGC Holdings exchangeable limited partnership interest majority in interest.

The shares ultimately issuable pursuant to the BGC Holdings REUs (if exchangeable) and the BGC RSUs that may be issued upon the closing of the merger would be shares of Combined Company Class A common stock issued pursuant to the Long Term Incentive Plan or similar plan.

After the merger, we expect approximately 111,890,929 shares of Combined Company common stock will be reserved for issuance in connection with the exchange of the BGC Holdings exchangeable limited partnership interests, which will be entitled to registration rights under the terms of the separation registration rights agreement with Cantor that the Combined Company intends to assume in connection with the separation and the merger, and BGC Holdings founding partner interests (if exchangeable) and BGC Holdings REUs (if exchangeable). In addition, shares of Class A common stock issuable upon conversion of shares of Class B common stock held by Cantor are entitled to registration rights under a registration rights agreement entered into in connection with the formation of eSpeed, which we refer to as the formation registration rights agreement. In light of the number of shares of Combined Company Class A common stock issuable in connection with the full exchange of the BGC Holdings exchangeable limited partnership interests, BGC Holdings founding partner interests (if exchangeable), and BGC

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Holdings REUs (if exchangeable) the price of Combined Company Class A common stock may decrease and its ability to raise capital through the issuance of equity securities may be adversely impacted as these exchanges occur and transfer restrictions lapse.

In addition, the following table reflects the timetable for distributions by Cantor of shares of Combined Company Class A common stock that it holds or will hold in respect of the distribution rights that Cantor will provide to limited partners of Cantor in connection with the separation, assuming that the limited partners in Cantor were entitled to accelerated distribution of the shares underlying such distribution rights, as described under Certain Relationships and Related Transactions Before and After the Merger Continuing Interests in Cantor. All of these shares of Combined Company Class A common stock will be distributed by Cantor. Cantor expects to use shares of Combined Company Class A common stock received upon its conversion of Class B common stock, shares of Combined Company common stock received upon exchange of BGC Holdings exchangeable limited partnership interests and purchases of shares of Combined Company common stock in the open market to satisfy its distribution obligation under the distribution rights.

| **Anniversary of the merger** | **Number of shares of Combined Company Class A common stock that is expected to be distributed by Cantor to Cantor Partners in respect of the distribution rights** |
|---|---|
| 12 month | 7,693,500 |
| 18 month | 7,744,512 |
| 24 month | 7,744,512 |
| 30 month | 1,255,712 |
| 36 month | 1,255,712 |
| Total | 25,693,948 |

In addition to the table above, the managing general partner of Cantor will be able to grant earlier distribution of the shares in its discretion. After the one year anniversary of the merger, to the extent that earlier acceleration of distribution rights for the Combined Company s common stock is permitted for purposes of donating interests and/or distributed shares to charitable organizations, we anticipate that the charities receiving such donated shares would sell their holdings on the open market immediately after receipt.

In addition, eSpeed has issued shares of its Class A common stock, warrants and convertible preferred stock and granted registration rights in connection with certain of its strategic alliances. See Certain Relationships and Related Transactions Before and After the Merger.

During the year ended December 31, 2006, eSpeed repurchased an aggregate of 52,239 shares of its Class A common stock for a total of $0.5 million. The reacquired shares have been designated treasury shares and will be used for general corporate purposes. As of December 31, 2006, eSpeed s board of directors had authorized the repurchase of up to an additional $58.2 million of its outstanding Class A common stock. eSpeed and, after the merger, the Combined Company will consider making additional stock repurchases in 2008, but may cease making repurchases at anytime.

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**Risks Related to the Combined Company s Relationship with Cantor and Its Affiliates**

***Holders of Combined Company common stock will experience a reduction in their interest in the income distributed by BGC U.S. and BGC Global that is retained by the Combined Company upon the exchange of any BGC Holdings exchangeable limited partnership interest (or, if applicable, any BGC Holdings founding partner interest, BGC Holdings working partner interest or BGC Holdings REU interest) if, prior to such exchange, BGC Holdings distributes to its limited partners a greater share of the distributions BGC Holdings receives from BGC U.S. and BGC Global than the Combined Company distributes to its stockholders.***

There is no assurance that the Combined Company and BGC Holdings will distribute to their respective equity holders an equal proportion of their profits from BGC U.S. and BGC Global and we expect that in the future the Combined Company may reinvest in BGC U.S. and BGC Global, including for the business needs of BGC U.S. and BGC Global. See Related Agreements Separation Agreement Reinvestments in the Opcos; Pre-Emptive Rights; Distributions to Holders of BGC Partners Common Stock. Pursuant to the terms of the BGC Holdings limited partnership agreement, distributions by BGC Holdings to its partners may not be decreased below 100% of net income received by BGC Holdings from BGC U.S. and BGC Global (other than with respect to selected extraordinary items, such as the disposition directly or indirectly of partnership assets outside of the ordinary course of business) unless the Combined Company and Cantor agree otherwise. In addition, distributions by the Combined Company to its stockholders will be determined by the Combined Company board of directors. Accordingly, there is overlap in the entities and persons who will make the determination as to the timing and amount of distributions from BGC U.S. and BGC Global with those who have an ultimate interest in those distributions, namely, the founding/working partners, the restricted equity partners, Cantor and the Combined Company s stockholders.

If BGC Holdings distributes to its limited partners a greater share of income received from BGC U.S. and BGC Global than the Combined Company distributes to its stockholders, and then Cantor exercises its exchange right to acquire Combined Company Class B common stock or Combined Company Class A common stock, as applicable (or, to the extent then-exchangeable, a BGC Holdings founding partner interest, a restricted equity partner interest or a working partner interest is exchanged for Combined Company Class A common stock), then Cantor, such founding partner, such restricted equity partner, and/or such working partner, as the case may be, will receive a greater share of the income of BGC U.S. and BGC Global than they had prior to such distribution by BGC Holdings and such exchange. This results from Cantor, such founding partner, such restricted equity partner, and/or such working partner, prior to such exchange, receiving the benefit of the income of BGC U.S. and BGC Global in the form of a distribution from BGC Holdings, and Cantor, such founding partner, such restricted equity partner, and/or such working partner, after such exchange, receiving the benefit of the profits of BGC U.S. and BGC Global in the form of equity in the Combined Company, which retained a greater portion of its share of the income of BGC U.S. and BGC Global. Consequently, holders of Combined Company common stock as of the date of such exchange will experience a reduction in their interest in the profits previously distributed by BGC U.S. and BGC Global but retained by the Combined Company.

***The Combined Company will be controlled by Cantor, which will have potential conflicts of interest with the Combined Company and may exercise its control in a way that favors its interests to the Combined Company s detriment.***

***Cantor s Control***

Immediately after the separation and the completion of the merger, Cantor will effectively be able to exercise control over the Combined Company s management and affairs and all matters requiring stockholder approval, including the election of the Combined Company s directors and determinations with respect to acquisitions and dispositions, as well as material expansions or contractions of the Combined Company s business, entry into new lines of business and borrowings and issuances of Combined Company common stock or other securities. This control will be subject to the approval of the Combined Company s independent directors on those matters requiring such approval. Cantor s voting power may also have the effect of delaying or

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preventing a change of control of the Combined Company. Conflicts of interest may arise between the Combined Company and Cantor in a number of areas relating to the Combined Company s past and ongoing relationships, including:

- potential acquisitions and dispositions of businesses;
- the issuance or disposition of securities by the Combined Company;
- the election of new or additional directors to the Combined Company s board of directors;
- the payment of dividends by the Combined Company (if any) and distribution of profits by BGC U.S., BGC Global and/or BGC Holdings;
- business operations or business opportunities of the Combined Company and Cantor that would compete with the other party s business opportunities, including brokerage and financial services by the Combined Company and Cantor;
- labor, tax, employee benefits, indemnification and other matters arising from the separation or the merger;
- intellectual property matters;
- business combinations involving the Combined Company;
- the terms of the merger agreement and the related agreements we intend to enter into in connection with the merger and separation;
- conflicts between the Combined Company s agency trading for primary and secondary bond sales and Cantor s investment banking bond origination business;
- competition between the Combined Company s and Cantor s other equity derivatives and cash equity inter-dealer brokerage businesses; and
- the nature, quality and pricing of administrative services to be provided by Cantor and/or Tower Bridge.

The Combined Company also expects that Cantor will manage its ownership of the Combined Company so that it will not be deemed to be an investment company under the Investment Company Act, including by maintaining its voting power in the Combined Company above a majority absent an applicable exemption from the Investment Company Act. This may result in conflicts with the Combined Company, including those relating to acquisitions or offerings by the Combined Company involving issuances of common stock or securities convertible or exchangeable into shares of common stock that would dilute the voting power in the Combined Company of the holders of BGC Holdings exchangeable limited partnership interests.

In addition, Cantor has from time to time in the past considered possible strategic realignments of the business relationships that exist between and among Cantor and the businesses comprising the Combined Company and may do so in the future. Any future related party transactions or arrangements between the Combined Company and Cantor, until Cantor ceases to hold 5% of the Combined Company s voting power, will be subject to the prior approval by a majority of the Combined Company s independent directors, but generally will not otherwise require the separate approval of the Combined Company s stockholders, and if such approval were required, Cantor will retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders.

In addition, the service of officers or partners of Cantor as the Combined Company s executive officers and directors, and those persons ownership interests in and payments from Cantor, and its affiliates, could create conflicts of interest when the Combined Company and those directors or officers are faced with decisions that could have different implications for Cantor and the Combined Company. See Risks Related to the Combined Company s Business The Combined Company s ability to retain its key employees and the ability of certain

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key employees to devote adequate time to the Combined Company are critical to the success of the Combined Company s business, and failure to do so may adversely affect the Combined Company s revenues and as a result could materially adversely affect its business, financial condition and results of operations.

Agreements and other arrangements with Cantor, including the merger agreement and the separation agreement, may be amended upon agreement of the parties to those agreements upon approval of the Special Committee (if prior to the merger) or audit committee of the Combined Company (if after the merger). During the time that the Combined Company is controlled by Cantor, Cantor may be able to require the Combined Company to agree to amendments to these agreements. The Combined Company may not be able to resolve any potential conflicts and, even if it does, the resolution may be less favorable to it than if it were dealing with an unaffiliated party.

***Corporate Opportunities***

In order to address potential conflicts of interest between the Combined Company and Cantor and its representatives, the Combined Company certificate of incorporation will contain provisions regulating and defining the conduct of the Combined Company s affairs as they may involve Cantor and its representatives, and the Combined Company s powers, rights, duties and liabilities and those of its representatives in connection with its relationship with Cantor and its affiliates, officers, directors, general partners or employees. The Combined Company certificate of incorporation will provide that no Cantor Company (as defined below) or any of the representatives (as defined below) of a Cantor Company will owe any fiduciary duty to, nor shall any Cantor Company or any of their respective representatives be liable for breach of fiduciary duty to, the Combined Company or any of its stockholders. The corporate opportunity policy that will be included in the Combined Company certificate of incorporation is designed to resolve potential conflicts of interest between the Combined Company and Cantor and its representatives. The principles for defining such corporate opportunities and resolving such potential conflicts of interest, and the definitions of Cantor Company and representatives, are set forth under Description of the Combined Company Capital Stock Anti-Takeover Effects of the Combined Company Certificate of Incorporation and By-laws and Delaware Law Corporate Opportunity.

In addition, the Combined Company certificate of incorporation will provide that Cantor and its respective representatives will have no duty to refrain from:

- engaging in the same or similar business activities or lines of business as the Combined Company; or
- doing business with any of the Combined Company s clients or customers.

The limited partnership agreement for BGC Holdings will contain similar provisions with respect to the Combined Company and/or Cantor and their respective representatives, and the limited partnership agreements for BGC U.S. and BGC Global will contain similar provisions with respect to the Combined Company and/or BGC Holdings and their respective representatives.

If Cantor competes with the Combined Company, it could materially harm the Combined Company s business operations.

***Agreements between the Combined Company and Cantor are between related parties and the terms of these agreements may be less favorable to the Combined Company than those that the Combined Company could have negotiated with third parties.***

The Combined Company s relationship with Cantor results in agreements with Cantor that are between related parties. As a result, the prices charged to the Combined Company or by the Combined Company 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 less favorable to us than those that the Combined Company could have negotiated with third parties. For example, pursuant to the separation agreement, Cantor will have a right to be a customer of the Combined Company and to pay the lowest commissions paid by any other customer of the Combined Company, whether by volume, dollar or other applicable measure (except that this right will terminate upon the earlier of a change of control of Cantor and the last day of the calendar quarter during which Cantor represents one of the 15 largest customers of the Combined Company in terms of transaction volume). In addition, Cantor will have an unlimited right to internally use market data from BGCantor Market Data without any cost (although Cantor will not have the right to furnish such data to any third-party). Any future related party transactions or arrangements between the Combined Company and Cantor, until Cantor ceases to hold 5% of the Combined Company s voting power, will be subject to the prior approval by a majority of the Combined Company s independent directors, but generally will not otherwise require the separate approval of the Combined Company s stockholders, and if such approval were required, Cantor will retain sufficient voting power to provide any such requisite approval without the affirmative consent of the other stockholders. See Certain Relationships and Related Transactions Before and After the Merger Key Separation Agreements.

**Risks Related to the Combined Company s Capital Structure**

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

As of January 24, 2008, Cantor beneficially owned 87.1% of the Total Voting Power. Upon completion of the merger, Cantor will beneficially own approximately 88.2% of the combined voting power of all classes of Combined Company voting stock. As long as Cantor beneficially owns a majority of the combined voting power of Combined Company voting stock, it will have the ability, without the consent of the public stockholders, to elect all of the members of the Combined Company board of directors and to control the Combined Company s management and affairs. In addition, it will be able to determine the outcome of matters submitted to a vote of the Combined Company s stockholders for approval and will be able to cause or prevent a change of control of the Combined Company. In certain circumstances, the shares of Combined Company Class B common stock issued to Cantor may be transferred without conversion to Combined Company Class A common stock.

The holders of Combined Company Class A common stock and Class B common stock will have substantially identical rights, except that holders of Combined Company Class A common stock will be entitled to one vote per share, while holders of Combined Company Class B common stock will be entitled to 10 votes per share on all matters to be voted on by stockholders in general. These votes are controlled by Cantor and are not subject to conversion or termination by the Combined Company board of directors or any committee thereof, or any other stockholder or third-party. This differential in the voting rights could adversely affect the market price of Combined Company Class A common stock.

***Delaware law and the Combined Company certificate of incorporation may make a takeover of the Combined Company more difficult and dilute your percentage of ownership of Combined Company common stock.***

Provisions of Delaware law, such as its business combination statute, may have the effect of delaying, deferring or preventing a change of control of the Combined Company. In addition, the Combined Company certificate of incorporation will authorize the issuance of preferred stock, which the Combined Company board of directors can create and issue without prior stockholder approval and with rights senior to those of the Combined Company common stock, as well as warrants to purchase Combined Company common stock. Any such issuances would make a takeover of the Combined Company more difficult and may dilute your percentage ownership of Combined Company common stock. The Combined Company certificate of incorporation and the Combined Company by-laws will include provisions that 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 the Combined Company, even if such transactions would have significant benefits to its stockholders. As a result, these provisions could limit the price some investors might be willing to pay in the future for shares of Combined Company Class A common stock.

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

Stockholders may not be able to challenge decisions that have an adverse effect upon holders of Combined Company Class A common stock if the Combined Company 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 the Combined Company s 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.

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## FORWARD-LOOKING STATEMENTS

The information in this proxy statement contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. 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 e identify forward-looking statements.

The actual results of eSpeed, BGC Partners or the Combined Company and the outcome and timing of certain events may differ significantly from the expectations discussed in the forward-looking statements. Factors that might cause or contribute to such a discrepancy for eSpeed, BGC Partners and/or the Combined Company include, but are not limited to:

- the Combined Company s relationship with Cantor and its affiliates and any related conflicts of interest, competition for and retention of brokers and other managers and key employees;
- pricing and commissions and market position with respect to any of eSpeed s products and that of the Combined Company s respective competitors;
- the effect of industry concentration and consolidation;
- market conditions, including trading volume and volatility;
- economic or geopolitical conditions or uncertainties;
- the extensive regulation of the respective businesses and risks relating to compliance matters;
- factors related to specific transactions or series of transactions, including credit, performance and unmatched principal risk as well as counterparty failure;
- the costs and expenses of developing, maintaining and protecting intellectual property, including judgments or settlements paid or received in connection with intellectual property or employment or other litigation and their related costs and certain financial risks, including the possibility of future losses and negative cash flow from operations, risks of obtaining financing and risks of the resulting leverage, as well as interest and currency rate fluctuations;
- the ability to enter new markets or develop new products, trading desks, marketplaces or services and to induce customers to use these products, trading desks, marketplaces or services, to secure and maintain market share;
- the ability to enter into marketing and strategic alliances, and other transactions, including acquisitions, dispositions, reorganizations, partnering opportunities and joint ventures, and the integration of any completed transactions;
- the ability to hire new personnel;

the ability to expand the use of technology for screen-assisted, voice-assisted and fully electronic trading;

effectively manage any growth that may be achieved;

risks relating to the proposed merger, the separation and the relationship between the various entities;

financial reporting, accounting and internal control factors, including identification of any material weaknesses in the Combined Company s internal controls and the Combined Company s ability to prepare historical and pro forma financial statements and reports in a timely manner; and

other factors, including those that are discussed under Risk Factors to the extent applicable.

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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.

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## THE SPECIAL MEETING OF STOCKHOLDERS

### Time and Place of the Special Meeting

This proxy statement is first being furnished to our stockholders on or about February 12, 2008 as part of the solicitation of proxies by our board of directors for use at the special meeting of stockholders to be held at eSpeed, Inc., 499 Park Avenue, 3rd Floor, New York, New York on March 14, 2008, at 10:00 a.m. local time, or any adjournment or postponement thereof. The purpose of the special meeting is for our stockholders:

(1) To consider and vote upon a proposal to adopt the merger agreement, by and among BGC Partners, Cantor, eSpeed, BGC U.S., BGC Global and BGC Holdings pursuant to which, among other things, BGC Partners will be merged with and into eSpeed, and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger;

(2) To approve the amendment to the eSpeed certificate of incorporation, to be in effect as of the closing of the merger as part of the Combined Company certificate of incorporation, to authorize additional shares of Class A common stock;

(3) To approve the amendment to the eSpeed certificate of incorporation, to be in effect as of the closing of the merger as part of the Combined Company certificate of incorporation, effecting changes regarding corporate opportunities;

(4) To approve the amendment and restatement of the BGC Partners, Inc. Long Term Incentive Plan; and

(5) To transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

The eSpeed board of directors has unanimously approved the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, upon the recommendation by the Special Committee, and is submitting it to the stockholders for their adoption. Pursuant to the merger agreement, BGC Partners will be merged with and into eSpeed. The merger is described in this proxy statement, which you are urged to read carefully. In particular, the section of this proxy statement entitled Risk Factors contains a description of risks that you should consider in evaluating the proposed merger. A copy of:

- the merger agreement is attached to this proxy statement as Annex A;
- the form of separation agreement is attached to this proxy statement as Annex B;
- the form of BGC Holdings limited partnership agreement is attached to this proxy statement as Annex C;
- the form of BGC U.S. limited partnership agreement is attached to this proxy statement as Annex D;
- the form of BGC Global limited partnership agreement is attached to this proxy statement as Annex E;

the form of separation registration rights agreement is attached to this proxy statement as Annex F;

the form of administrative services agreement is attached to this proxy statement as Annex G;

the form of Tower Bridge administrative services agreement is attached to this proxy statement as Annex H;

the form of Participation Plan is attached to this proxy statement as Annex I;

the fairness opinion of Sandler O Neill is attached to this proxy statement as Annex J;

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the form of Combined Company certificate of incorporation is attached to this proxy statement as Annex K;

the form of Combined Company by-laws is attached to this proxy statement as Annex L; and

the form of amended and restated BGC Partners, Inc. Long Term Incentive Plan is attached to this proxy statement as Annex M.

**Recommendations**

After careful consideration and upon the unanimous recommendation of the Special Committee, the eSpeed board of directors unanimously approved the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, determined that the transactions contemplated by the merger agreement are fair to, advisable and in the best interests of eSpeed and the holders of shares of eSpeed Class A common stock and Class B common stock and recommended that eSpeed stockholders adopt the merger agreement and the transactions contemplated thereby.

The board of directors unanimously recommends that you vote:

(1) **FOR** the proposal to adopt the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger;

(2) **FOR** the approval of the amendment to the eSpeed certificate of incorporation to authorize additional shares of Class A common stock;

(3) **FOR** the approval of the amendment to the eSpeed certificate of incorporation effecting changes regarding corporate opportunities; and

(4) **FOR** the approval of the amended and restated BGC Partners, Inc. Long Term Incentive Plan.

**Method of Voting; Record Date; Stock Entitled to Vote; Quorum**

eSpeed stockholders are being asked to vote shares held directly in their name as stockholders of record and any shares they hold in street name as beneficial owners. Shares held in street name are shares held in a stock brokerage account or shares held by a bank or other nominee.

The method of voting differs for shares held as a record holder and shares held in street name. Record holders will receive proxy cards. Holders of shares in street name will receive voting instruction cards in order to instruct their nominees how to vote.

Proxy cards and voting instruction cards are being solicited on behalf of the eSpeed board of directors from eSpeed stockholders in favor of the matters to be considered at the special meeting.

eSpeed stockholders may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, stockholders who hold shares in more than one brokerage account may receive a separate voting instruction card for each brokerage account in which shares are held. Stockholders of record whose shares are registered in more than one name will receive more than one proxy card.

Only eSpeed stockholders at the close of business on January 31, 2008, the record date for the special meeting, are entitled to receive notice of, and vote at, the special meeting. On the record date, there were 31,300,863 shares of eSpeed Class A common stock and 19,497,800 shares of eSpeed Class B common stock issued and outstanding. Holders of shares of eSpeed Class A common stock on the record date are each entitled

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to one vote per share of eSpeed Class A common stock and holders of shares of eSpeed Class B common stock on the record date are each entitled to 10 votes per share of eSpeed Class B common stock on the matters to be considered at the special meeting.

A quorum of the holders of the outstanding shares of our Class A common stock and Class B common stock, treated as one class, must be present for the special meeting to be held. A quorum is present if a majority of the Total Voting Power is present, in person or represented by proxy, at the special meeting.

Abstentions and broker non-votes count as present for establishing the quorum described above. A broker non-vote may occur on a proposal when a broker is not permitted to vote on that proposal without instructions from the beneficial owner of the shares. Shares held by eSpeed in its treasury do not count toward the quorum.

**Required Vote**

***Merger Agreement***

Stockholders holding a majority of the Total Voting Power must vote **FOR** the adoption of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, for the merger agreement and the transactions contemplated thereby to be adopted.

See Voting Commitment.

***Other Matters to Be Considered at the Special Meeting***

The affirmative vote of the holders of a majority of the Total Voting Power present in person or represented by proxy at the special meeting and entitled to vote is required to approve the other matters to be considered at the special meeting.

**Voting Commitment**

Under the terms of the merger agreement, Cantor, which as of January 24, 2008 held 87.1% of the Total Voting Power, has agreed to vote its shares in favor of the adoption of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, so long as the eSpeed board of directors and the Special Committee recommend that eSpeed s stockholders vote in favor of the adoption of the merger agreement and the transactions contemplated thereby. Accordingly, a sufficient number of the votes required to adopt the merger agreement and the transactions contemplated thereby is assured so long as the eSpeed board of directors and the Special Committee recommend that the stockholders of eSpeed vote in favor of the adoption of the merger agreement and the transactions contemplated thereby.

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## PROPOSAL 1 THE MERGER

### History of eSpeed

We are a leader in developing and deploying electronic marketplaces and related trading technology that offers traders access to the most efficient, innovative and neutral financial markets in the world. We commenced operations in March 1999 as a division of Cantor Fitzgerald Securities, a subsidiary of Cantor. Our initial focus was the global government bond markets of the world, specifically in the United States, Europe, Canada and Japan. Our relationships with Cantor and with BGC Partners, and affiliates of BGC Partners, have enabled us to become an innovator in what today we consider our core electronic marketplaces, the government bond markets of the world. We seek to offer an electronic trading platform for a full range of financial products currently traded in today s global capital markets, which includes fully electronic trading of wholesale fixed income, foreign exchange, futures, options and equities and integrated hybrid voice-assisted trading in treasury-spreads, off-the-run and when issued U.S. Treasury securities, repurchase agreements and U.S. Government Agency Securities, as well as other products.

### History, Formation, Separation and Pre-Merger Structure of BGC Partners

BGC Partners is a Delaware corporation formed on November 29, 2006 by Cantor. BGC Partners conducts substantially all of its business through its subsidiaries and prior to the separation contemplated by the separation agreement had no substantial operations.

BGC Partners is a leading full-service inter-dealer broker, providing integrated voice and electronic execution brokerage services to many of the world s largest and most creditworthy banks that regularly trade in capital markets, brokerage houses and investment banks for a broad range of global financial products, including fixed income securities, foreign exchange, equity derivatives, credit derivatives, futures, structured products and other instruments, as well as market data products for selected financial instruments. Named in honor of B. Gerald Cantor, Cantor s founder and a pioneer in screen brokerage services and fixed income market data products, BGC Partners has offices in London, New York, Toronto, Mexico City, Paris, Nyon, Copenhagen, Hong Kong, Tokyo, Beijing (representative office), Singapore, Sydney, Seoul and Istanbul. BGC Partners principal executive offices are at 199 Water Street, New York, New York 10038 and its telephone number is (646) 346-7000. The Internet address for BGC Partners is *http://www.bgcpartners.com*.

Pursuant to the separation agreement which will be entered into prior to the closing of the merger, Cantor will transfer the transferred assets and transferred liabilities to BGC Partners. As an initial step to combining BGC Partners and eSpeed, Cantor will separate the BGC business from the remainder of its businesses pursuant to a separation agreement. Specifically, Cantor will separate the BGC business so that (1) BGC U.S. will hold the U.S. businesses, and (2) BGC Global will hold the non-U.S. businesses. Cantor will hold interests in the Opcos through a combination of its equity interest in BGC Partners and its equity interest in BGC Holdings. In addition, prior to the completion of the merger, Cantor will redeem all of the Cantor limited partnership interests held by founding partners in exchange for (1) a portion of the BGC Holdings limited partnership interests that Cantor will receive in the separation and (2) distribution rights in respect of BGC Partners interests and, after the merger, Combined Company Class A common stock.

BGC Partners will be converted from a corporation to a limited liability company for tax purposes prior to the merger. In the conversion of BGC Partners from a corporation to a limited liability company, each share of Class A common stock will convert into a Class A unit, each share of Class B common stock will convert into a Class B unit and the share of Class C common stock will convert into a Class C unit.

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The following diagram illustrates the separation and the redemption but does not reflect the various subsidiaries of BGC U.S., BGC Global, BGC Holdings or Cantor.

To acquire BGC Partners, eSpeed has agreed to issue in the merger an aggregate of 133,860,000 shares of Combined Company common stock and rights to acquire shares of Combined Company common stock. Of these shares and rights to acquire shares, 56,000,000 will be in the form of Combined Company Class B common stock or rights to acquire Combined Company Class B common stock, and the remaining 77,860,000 will be in the form of Combined Company Class A common stock or rights to acquire Combined Company Class A common stock. Current stockholders of the Company will hold the same number and class of shares of Combined Company common stock that they held in the Company prior to the merger. As of January 24, 2008, eSpeed stockholders (excluding Cantor) held approximately 30.0 million shares and options to purchase shares of eSpeed common stock which represented 58.6% of the economics of eSpeed and 12.9% of the voting rights of eSpeed as of such date, and is expected to represent 41.2% of the economics of the Combined Company and 11.8% of the voting rights of the Combined Company immediately after the merger. eSpeed stockholders, other than Cantor and its affiliates, will have a reduced economic and voting interest in the Combined Company after the merger, which will be further reduced upon exchange of BGC Holdings limited partnership interests exchangeable for Combined Company Class A common stock or Combined Company Class B common stock. Following the completion of the merger, it is expected that the Combined Company Class A common stock will trade on the NASDAQ Global Market under the symbol BGCP.

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After the merger, the combined businesses of the Company and BGC Partners will be held in two operating subsidiaries: (1) BGC U.S., which will hold the U.S. businesses, and (2) BGC Global, which will hold the non-U.S. businesses.

As a result of the merger:

- the stockholders of eSpeed as of immediately prior to the merger (including Cantor) will own equity interests representing approximately 28.0% of the economics of BGC U.S. and BGC Global after the merger; and

- the equity owners of BGC U.S. and BGC Global as of immediately prior to the merger (including Cantor and the founding partners) will own equity interests representing approximately 72.0% of the economics of BGC U.S. and BGC Global after the merger.

The equity interests in BGC U.S. and BGC Global will be held by the Combined Company and by BGC Holdings. Immediately after the merger, the Combined Company will hold approximately 39.8% of the equity in BGC U.S. and BGC Global, and BGC Holdings will hold approximately 60.2% of the equity in BGC U.S. and BGC Global.

The stockholders of eSpeed as of immediately prior to the merger will hold their interests in BGC U.S. and BGC Global after the merger through the Combined Company. Cantor, which is currently the sole stockholder of BGC Partners, will hold its interests in BGC U.S. and BGC Global through a combination of Combined Company common stock and interests in BGC Holdings. In addition, prior to the merger, Cantor will provide a portion of its interest in BGC Holdings to the founding partners and as discussed above, concurrently with the merger, BGC Holdings will issue REUs to certain employees of BGC and other persons who provide services to BGC.

Concurrently with the merger, and, in the future, as part of its compensation process, BGC Holdings expects to also issue certain REUs to certain executive officers and employees of BGC Partners and other persons who provide services to BGC Partners. See Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges and Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Partner Obligations. In addition, BGC Partners expects to issue to certain employees and other persons who provide services to BGC certain BGC RSUs. The aggregate value of such REUs and BGC RSUs granted prior to the consummation of the merger (a) with respect to the fiscal year ended December 31, 2007, will be no greater than $22,000,000 and (b) with respect to the fiscal year ended December 31, 2008, will be no greater than $22,000,000, and for each of clauses (a) and (b), each such right to receive one BGC RSU or REU will be valued for these purposes at the closing price of eSpeed Class A common stock on the date of the grant of the right. Furthermore, BGC Holdings is authorized to issue additional REUs or BGC RSUs in connection with acquisitions and the hiring of new employees prior to the merger. These issuances would be in addition to the 133,860,000 shares of Combined Company common stock and rights to acquire common stock to be issued in the merger and be dilutive to all stockholders. BGC recently entered into a definitive agreement to acquire the business of Radix Energy (Singapore) Pte Ltd ( Radix ), an over-the-counter energy broker based in Singapore. As partial consideration for the acquisition, BGC agreed to pay $5 million in the form of REUs, which will be satisfied by the issuance of 526,315 REUs upon the closing of the merger. The number of REUs was determined based on a share price of $9.50, which was the approximate price per share of eSpeed s Class A common stock during the period in which the parties reached agreement in principle regarding a transaction.

The following diagram illustrates the merger of BGC Partners and eSpeed. The following diagram does not reflect the various subsidiaries of the Combined Company, BGC U.S., BGC Global, BGC Holdings or Cantor or the results of any exchange of BGC Holdings exchangeable limited partnership interests or, to the extent applicable, BGC Holdings founding partner interests or BGC Holdings REU interests. See Structure of the Combined Company for a description of the structure of the Combined Company.

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**Structure of the Combined Company**

The merger agreement provides that BGC Partners will be merged with and into eSpeed, with eSpeed surviving the merger. The Combined Company will be renamed BGC Partners, Inc. Following the completion of the merger, it is expected that the Combined Company Class A common stock will trade on the NASDAQ Global Market under the symbol BGCP.

To acquire BGC Partners, eSpeed has agreed to issue in the merger an aggregate of 133,860,000 shares of Combined Company common stock and rights to acquire shares of Combined Company common stock. Of these shares and rights to acquire shares, 56,000,000 will be in the form of Combined Company Class B common stock or rights to acquire Combined Company Class B common stock, and the remaining 77,860,000 will be in the form of Combined Company Class A common stock or rights to acquire Combined Company Class A common stock. Specifically, in the merger:

- each of the BGC Partners Class A units, 21,968,971 of which will be outstanding immediately prior to the merger, will be converted into Combined Company Class A common stock (and the issued and outstanding shares of eSpeed Class A common stock and options to purchase eSpeed Class A common stock will remain outstanding as Combined Company Class A common stock), 32,451,646 (including 1,150,783 of stock options) of which were issued and outstanding as of January 24, 2008;

- all of the issued and outstanding shares of eSpeed Class B common stock will remain outstanding as Combined Company Class B common stock or, at Cantor s election prior to the closing of the merger, be converted into shares of Combined Company Class A common stock, 19,497,800 of which were issued and outstanding as of January 24, 2008;

- the one BGC Partners Class C unit which will be issued and outstanding immediately prior to the merger will be converted into 100 shares of Combined Company Class B common stock or, at Cantor s election prior to the closing of the merger, 100 shares of Combined Company Class A common stock; and

- (1) the 68,073,666 units of BGC Holdings exchangeable limited partnership interests which will be issued and outstanding immediately prior to the merger will be exchangeable with the Combined Company for Combined Company Class B common stock or Combined Company Class A common stock in accordance with the terms of the BGC Holdings limited partnership agreement and (2) the 43,817,263 units of BGC Holdings founding partner interests which will be issued and outstanding immediately prior to the merger will not be exchangeable with the Combined Company unless otherwise determined by Cantor in accordance with the terms of the BGC Holdings limited partnership agreement.

Cantor currently intends to elect to have the BGC Partners Class B units and the BGC Partners Class C unit converted in the merger into Combined Company Class A common stock.

Concurrently with, or immediately after the merger, the Combined Company will contribute its assets and liabilities to BGC U.S. and BGC Global in exchange for limited partnership interests in these entities. As a result of this contribution, the Combined Company will receive limited partnership interests in each of these entities.

Concurrently with the merger, and, in the future, as part of its compensation process, BGC Holdings expects to also issue certain REUs to certain executive officers and employees of BGC Partners and other persons who provide services to BGC Partners. See Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreements Exchanges and Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Partner Obligations. In addition, BGC Partners will issue to certain employees and other persons who provide services to BGC Partners certain BGC RSUs. The aggregate value of such REUs and BGC RSUs granted prior to the consummation of the merger (a) with respect to the fiscal year ended December 31, 2007, will be no greater than $22,000,000 and (b) with respect to the fiscal year ended December 31, 2008, will be no greater than $22,000,000, and for each of clauses (a) and (b), each such right to receive one BGC RSU or REU will be valued for these purposes at the closing price of eSpeed Class A Common

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Stock on the date of the grant of the right. Furthermore, BGC Holdings is authorized to issue certain additional REUs or BGC RSUs in connection with acquisitions and the hiring of new employees prior to the merger. These issuances would be in addition to the 133,860,000 shares of Combined Company common stock and rights to acquire common stock to be issued in the merger and be dilutive to all stockholders.

Current stockholders of the Company will hold the same number and class of shares of Combined Company common stock that they held in the Company prior to the merger. As of January 24, 2008, eSpeed stockholders (excluding Cantor) held approximately 30.0 million shares and options to purchase shares of eSpeed common stock which represented 58.6% of the economics of eSpeed and 12.9% of the voting rights of eSpeed as of such date, and is expected to represent 41.2% of the economics of the Combined Company and 11.8% of the voting rights of the Combined Company immediately after the merger. eSpeed stockholders, other than Cantor and its affiliates, will have a reduced economic and voting interest in the Combined Company after the merger, which will be further reduced upon exchange of BGC Holdings limited partnership interests exchangeable for Combined Company Class A common stock or Combined Company Class B common stock.

Immediately after the merger, there will be approximately 54,420,617 fully diluted shares of Combined Company Class A common stock outstanding, of which 23,989,120 shares will be held by Cantor. Each share of Class A common stock will generally be entitled to one vote on matters submitted to the Combined Company s stockholders. In addition, immediately after the merger, Cantor will hold 19,497,900 shares of Combined Company Class B common stock (which represents all of the outstanding Combined Company Class B common stock), representing, together with the Combined Company Class A common stock held by Cantor, approximately 88.2% of the Combined Company s voting power. Each share of Class B common stock will generally be entitled to the same rights as a share of Class A common stock, except that, on matters submitted to a vote of the Combined Company s stockholders, each share of Class B common stock will be entitled to 10 votes. The Class B common stock generally will vote together with the Class A common stock on all matters submitted to a vote of the Combined Company s stockholders.

Immediately after the merger, the Combined Company will hold the BGC Holdings general partnership interest and the BGC Holdings special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Holdings, and will serve as the general partner of BGC Holdings, which will entitle the Combined Company to control BGC Holdings. BGC Holdings, in turn, will hold the BGC U.S. general partnership interest and the BGC U.S. special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC U.S., and the BGC Global general partnership interest and the BGC Global special voting limited partnership interest, which entitles the holder thereof to remove and appoint the general partner of BGC Global, and will serve as the general partner of each of BGC U.S. and BGC Global, which will entitle BGC Holdings (and thereby the Combined Company) to control each of BGC U.S. and BGC Global. BGC Holdings will hold its BGC Global general partnership interest through a company incorporated in the Cayman Islands, BGC Global Holdings GP Limited. In addition, it is expected the Combined Company will indirectly through wholly-owned subsidiaries hold BGC U.S. limited partnership interests and BGC Global limited partnership interests consisting of approximately 73,918,517 units and 73,918,517 units, representing approximately 39.8% and 39.8% of the outstanding BGC U.S. limited partnership interests and BGC Global limited partnership interests, respectively. The Combined Company will be a holding company that will hold these interests, will serve as the general partner of BGC Holdings, and, through BGC Holdings, will act as the general partner of each of BGC U.S. and BGC Global. As a result of the Combined Company s ownership of the general partnership interest in BGC Holdings and BGC Holdings general partnership interest in each of BGC U.S. and BGC Global, it is anticipated that the Combined Company will consolidate BGC U.S. s and BGC Global s results for financial reporting purposes.

Founding/working partners and restricted equity partners will directly and Cantor will indirectly hold BGC Holdings limited partnership interests. BGC Holdings, in turn, will hold BGC U.S. limited partnership interests and BGC Global limited partnership interests and, as a result, founding/working partners, restricted equity partners and Cantor will indirectly have interests in BGC U.S. limited partnership interests and BGC Global limited partnership interests.

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The BGC Holdings limited partnership interests held by Cantor will be designated as BGC Holdings exchangeable limited partnership interests. The BGC Holdings limited partnership interests held by the founding partners will be designated as BGC Holdings founding partner interests, any BGC Holdings limited partnership interests that may be issued after the merger to the working partners will be designated as BGC Holdings working partner interests and any BGC Holdings limited partnership interest that may be issued concurrently with the merger or after the merger to the restricted equity partners will be designated as BGC Holdings restricted equity interests.

After the first anniversary of the completion of the merger, the BGC Holdings limited partnership interests held by Cantor will be exchangeable with the Combined Company for Combined Company Class B common stock (or, at Cantor s option or if there are no additional authorized but unissued shares of Combined Company Class B common stock, Combined Company Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). Cantor will, however, be able to exchange up to an aggregate of 20 million of its BGC Holdings limited partnership interests prior to the first anniversary of the completion of the merger for shares of Combined Company Class A common stock in connection with a broad-based public offering including all shares received upon such exchange, of Combined Company Class A common stock underwritten by a nationally recognized investment banking firm. In addition, prior to the merger, a portion of the BGC Holdings founding partner interests held by Mr. Lynn, as well as two other individuals who are employed by one or more of our affiliates, will be sold to Cantor for cash, and the select persons aggregate net proceeds will be used as described in Certain Relationships and Related Transactions Before and After the Merger Repayment of Existing Loans and Required Capital Contributions. Upon acquiring such BGC Holdings founding partner interests from the select persons, Cantor will exchange them for equity interests in BGC Partners on a one-for-one basis, and prior to the merger, BGC Partners will redeem such BGC Partners equity interests from Cantor for cash equal to the amount paid by Cantor to the select persons in respect of such interests. See Certain Relationships and Related Transactions Before and After the Merger Repayment of Existing Loans and Required Capital Contributions.

The BGC Holdings limited partnership interests that Cantor transfers to founding partners in redemption of their current limited partnership interests in Cantor at the time of the separation will not be exchangeable with the Combined Company unless (1) Cantor reacquires such interests from the founding partners (which it has the right to do under certain circumstances), in which case such interests will be exchangeable with the Combined Company for Combined Company Class A common stock or Class B common stock as described above, or (2) Cantor determines that such interests can be exchanged by such founding partners with the Combined Company for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), on terms and conditions to be determined by Cantor, provided that the terms and conditions of such exchange cannot in any way diminish or adversely affect the rights of the Combined Company or its subsidiaries (it being understood that an obligation by the Combined Company to deliver shares of Combined Company Class A common stock upon exchange will not be deemed to diminish or adversely affect the rights of the Combined Company or its subsidiaries) (which exchange of certain interests Cantor expects to permit from time to time). In particular, Cantor expects to provide all founding partners with the right to immediately exchange 20% of their BGC Holdings founding partner interests for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments) Cantor, with one-third of the shares received by a founding partner upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. Cantor also expects to grant certain additional exchange rights to Messrs. Amaitis and Lynn. The one-for-one exchange ratio between BGC Holdings limited partnership interests and Combined Company common stock was determined to reflect that one BGC Holdings limited partnership interest and one share of Combined Company common stock will, immediately after the merger, represent an equivalent indirect economic interest in the income stream of BGC U.S. and BGC Global. In addition, such a one-for-one ratio enhances the ease of comparing and understanding Combined Company per share amounts and BGC U.S. and BGC Global per unit amounts.

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No working partner interests will be issued at the time of the separation and merger. Any working partner interests that are issued will not be exchangeable with the Combined Company unless otherwise determined by BGC Partners with the written consent of a BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement.

Prior to the merger, in the third quarter of 2007, BGC and certain of its subsidiaries entered into agreements with certain of their employees pursuant to which the employees agreed to exchange an aggregate of approximately $7,915,312 of their compensation earned in 2007 for the delivery in 2008 of 990,652 BGC RSUs, which would be issued upon the closing of the merger. These BGC RSUs vest in 50% increments on August 31, 2008 and 2009. In the fourth quarter of 2007, certain employees of BGC and other persons who provide services to BGC were informed that they could expect to receive an aggregate of 276,204 REU interests in lieu of a portion of their discretionary bonus for 2007 having an aggregate estimated value of $2,817,279 and 148,543 REU interests to be considered as part of their total 2008 compensation having an aggregate estimated value of $1,515,143, in each case to be delivered in 2008 and issued upon the closing of the merger. The right to receive payment upon redemption of these REU interests will vest in one-third increments on December 14, 2008, 2009 and 2010. The REU interests will only be exchangeable for Combined Company Class A common stock in accordance with terms and conditions of the grant of such REU interests, which terms and conditions will be determined in the sole discretion of the BGC Holdings general partner which, after the merger, will be the Combined Company, in accordance with the terms of the BGC Holdings limited partnership agreement. In addition, in the fourth quarter of 2007, certain employees of BGC and other persons who provide services to BGC were informed that they could expect to receive an aggregate of 182,591 BGC RSUs in lieu of a portion of their discretionary bonus for 2007 having an aggregate estimated value of $1,862,425 and 1,038,181 BGC RSUs to be considered as part of their total 2008 compensation having an aggregate estimated value of $10,589,451, in each case to be delivered in 2008 and issued upon the closing of the merger. BGC RSUs vest in one-third increments on December 14, 2008, 2009 and 2010. Generally, REUs were issued to persons who were expected to be founding partners and partners in BGC Partners and BGC RSUs were issued to persons who were employees of eSpeed and back office employees of BGC Partners or Cantor who had been providing services to BGC Partners. Aggregate estimated values in each case are determined based on the eSpeed stock price on the date of each award.

In addition, in the fourth quarter of 2007, certain executive officers of BGC were informed that they could expect to receive an aggregate of 593,990 REU interests (267,865 for Howard W. Lutnick, 133,932 for Lee Amaitis, 133,932 for Shaun Lynn, 38,171 for Stephen M. Merkel and 20,090 for Robert K. West) for delivery in 2008, which would be issued upon the closing of the merger. These REU interests have an aggregate estimated value of $6,652,500 ($3,000,000 for Howard W. Lutnick, $1,500,000 for Lee Amaitis, $1,500,000 for Shaun Lynn, $427,500 for Stephen M. Merkel and $225,000 for Robert K. West). The REUs will only be exchangeable for Combined Company Class A common stock in accordance with terms and conditions of the grant of such REU interests, which terms and conditions will be determined by BGC Holdings general partner which, after the merger, will be the Combined Company, with the written consent of the BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement. The right to receive payment upon redemption of these REU interests for Messrs. Lutnick, Amaitis and Lynn was immediately vested on December 31, 2007. The right to receive payment upon redemption of these REUs for Messrs. West and Merkel will vest in one-third increments in December 2008, 2009 and 2010. Aggregate estimated values in each case are determined based on the eSpeed stock price on the date of each award.

Furthermore, BGC Holdings is authorized to issue certain additional REU interests or BGC Partners may issue BGC RSUs in connection with acquisitions and the hiring of new employees prior to the merger. These issuances would be in addition to the 133,860,000 shares of Combined Company common stock and rights to acquire common stock to be issued in the merger and be dilutive to all stockholders. BGC Holdings has recently entered into an acquisition agreement in connection with which it has agreed to issue 526,315 REUs upon the closing of the merger.

With each exchange, BGC Partners indirect interest in BGC U.S. and BGC Global will proportionately increase, because immediately following an exchange, BGC Holdings will redeem the BGC Holdings unit so acquired for the BGC U.S. limited partnership interest and the BGC Global limited partnership interest underlying such BGC Holdings unit. The acquired BGC U.S. limited partnership interest and BGC Global limited partnership interest will be appropriately adjusted to reflect the impact of any losses of the Opcos arising from certain litigation claims (see Information About BGC Partners Business Legal Proceedings ) and the intention of the parties to the BGC Holdings limited partnership agreement for BGC Holdings (and not BGC Partners) to realize the economic benefits and burdens of such litigation matters.

The profit and loss of BGC U.S., BGC Global and BGC Holdings, as the case may be, will generally be allocated based on the total number of BGC U.S. units, BGC Global units and BGC Holdings units, as the case may be, outstanding, other than in the case of certain litigation matters, as described in Related Agreements Amended and Restated Limited Partnership Agreements of BGC U.S. and BGC Global.

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The following diagram illustrates the expected ownership structure of the Combined Company after the merger. The following diagram does not reflect the various subsidiaries of the Combined Company, BGC U.S., BGC Global, BGC Holdings or Cantor, the issuance of BGC Holdings REUs or BGC RSUs or the results of any exchange of BGC Holdings exchangeable limited partnership interests or, to the extent applicable, BGC Holdings founding partner interests or BGC Holdings REUs:

* 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, if Cantor converted all of its Class B common stock into Class A common stock, Cantor would hold 59.8% of the voting power and the public stockholders would hold 40.2% of the voting power (and the indirect economic interests in BGC U.S. and BGC Global would remain unchanged).

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Please see Risk Factors Risks Related to the Merger eSpeed stockholders, other than Cantor and its affiliates, will have a reduced ownership and voting interest in the Combined Company after the merger and will be further diluted upon exchange of BGC Holdings limited partnership interest into Combined Company common stock and Risk Factors Risks Related to the Combined Company s Business The market price of eSpeed Class A common stock has fluctuated and the market price of Combined Company Class A common stock may fluctuate in the future. In addition, future sales of shares of Combined Company Class A common stock, including in any public offering, could adversely affect the market price of Combined Company Class A common stock. eSpeed has also repurchased its shares from time to time, and, after the merger, the Combined Company may cease doing so at any time, for a discussion of possible dilution and future sales of shares of Combined Company Class A common stock.

You should read Risk Factors Risks Related to the Combined Company s Capital Structure, Proposal 1 The Merger History, Formation, Separation and Pre-Merger Structure of BGC Partners, Related Agreements Description of the Combined Company Capital Stock, for additional information about the Combined Company s corporate structure and the risks posed by this structure.

**Background of the Merger**

Cantor and eSpeed have from time to time considered possible strategic alternatives for their respective businesses. As part of their continual review of strategic alternatives, from May 2005 through August 2006, Cantor and the independent directors of eSpeed held approximately 10 meetings and a series of discussions regarding a potential combination between Cantor s BGC business and eSpeed. The parties discussed the possible structure of the combined company and the synergies that could be created by the combination, as well as possible valuations for each company; however, the parties did not reach agreement in this period on the terms of a transaction, including with respect to the valuation of the BGC business or a possible purchase price for the acquisition. As reflected in Certain Relationships and Related Transactions Before and After the Merger, Information about BGC Partners Business Relationship between BGC Partners and Cantor and Information about BGC Partners Business Relationship between BGC Partners and eSpeed, Cantor, BGC Partners and eSpeed had relationships prior to the start of these discussions.

From August 2006 to May 2007, Cantor explored the possibility of undertaking an initial public offering of common stock of BGC Partners. During this period, Cantor and its advisors worked to determine the mechanics of the separation of the BGC business from the remainder of Cantor s businesses, and the structure of BGC Partners and its subsidiaries. On February 8, 2007, BGC Partners, the holding company for the BGC business, filed with the SEC a registration statement on Form S-1 (Registration No. 333-140531) for its initial public offering. The registration statement contemplated that the offering would be underwritten by Deutsche Bank Securities, and that the BGC Partners common stock would be listed on the NASDAQ Global Market.

Concurrently with exploring the initial public offering of BGC Partners, Cantor also explored selling a stake in BGC Partners to an investor in a private placement transaction. Cantor and the investor engaged in periodic discussions regarding such a sale between November 2006 and May 2007. No agreement, however, was reached on the terms of a transaction, including with respect to the purchase price for the stake.

In February 2007, Cantor and eSpeed resumed discussions regarding a potential combination between the BGC business and eSpeed as part of their continual review of strategic alternatives and because of anticipated potential synergies. Representatives of Cantor and eSpeed believed that such discussions were warranted in light of changes in the relative business performance of the BGC business and the eSpeed business, and in the market s view of the prospects of their businesses and respective industries. In February 2007, the eSpeed board of directors established a Special Committee that consisted exclusively of eSpeed s independent directors to represent the rights and interests of the holders of eSpeed Class A common stock (other than Cantor and its affiliates). The eSpeed board of directors considered the independence of each of John H. Dalton, Barry M. Gosin, Barry R. Sloane and Albert M. Weis in connection with evaluating each for service on the Special Committee and determined that none of Messrs. Dalton, Gosin, Sloan or Weis had, or was subject to, any interest

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that, in the opinion of the eSpeed board of directors, would interfere with the exercise by him of his independent judgment as a member of the Special Committee. On March 26, 2007, the eSpeed board of directors unanimously adopted resolutions formally constituting the Special Committee and authorizing the Special Committee to exercise the power of the eSpeed board of directors with respect to the evaluation of a potential merger between the BGC business and eSpeed, including the exclusive authority to, among other things:

- determine whether the proposed merger is fair to and in the best interest of the holders of eSpeed Class A common stock (other than Cantor and its affiliates);
- determine whether eSpeed should consummate the proposed merger;
- discuss and negotiate with Cantor and its representatives the terms of the proposed merger and any modifications in the proposed merger or in its implementation deemed to be desirable by the Special Committee;
- negotiate any and all definitive agreements with respect to the proposed merger;
- determine conclusively whether the eSpeed board of directors should approve the proposed merger (including the merger agreement) and recommend the proposed merger to the holders of eSpeed Class A common stock (other than Cantor and its affiliates);
- review and comment upon any and all documents and other instruments used in connection with the proposed merger, including any and all materials to be filed with the SEC and other governmental and non-governmental persons and entities; and
- authorize the issuance of press releases and other public statements that the Special Committee considers appropriate regarding the proposed merger or consideration of the proposed merger after consultation with eSpeed s management and Cantor.

In addition, the eSpeed board of directors authorized the Special Committee to retain, in its sole discretion and at eSpeed s expense, legal counsel and a financial advisor. The Special Committee s mandate did not extend to seeking and evaluating alternatives to the proposed merger as Cantor, eSpeed s controlling stockholder, had stated to the board that a merger with BGC Partners was the only strategic transaction that it would support. Accordingly, no other transaction with a third party could be consummated without Cantor s consent.

The Special Committee engaged Sandler O Neill as its financial advisor. The Special Committee s decision to engage Sandler O Neill was based on a number of factors, including its reputation and experience in merger and acquisition transactions in the financial services industry, its expertise in serving as financial advisor to Special Committees and the absence of investment banking relationships with Cantor or its affiliates creating concerns about conflicts of interests. The Special Committee engaged Debevoise & Plimpton LLP, which we refer to as Debevoise, as its legal counsel. The Special Committee s decision to engage Debevoise was based on a number of factors, including the reputation and experience of Debevoise in merger and acquisition transactions, its experience in representing Special Committees and the absence of relationships with Cantor or its affiliates creating concerns about conflicts of interests.

On March 1, 2007, the Special Committee and its financial advisor met with Cantor and its legal advisor, Wachtell, Lipton, Rosen & Katz, which we refer to as Wachtell Lipton. At the meeting, Cantor presented to the Special Committee a broad outline of the terms that it proposed for the merger.

On March 20, 2007, the Special Committee met with its legal counsel and financial advisor. A representative from Debevoise reviewed for the Special Committee members the legal standards under Delaware and federal securities law applicable to the merger and the actions of the Special Committee, their fiduciary responsibilities and their responsibilities and the scope of their authority under the resolutions establishing the Special Committee. The Special Committee discussed, among other matters, the strategic rationale for the merger and the terms proposed by Cantor, including the termination of the JSA between Cantor and eSpeed and reviewed the history of the prior discussions regarding a possible transaction between Cantor and eSpeed and the

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status of the current initial public offering filing by BGC Partners. The Special Committee also discussed that Cantor had informed it that Cantor was engaged in discussions for a possible sale of a stake in BGC Partners to a private investor prior to the completion of a merger. The Special Committee adjourned this organizational meeting to attend a meeting with Cantor s management and Wachtell Lipton.

Immediately following this organizational meeting, the Special Committee and its legal counsel and financial advisor met with Howard W. Lutnick, who is the Chairman, Chief Executive Officer and President of eSpeed, the Chairman of the Board and Chief Executive Officer of Cantor and President and the controlling stockholder of CFGM, Cantor s managing general partner, Stephen M. Merkel, who is the Executive Vice President, General Counsel and Secretary of eSpeed and Executive Managing Director, General Counsel and Secretary of Cantor, and other representatives from Cantor, as well as representatives from Wachtell Lipton. Mr. Lutnick made a presentation to the Special Committee regarding the strategic rationale for and the proposed basic terms of the merger, as well as Cantor s consideration of an initial public offering of BGC Partners common stock. Mr. Lutnick discussed the original reasons for separating the eSpeed and BGC businesses; the current relationship between eSpeed and the BGC business; the effect on management resulting from incentive compensation tied to the performance of the eSpeed and BGC businesses; potential cost savings from combining these businesses; the projected revenue mix of the Combined Company; and the continued migration toward electronic trading. Mr. Lutnick also discussed Cantor s expectations in respect of the Combined Company s competitive position. Mr. Lutnick answered questions from the Special Committee and its advisors regarding the merger, including questions regarding the proposed senior management team and governance of the Combined Company, the potential initial public offering of BGC Partners common stock and the proposed investment by a private equity firm in BGC Partners.

Following these meetings, the Special Committee s legal counsel and financial advisor began to conduct a due diligence review of the BGC business.

On March 23, 2007, the Special Committee met telephonically with its legal counsel and financial advisor to receive an update on the status of Sandler O Neill s financial analysis of the merger and financial due diligence investigation of BGC Partners, including the status of the financial advisor s information requests and Cantor s proposal as to valuations of BGC Partners and of eSpeed for purposes of the proposed merger. The Special Committee also reviewed, among other matters, the status of Cantor s negotiations regarding the proposed terms of the proposed merger between eSpeed and BGC Partners and the status of Cantor s negotiations for a possible sale of a stake in BGC Partners to a private investor.

On April 5, 2007, the Special Committee met telephonically with its financial and legal advisors to discuss Cantor s proposed terms for the merger, including the following: (i) that the Combined Company would indemnify Cantor for pre-closing liabilities; (ii) which liabilities would be treated as Cantor special items and eSpeed special items, which treatment would determine which in such party would be responsible for liabilities related to such a special item through the partnership agreement mechanics; (iii) the fact that the special items mechanism depended on the future profitability of the Combined Company, as well as the size of Cantor s economic participation through its interest in BGC Holdings; (iv) the absence of a majority of the minority approval right; (v) that the inter-dealer broker technology would be owned by Cantor and licensed to the Combined Company; (vi) that Cantor would be permitted to use the inter-dealer broker technology to compete with the Combined Company; (vii) the absence of a purchase price adjustment in favor of eSpeed to the extent that BGC Partners closing cash was less than $25 million, its net assets were less than $0 or its indebtedness exceeded $200 million; (viii) which services under the JSA would continue for some period after the closing; (ix) whether Cantor should have a perpetual most favored nations right with respect to BGC commissions or an unlimited right for internal use of market data from BGC Market Data; (x) that the overall valuation be based on a BGC Partners valuation of $1.2 billion plus $200 million of debt and an eSpeed at-market valuation; (xi) that Cantor s exchange rights would be for Class B shares rather than Class A shares; (xii) the absence of a mechanism for adjusting the fixed exchange rate if there were undistributed cash at eSpeed; (xiii) that the Combined Company would have a working capital line from Cantor as opposed to Cantor guaranteeing BGC

Partners sufficient working capital; (xiv) that Cantor have nine months to decide to exercise its preemptive rights if the Combined Company acquired additional Opcos interests; and (xv) that Cantor s transaction expenses would be covered by the Combined Company. At the conclusion of this meeting, the Special Committee directed its counsel to communicate with Cantor regarding the Special Committee s views of the proposed terms.

On April 10, 2007, Tullett Prebon plc, which we refer to as Tullett, sent a letter to eSpeed about a non-binding indication of interest by Tullett to acquire all of the outstanding shares of eSpeed Class A common stock for $12 per share, which proposal was expressly conditioned on (1) an agreement by Cantor to convert all of its eSpeed Class B common stock into eSpeed Class A common stock; and (2) the termination at immaterial cost or adjustment to arm s length terms of eSpeed s arrangements with its affiliates, including those with Cantor.

The Special Committee and its financial and legal advisors met with representatives of Cantor and Wachtell Lipton on April 12, 2007 to discuss the issues regarding the proposed terms for the merger, and to discuss Tullett s letter to the eSpeed board of directors proposing to acquire all of the outstanding shares of eSpeed Class A common stock. The Special Committee discussed with Cantor s representatives various issues regarding Cantor s proposed terms for the merger. A representative of Cantor s management discussed the Tullett proposal, noting that Tullett s proposed transaction was subject to a number of conditions, including a condition that Cantor waive its revenue sharing agreement with eSpeed and its market data rights without any compensation to Cantor. The Cantor representative stated that Cantor was not interested in selling its controlling interest in eSpeed on the terms set forth in the Tullett letter. After further discussion, the Special Committee recommended that the full eSpeed board of directors meet to evaluate the Tullett letter and consider a possible response.

The following day, on April 13, 2007, the Special Committee and its legal counsel and financial advisor held a telephonic meeting to further discuss the proposed terms of the merger and Cantor s response to the issues raised by the Special Committee. The Special Committee also discussed, among other matters, Cantor s ongoing negotiations regarding the possibility of selling a stake in BGC Partners to a private investor and the Tullett proposal.

On April 16, 2007, the eSpeed board of directors convened to discuss, among other things, the Tullett proposal. The eSpeed board of directors discussed the fact that Cantor management noted that it was not interested in selling its controlling interest in eSpeed on the terms set forth in the Tullett letter, which required, among other things, the conversion of the eSpeed Class B common stock held by Cantor into eSpeed Class A common stock and the termination of certain arrangements between Cantor and eSpeed at no cost or immaterial cost to eSpeed. Because Tullett s proposal was expressly conditioned on such actions, and neither eSpeed nor the eSpeed board of directors could satisfy these conditions without the consent of Cantor, the eSpeed board of directors determined that it was not in a position to pursue the Tullett proposal. Following the board meeting, Mr. Merkel, as Secretary of eSpeed and on behalf of the eSpeed board of directors, sent a letter to Tullett notifying them of this determination.

Cantor, eSpeed s controlling stockholder, made both public and private statements to the Special Committee that a merger with BGC Partners was the only strategic transaction available at that time in respect of its eSpeed shares that it supported. Therefore, the Special Committee believed that no other transaction with a third party could be consummated. As discussed in this Background of the Merger section the eSpeed board of directors also considered the proposal received from Tullett and concluded that the proposal was not capable of consummation given Cantor s position.

On April 16 and 17, 2007, the Special Committee, together with its legal counsel and financial advisor, held telephonic meetings with representatives of Cantor. The Special Committee s financial advisor discussed with the Cantor representatives certain financial information needed to advance its financial analysis. The Special Committee also discussed, among other matters, the status of ongoing negotiations related to the proposed terms of the merger with BGC Partners and the status of Cantor s negotiations for a possible sale of a stake in BGC Partners to a private investor. After each meeting, the Special Committee convened separately to continue its discussion of the proposed merger between eSpeed and BGC Partners. During these break-out meetings, the Special Committee discussed further the appropriate response to the Tullett offer and agreed that if Cantor, as eSpeed s controlling shareholder, did not consent to a deal with Tullett, the Special Committee was not in a position to pursue the Tullett proposal. As a result, because the Special Committee believed that it was not capable of completion, the Special Committee did not consider Tullett s proposal superior to the Cantor proposal.

On April 18 and 20, 2007, Tullett sent letters addressed to eSpeed and to the holders of eSpeed Class A common stock, respectively, requesting reconsideration of its earlier proposal.

On April 19, 2007, Mr. Merkel, as Secretary of eSpeed and on behalf of the eSpeed board of directors, sent a letter to Tullett stating that Cantor had informed the eSpeed board of directors that it was not interested in selling its controlling interest in eSpeed or terminating agreements with eSpeed on the terms proposed by Tullett.

On May 3, 2007, the Special Committee and its legal counsel and financial advisor held a telephonic meeting to discuss the status of Sandler O Neill s due diligence investigation of the BGC business, as well as the revised terms for the proposed merger reflecting prior discussions, including improvements made from the Special Committee s perspective from earlier terms. At this meeting, Sandler O Neill informed the Special Committee that it had been informed by Cantor that discussions had been terminated with the private investor with whom Cantor had been discussing the possibility of selling a stake in BGC Partners.

On May 8, 2007, the Special Committee and its legal counsel and financial advisor held a telephonic meeting at which Sandler O Neill presented its preliminary financial analysis of the merger. The Special Committee also discussed a proposed provision requiring the Combined Company to purchase $60 million of equity from certain officers in connection with the closing of the merger. Members of the Special Committee and the representatives of the Special Committee s financial advisor discussed, among other matters, the prospects for eSpeed as a stand-alone company and as a part of the Combined Company. Sandler O Neill discussed with the Special Committee various justifications for an improved exchange ratio, including the possibility of reducing investments in new products to improve near-term profitability and the concept that a primarily electronic brokerage business should command a higher multiple than a primarily voice brokerage business. The Special Committee instructed its advisors to attempt to negotiate for an improved exchange ratio and for additional improvements in the transaction terms.

On May 9, 2007, the Special Committee and its legal counsel and financial advisor met with representatives of Cantor and Wachtell Lipton to continue negotiations of the terms of the proposed merger. At this meeting, the Special Committee sought to negotiate the terms of the merger proposed by Cantor, including with respect to the financial terms of the proposed merger; the terms that would govern the ongoing relationship between the Combined Company and Cantor following the merger, including as to shared services; Cantor s ability to obtain market data from the Combined Company; Cantor s use of inter-dealer brokerage services from the Combined Company and allocation of corporate opportunities; the compensation of the Combined Company s executives; the terms under which Cantor would have pre-emptive rights to make additional investments in the Combined Company; the proposed post-merger indemnification provisions; Cantor s proposed right to repurchase founding partners interests in BGC Holdings under certain circumstances; the proposed treatment of transaction expenses; and the required approvals to complete the merger. At this meeting, Cantor agreed that the Combined Company would own the inter-dealer broker technology and that Cantor would be provided with a non-exclusive license to use this technology. Cantor further agreed not to use or grant any aspect of this license to create a fully electronic brokerage system that would compete with eSpeed s fully electronic systems for U.S. Treasuries and foreign exchange. In addition, at this meeting, Sandler O Neill provided a valuation presentation as part of its negotiation to improve the exchange ratio proposed by Cantor and proposed an exchange ratio that would provide an implied value for eSpeed common stock equal to $12.00 per share. Cantor rejected this proposal. Sandler O Neill then proposed an exchange ratio providing an implied value for eSpeed common stock equal to $10.00 per share, which Cantor rejected. Following these negotiations, Cantor and the Special Committee compromised at an increased exchange ratio equal to 134.5 million shares of eSpeed common stock (on an as-converted basis), and agreed that this was an implied value for eSpeed common stock equal to $9.75 per share and a total implied value for BGC Partners of $1.3 billion.

On May 15, 2007, the Special Committee and its legal counsel and financial advisor held a telephonic meeting to discuss how to respond to the outstanding business and legal issues in respect of the proposed merger.

On May 17, 2007, the Special Committee and its legal counsel and financial advisor met with representatives of Cantor and Wachtell Lipton to continue negotiations of the terms of the proposed merger. At this meeting, representatives of Cantor and the Special Committee conducted negotiations of, among other matters, the terms under which Cantor would have the right to repurchase working partners interests in BGC Holdings; the terms of the post-merger indemnification to be provided by Cantor; the treatment of transaction expenses; and the required approvals to complete the merger.

Following this meeting, Cantor and its advisors and the Special Committee s legal advisors continued to negotiate the terms of the merger agreement and the principal transaction documents. The Special Committee s legal and financial advisors also continued their due diligence investigation of the BGC business.

On May 22, 2007, the Special Committee and its legal counsel and financial advisor met with representatives of Cantor and Wachtell Lipton to continue negotiations of the terms of the proposed merger. At this meeting, representatives of Cantor and the Special Committee conducted negotiations of, among other matters, the terms under which Cantor would have the right to repurchase working partners interests in BGC Holdings; the terms of the post-merger indemnification to be provided by Cantor; Cantor s desire for a most favored nations provision with respect to inter-dealer brokerage services; the post-merger availability of certain technology to Cantor; and the required approvals to complete the merger. Although the parties resolved many of these open business and legal issues at this meeting, open issues remained, including with respect to the applicable limits on the post-closing indemnification obligations of Cantor, the right of Cantor to use certain technology of the Combined Company after the merger and the required approvals to complete the merger.

On May 23, 2007, the Special Committee and its legal counsel and financial advisor held a telephonic meeting to review the status of the merger negotiations, to review the remaining business and legal issues and to formulate a response to such issues. In addition, Debevoise updated the Special Committee regarding its due diligence investigation of the BGC business.

The following evening, the Special Committee and its legal counsel and financial advisor held a telephonic meeting to discuss further the status of the merger negotiations. At this meeting, a representative of the Special Committee s legal counsel reviewed the progress that had been made in negotiating the principal transaction documents and discussed the principal remaining open issues with respect to the merger agreement, including with respect to the applicable limits on the post-closing indemnification obligations of Cantor, the right of Cantor to use certain technology of the Combined Company after the merger and the required approvals to complete the merger.

Thereafter, the Special Committee s legal counsel and financial advisor continued to negotiate the terms of the merger agreement and the principal transaction documents with Cantor and Wachtell Lipton.

On May 28, 2007, the Special Committee and its legal counsel and financial advisor held a telephonic meeting to discuss the open issues with respect to the merger agreement and the principal transaction documents.

On May 29, 2007, the Special Committee and its legal counsel and financial advisor met at the offices of Debevoise to consider the final terms of the merger proposal. At that meeting, the Special Committee s legal counsel reviewed the legal standards applicable to the Special Committee s consideration of the merger and the Special Committee s mandate from the eSpeed board of directors. The Special Committee s legal counsel then reviewed the terms of the merger agreement and other principal transaction documents contemplated in connection with the merger, including certain changes reflecting recent negotiations between the Special

Committee s advisors and Cantor. A representative from Sandler O Neill reviewed the key financial terms of the merger and discussed the proposed merger consideration as well as the public s percentage ownership of the Combined Company from an economic and voting perspective. The Sandler O Neill representative also discussed the implied value of BGC Partners and noted that the Combined Company would assume $150 million of BGC Partners debt ($50 million less than in the original proposal). The representatives from Sandler O Neill also delivered the presentation described under Proposal 1 The Merger Opinion of Financial Advisor to the Special Committee, and delivered an opinion that the exchange ratios in the merger were fair to the holders of eSpeed Class A common stock, other than Cantor and its affiliates, from a financial point of view. After considering the terms of the merger agreement proposal and the principal transaction documents, the presentation of Sandler O Neill and the other factors described under Proposal 1 The Merger Reasons for the Merger; Recommendation of the Merger by the Special Committee and the eSpeed Board of Directors, the Special Committee determined that the merger agreement was advisable, and fair to and in the best interests of, the holders of eSpeed Class A common stock (other than Cantor and its affiliates). The Special Committee recommended that the eSpeed board of directors approve the form, terms and provisions of the merger agreement and the transactions contemplated by the merger agreement.

Following the conclusion of the meeting of the Special Committee, the eSpeed board of directors met, and upon the Special Committee s recommendation, unanimously approved the merger agreement and the principal transaction documents contemplated by the merger agreement and recommended that the eSpeed stockholders adopt the merger agreement.

On May 29, 2007, the BGC Partners board of directors, by unanimous written consent, approved the merger agreement and the transactions contemplated by the merger agreement (including the merger) and determined that the merger and the transactions contemplated by the merger agreement were fair to, advisable and in the best interests of BGC Partners and its stockholders. On the same date, Cantor, BGC U.S., BGC Global and BGC Holdings, and each of their respective general partners or managers, as the case may be, each approved the merger agreement and the transactions contemplated by the merger agreement, including the merger.

On May 29, 2007, BGC Partners, Cantor, eSpeed, BGC U.S., BGC Global and BGC Holdings executed the merger agreement, and BGC Partners and eSpeed issued a joint press release announcing the execution of the merger agreement.

As a consequence of entering into the merger agreement, BGC Partners filed a letter with the SEC on June 6, 2007 withdrawing the proposed initial public offering of its common stock contemplated by its registration statement on Form S-1 filed with the SEC on February 8, 2007.

During the months of June through November 2007, Cantor, eSpeed, the Special Committee and their respective legal advisors worked to prepare the proxy statement, including the pro forma financial information and applications for regulatory approvals and the Special Committee furnished to eSpeed information to be disclosed in the proxy statement regarding the Special Committee s deliberations.

On August 3, 2007, Cantor, eSpeed and the Special Committee and their respective legal advisors held a telephonic meeting to discuss a possible amendment to the merger agreement and related transaction agreements, implemented for, among other reasons, accounting and tax reasons. The possible amendments discussed included, the ability of Cantor to have the BGC Partners Class B units converted in the merger into Combined Company Class A common stock instead of Combined Company Class B common stock and the inclusion of revised forms of the separation agreement, the amended and restated limited partnership agreement of BGC Holdings, the amended and restated limited partnership agreement of BGC U.S., and the amended and restated limited partnership agreement of BGC Global. They also discussed the progress of the preparation of the proxy statement for the merger and related pro forma financial information.

On August 7, 2007, the Special Committee and its legal advisors held a telephonic meeting to discuss certain proposed amendment to the merger agreement and related transaction agreements. The Special Committee determined that certain proposed amendments to the merger agreement and related transaction agreements were fair to and in the best interests of, the holders of eSpeed Class A common stock (other than Cantor and its affiliates). The Special Committee therefore recommended that the eSpeed board of directors approve the amendments. Following the conclusion of the Special Committee meeting, the eSpeed board of directors met, and upon the Special Committee s recommendation, unanimously approved certain amendments to the merger agreement and related transaction agreements.

On September 10, 2007, the Special Committee and its legal advisors, BGC, Cantor and eSpeed and their respective legal advisors held a meeting to discuss a proposed amendment to the merger agreement to remove a certain business line from the proposed Combined Company prior to the merger and to discuss the provision by BGC of certain parent guarantees and credit instruments with customers which would be assumed by the Combined Company at the closing of the merger. The business line was determined to not fit well within the business of the proposed Combined Company from a strategic perspective as the business line entails significant counterparty credit risk and, in light of the turmoil in the global credit markets, the profitability of the business line was expected to decline, and was not expected to have a material impact on the Combined Company s expected profitability. Following the conclusion of the discussion, the Special Committee unanimously approved these proposals.

At a meeting of the Special Committee held on October 16, 2007, it was announced that Mr. Gosin had resigned from the Special Committee, the audit committee and the compensation committee earlier that day because he was engaged in discussions with eSpeed regarding a potential transaction. Mr. Gosin later resigned from the eSpeed board of directors on November 7, 2007.

On October 16, 2007, the members of the Special Committee, as well as the compensation committee and the audit committee, together with the Special Committee legal advisors, BGC, Cantor and eSpeed and their respective legal advisors, held a meeting to discuss a proposed amendment to the merger agreement and the related documents to provide for the creation of a new class of partnership units at BGC Holdings, in order to make certain partnership grants to employees prior to the closing of the merger in addition to certain restricted stock unit grants which had been previously authorized. The Special Committee met later that day with the Special Committee s legal advisors to further discuss the proposed amendments. On October 25, 2007, the Special Committee met with their legal advisors to further discuss the proposed amendments, as well as an extension of the termination date of the merger to April 30, 2008. Following the conclusion of the discussion, the Special Committee determined that the proposed amendments to the merger agreement and related transaction agreements and the extended termination date were fair to and in the best interests of, the holders of the eSpeed Class A common stock (other than Cantor and its affiliates) and recommended that the eSpeed board of directors approve the proposed amendments and extension of the termination date. The eSpeed board of directors met, and upon the Special Committee s recommendation, approved such proposed amendments to the merger agreement and related transaction agreements as well as the extension of the termination date to April 30, 2008. Sandler O Neill s fairness opinion speaks only as of May 29, 2007, the date the merger agreement was executed. The opinion does not, and will not be updated to, take into account subsequent events, including fluctuations in the market value of eSpeed s common stock or changes to the merger included in the amendments to the merger agreement and related transaction agreements. The Special Committee received financial advice from Sandler O Neill in connection with its consideration of the proposed amendments, but did not seek an updated fairness opinion from Sandler O Neill because the amendments to the merger agreement and related transaction documents would not adversely affect the value of the consideration to be received by the holders of the eSpeed Class A common stock.

On November 2, 2007, the Special Committee and its legal advisors, BGC, Cantor and eSpeed held a meeting to discuss the independent auditors review of the preliminary proxy and the timing of the proxy filing.

On November 5, 2007, BGC Partners, Cantor, eSpeed, BGC U.S., BGC Global and BGC Holdings amended the merger agreement to provide that, at the election of Cantor, the Class B BGC Partners units could be converted in the merger into Combined Company Class A common stock instead of Combined Company Class B common stock, to consent to the grant of rights to receive REU interests and to provide that on and after the effective time of the merger, the holders of REU interests would have the right to exchange such REU interests with the Combined Company for Combined Company Class A common stock on the terms and subject to the conditions set forth in the BGC Holdings limited partnership agreement and to consent to the grant of BGC Partners restricted stock units and which shall be exchangeable with the Combined Company for Combined Company Class A common stock in accordance with the terms and subject to the conditions set forth in the BGC Partners Long Term Incentive Plan. The amendment to the merger agreement also included revised forms of the separation agreement, the amended and restated limited partnership agreement of BGC Holdings, the amended and restated limited partnership agreement of BGC U.S., the amended and restated limited partnership agreement of BGC Global and the amended and restated certificate of incorporation of the Combined Company.

On November 7, 2007, Mr. Gosin informed eSpeed that he was resigning from the eSpeed board of directors effective immediately. In addition, on November 7, 2007, the eSpeed board of directors, audit committee and compensation committee appointed Catherine P. Koshland to serve on the eSpeed board of directors, audit committee and compensation committee to fill the vacancy created by the resignation of Mr. Gosin.

On December 20, 2007, the Special Committee and its legal advisors, as well as the compensation committee, held a meeting to discuss the potential issuance by management of REU interests or BGC RSUs in connection with acquisitions and the hiring of new employees prior to the closing of the merger without obtaining Special Committee approval so long as such interim approval was not otherwise required by the covenants in the merger agreement. Following the conclusion of the discussion, the Special Committee approved the issuance by management of additional REU interests or BGC RSUs in connection with acquisitions and the hiring of new employees to be issued at the closing of the merger which would otherwise be permitted under the interim covenants in the merger without obtaining additional Special Committee approval. These issuances would be in addition to the 133,860,000 shares of Combined Company common stock and rights to acquire common stock to be issued in the merger and be dilutive to all stockholders, including Cantor.

On February 1, 2008, BGC Partners, Cantor, eSpeed, BGC U.S., BGC Global and BGC Holdings amended the merger agreement including to change the names of two defined terms, increase the cash bonus targets for the executive officers, grant additional rights to receive REU interests and BGC Partners restricted stock units and to include a revised form of the BGC Holdings limited partnership agreement.

**Reasons for the Merger; Recommendation of the Merger by the Special Committee and the eSpeed Board of Directors**

The eSpeed board of directors established a special committee consisting of eSpeed s four independent directors, Albert M. Weis, John H. Dalton, Barry M. Gosin and Barry R. Sloane, which we refer to as the Special Committee, to consider the advisability of the merger, to negotiate the terms and price and definitive agreements in respect of such merger and to make a recommendation to the eSpeed board of directors. The Special Committee retained Sandler O Neill as its financial advisor and Debevoise as its legal counsel. Mr. Gosin resigned from the Special Committee in October 2007. The Special Committee oversaw the performance of financial and legal due diligence by its advisors, reviewed and evaluated Cantor s proposal of a transaction with BGC Partners and conducted negotiations with Cantor and its representatives with respect to the merger agreement and the related agreements.

The Special Committee, by a unanimous vote, at a meeting held on May 29, 2007, determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are fair to, advisable and in the best interests of the Company and the holders of eSpeed Class A common stock (other than Cantor and its affiliates). In addition, the Special Committee recommended that the eSpeed board of directors approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, and recommended that the Company s common stockholders vote in favor of the adoption of the merger agreement and the transactions contemplated thereby. In reaching its conclusion, the Special Committee consulted with its financial and legal advisors, considered eSpeed s prospects, including the uncertainties and risks facing it, considered the prospects of BGC Partners and considered the interests of the holders of eSpeed Class A common stock (other than Cantor and its affiliates).

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*Expected Benefits of the Merger.* In determining that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, advisable and in the best interests of the Company and the holders of eSpeed Class A common stock (other than Cantor and its affiliates), and in reaching its decision to recommend that the eSpeed board of directors approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, the Special Committee considered a variety of factors that it believed weighed favorably towards the merger, including the following material factors (which are not listed in any relative order of importance):

*Financial Terms of the Merger*. The Special Committee believes that the merger with BGC Partners provides the holders of Company Class A common stock with an attractive valuation for their interests in the Company. In the merger, the shares of Company Class A common stock are being valued at $9.75 per share, a 6.1% premium to the closing price of the Class A common stock on May 29, 2007, the last trading day prior to the announcement of the merger. The Special Committee considered presentations by and analyses of Sandler O Neill, and Sandler O Neill s opinion that, as of May 29, 2007, the date of the opinion, and based upon and subject to the factors, assumptions and qualifications set forth in Sandler O Neill s opinion, the Exchange Ratios (as defined below in Opinion of Financial Advisor to the Special Committee Summary of Proposal ) are fair to the holders of eSpeed Class A common stock, other than Cantor and its affiliates, from a financial point of view.

*Challenges Facing the Company*. The Special Committee believes that the Company faces several challenges in its effort to increase stockholder value as an independent publicly traded company. In particular, the Special Committee believes that the Company s prospects for growth as a stand-alone company are constrained by declines in the Company s traditional revenue sources resulting from the imposition of price caps by customers, the expiration of the Company s major patent, the expected continued migration towards electronic trading leading to increased compensation and pricing pressures and other risks relating to the Company s performance, both in the short- and long term.

The Special Committee believes that, following the merger, the Company will be a stronger, more competitive company, with a superior mix of products and services.

*Prospects of BGC Partners*. The Special Committee considered the performance and prospects of BGC Partners, including the improvement over the course of the prior year in such performance and prospects, in light of the implied valuation of BGC Partners in the merger.

*Financial Benefits*. The Special Committee believes that the Company will enjoy synergies and revenue enhancements from a combination with BGC Partners, including cost savings which the Company estimates will reach $10 million annually and which are expected to come from, among other things:

- reducing expenses for development of non-core products;
- rationalizing client coverage by sales representatives and brokers;
- reducing technology infrastructure costs;
- eliminating duplicative staff and functions; and
- other economies of scale.

Revenue enhancements are expected to result from the Combined Company s opportunity to accelerate the provision of fully electronic brokerage services. In addition, the JSA will terminate upon the completion of the merger, freeing the Company from the administrative burdens of managing that arrangement.

*Continuation of Interest*. Because the holders of Company Class A common stock will retain such shares in the Combined Company, entitling them to 41.2% of the economic and 11.8% of the voting ownership (based on the outstanding shares of eSpeed on January 24, 2008), the Company s stockholders will participate in the future earnings and growth of the Combined Company and will benefit from any appreciation in value of the Combined Company, including value arising from the potential success of the merger.

*Certain Provisions of the Merger Agreement and the Related Agreements*. The Special Committee considered the terms and conditions of the merger agreement and the related agreements, including the requirement that Cantor vote in favor of the adoption of the merger agreement and the transactions contemplated thereby so long as each of the eSpeed board of directors and the Special Committee recommends in favor of such adoption; the indemnification protections, including the limited indemnification provisions in respect of certain matters; and the requirement that, at the closing of the merger, estimated net equity be at least $146.5 million, estimated net cash be at least $25 million and estimated indebtedness be no more than $150 million and the post-closing of the merger true-up mechanism in respect of net equity and net cash. The Special Committee believes that the terms of the merger agreement and the related agreements were reasonable and were the product of arm s length negotiations between the Special Committee and its financial and legal advisors, on the one hand, and BGC Partners and its advisors, on the other hand. The Special Committee also considered the improvements to the terms of the merger agreement and the related agreements that were negotiated under the direction of the Special Committee.

*Alignment of Management Interests*. The Special Committee believes that the merger will better align the interests of the officers of Cantor, BGC Partners and the Company and will result in an increased management focus, which will benefit the Combined Company.

On January 24, 2008, the closing price of the Company Class A common stock was $11.67 per share.

*Other Material Factors Considered*. During the course of its deliberations relating to the merger agreement and the merger, the Special Committee considered the following factors in addition to the benefits described above:

*Intentions of the Controlling Stockholder*. Cantor, the Company s controlling stockholder, made both public and private statements to the Special Committee that a merger with BGC Partners was the only strategic transaction available at the time in respect of its Company shares that it supported. Therefore, the Special Committee believed that no other transaction with a third party could be consummated at this time. The Special Committee also considered the proposal received from Tullett Prebon plc, as described in the Proposal 1 The Merger Background of the Merger section of this proxy statement, and concluded that the proposal was not capable of consummation given Cantor s position.

*Expected Impact of the Announcement of the Merger in the Market and on Business Operations*. The possible stock market reaction to the merger, and the expected impact of the merger on the Company s business operations and on its stockholders, suppliers, creditors, customers and employees.

*Due Diligence*. The Special Committee considered the results of the due diligence investigations of BGC Partners and the contributed assets by the Special Committee s financial and legal advisors, which were consistent with the expectations of the Special Committee with respect to the strategic and financial benefits of the merger.

The Special Committee weighed these factors against a number of other material factors identified in its deliberations as potentially weighing negatively against the merger, including the following factors (which are not listed in any relative order of importance):

the risk of not realizing all the anticipated cost savings and revenue enhancements following the merger;

the challenges inherent in the operation of the businesses of the Company in conjunction with those of BGC Partners following the merger and the possible diversion of management attention for an extended period of time;

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the transaction costs associated with the merger and costs relating to the operation of the businesses of the Company in conjunction with those of BGC Partners following the merger;

the risk of liabilities associated with the BGC business, including certain regulatory and litigation matters and other contingent liabilities;

the continuing role of Cantor as controlling stockholder and the known and potential conflicts of interests of certain of the directors and executive officers of the Combined Company who will be directors and/or officers of both Cantor and the Combined Company and will hold equity in one or both entities;

certain terms of the merger agreement and the related agreements, including the absence of indemnity protection against certain contingent liabilities; the restrictions on the conduct of the Company s business prior to the completion of the merger (which require the Company to conduct its business in the ordinary course consistent with past practice, subject to specific limitations, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the merger); and the terms of the proposed tax receivable agreement;

that the merger is not subject to a vote by the holders of a majority of the shares of Company Class A common stock other than those held by Cantor and its affiliates;

the possibility that the merger might not be consummated despite the parties efforts or that the closing of the merger may be unduly delayed; and

the fact that the Company Class A common stock had traded in the past at prices in excess of $9.75 per share.

In the course of reaching its decision to recommend that the eSpeed board of directors approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, the Special Committee did not consider the liquidation value of the Company s assets because it considered the Company to be a viable going concern and viewed the trading history of eSpeed common stock as an indication of its value as such. The Special Committee believed that the liquidation value would be significantly lower than the Company s value as a viable going concern and that, due to the fact that the merger contemplates that the Company would continue as a going concern, the liquidation value would be irrelevant to a determination as to whether the merger is fair to the holders of eSpeed Class A common stock (other than Cantor and its affiliates).

After consideration of these material factors, the Special Committee determined that these risks could be mitigated or managed by the Company or BGC Partners or, following the merger, by the Combined Company, were reasonably acceptable under the circumstances, or, in light of the anticipated benefits, and that, overall, these risks were significantly outweighed by the potential benefits of the merger.

The foregoing discussion of the information and factors considered by the Special Committee includes all of the material positive and negative factors considered by the Special Committee, but it is not intended to be exhaustive and may not include all of the factors considered by the Special Committee. In view of the wide variety of factors considered by the Special Committee, the Special Committee did not find it practicable to, and did not, quantify or otherwise assign relative or specific weights to the foregoing factors in reaching its conclusion. Rather, the Special Committee recommended that the eSpeed board of directors approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, and recommends that the holders of Company Class A common stock vote in favor of adoption of the merger agreement and the transactions contemplated thereby based upon the totality of the information presented to and factors considered by it. In addition, individual members of the Special Committee may have given differing weights to different factors and may have viewed some factors more positively or negatively than others. It should be noted that this explanation of the reasoning of the Special Committee and certain information

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presented in this section is forward-looking in nature, and, therefore, that information should be read in light of the factors discussed in the Forward-Looking Statements section of this proxy statement.

**Certain Projections**

After the merger, the Combined Company will not as a matter of course make public projections as to its future performance or earnings. However, in connection with the discussions concerning the proposed transaction, the managements of BGC Partners and eSpeed furnished to the Special Committee and its representatives and advisors certain information that was not publicly available, including certain projected financial data constituting the strategic plan for the fiscal years 2007 to 2010 for BGC Partners, eSpeed and the Combined Company. These projections include the following forecasts of Total Revenues (which we define as total revenues excluding interest income) and EBIT (which we define as earnings before interest income, interest expense and taxes) for BGC Partners, eSpeed and the Combined Company and forecasts of net income for eSpeed:

**Projected Financial Results**

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| | | (amounts in millions) | | |
| **BGC Partners** | | | | |
| Total Revenues | $ 901.9 | $ 1,025.3 | $ 1,131.7 | $ 1,250.1 |
| EBIT (1) | $ 97.7 | $ 140.6 | $ 169.1 | $ 204.3 |
| **eSpeed** | | | | |
| Total Revenues | $ 142.7 | $ 154.9 | $ 164.8 | $ 179.1 |
| EBIT (2) | $ (9.7) | $ (5.3) | $ (1.2) | $ 5.0 |
| Net income (2) | $ 2.4 | $ 4.8 | $ 6.3 | $ 10.6 |
| **Combined Company** | | | | |
| Total Revenues (3) | | $ 1,122.0 | $ 1,234.5 | $ 1,355.9 |
| EBIT (1) | | $ 143.8 | $ 184.2 | $ 225.6 |

(1) The projections were prepared on the same basis as the net income for fully diluted earnings per share reflected in the pro forma combined statement of operations, included in this proxy statement, such that all earnings attributable to the non-controlling Cantor and the founding partners interest are reflected in the calculation of EBIT.

(2) eSpeed projected EBIT and net income are based on operating earnings, which exclude certain non-operating charges, such as certain charitable contributions, impairment charges and patent litigation costs.

(3) The projections for the Combined Company reflect reductions in total revenue of approximately $61 million, $70 million and $81 million in 2008, 2009 and 2010, respectively, for amounts that have historically been associated with revenue sharing transactions between BGC Partners and eSpeed which will be eliminated upon consolidation as a result of the merger. Additionally, the Combined Company s Total Revenues and EBIT include the impact of revenue enhancements of $2.5 million in 2008 and $7.5 million in 2009 and 2010. The Combined Company s EBIT includes $10 million of expected cost savings in 2008, 2009 and 2010.

The projections for BGC Partners were prepared on a desk and region basis. Revenues for the three-year period from 2007 to 2010 are projected to grow at a compounded average annual growth rate (which we refer to as CAGR ) of approximately 11%. The desk level CAGR for Credit, Rates and Foreign Exchange desks for the three-year period 2007-2010 were projected to be 14%, 10% and 10%, respectively. These growth rates are slightly higher than the overall industry projections driven by higher than average growth rate assumptions for the Combined Company s credit derivatives and emerging market businesses. The projections for eSpeed show revenue CAGR for the three-year period from 2007 to 2010 of 8%.

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The projections referred to above were not prepared with a view toward public disclosure, and are included in this proxy statement only because such information was made available to the Special Committee and its representatives and advisors. The projections were developed by the managements of BGC Partners and eSpeed based on their expectations for revenue and earnings using a range of assumptions for operating and market conditions. The projections were prepared for purposes of engaging in discussions with respect to the transactions with the Special Committee and its representatives and advisors. The projections were not prepared with a view toward compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or U.S. GAAP. The prospective financial information, in the view of the managements of BGC Partners and eSpeed, was prepared on a reasonable basis and reflects the best currently available estimates and judgments, and presents, to the best of managements knowledge and belief, the expected course of action and the expected future financial performance of the Combined Company. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement are cautioned not to place undue reliance on the prospective financial information. Neither eSpeed s independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the projections included in this proxy statement, nor have they or any other independent auditors expressed any opinion or given any form of assurance on such information or its achievability and eSpeed s independent auditors assume no responsibility for, and, disclaim any association with, the prospective information. The projections are included in this proxy statement to give the stockholders of eSpeed access to information that was not publicly available and that the managements of BGC Partners and eSpeed provided to the Special Committee and its representatives and advisors.

The projections are not guarantees of performance. The projections are forward-looking statements that are subject to a number of risks, uncertainties and assumptions and should be read with caution. See Forward-Looking Statements. The projections are subjective in many respects and thus susceptible to interpretation and periodic revision based on actual experience and recent developments. While presented with numeric specificity, the projections reflect numerous assumptions made by the managements of BGC Partners and eSpeed with respect to industry performance, general business, economic, market and financial conditions and other matters, including assumed interest rates and effective tax rates consistent with historical levels, all of which are difficult to predict, many of which will be beyond the control of the Combined Company and none of which were subject to approval by the Special Committee. Accordingly, there can be no assurance that the assumptions made in preparing the projections or the projections themselves will prove accurate. You should not place undue reliance on the projections contained in this proxy statement. Actual results can be materially greater or less than the projections. The managements of BGC Partners and eSpeed do not intend to make publicly available any update or other revisions to the projections to reflect circumstances existing after the date of the preparation of the projections or the occurrence of future events even in the event that any or all of the assumptions are shown to be in error.

**Opinion of Financial Advisor to the Special Committee**

By letter dated February 21, 2007, Sandler O Neill was retained to act as financial advisor to the Special Committee in connection with a possible business combination involving eSpeed and BGC Partners. Sandler O Neill is a nationally recognized investment banking firm. In the ordinary course of its investment banking business, Sandler O Neill is regularly engaged in the valuation of financial services companies and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O Neill acted as financial advisor to the Special Committee in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement on May 29, 2007. At the May 29, 2007 meeting at which the Special Committee recommended that the eSpeed board of directors approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, Sandler O Neill delivered to the Special Committee its oral

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opinion, and confirmed in writing that day, that, as of such date, the Exchange Ratios (as defined below in Summary of Proposal ) were fair from a financial point of view to the holders of eSpeed Class A common stock (other than Cantor and its affiliates). **The full text of Sandler O Neill s opinion is attached to this proxy statement as Annex J. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. eSpeed s stockholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

**Sandler O Neill s opinion speaks only as of the date of the opinion. The opinion was directed to the Special Committee and is directed only to the fairness of the Exchange Ratios to the holders of eSpeed Class A common stock, other than Cantor and its affiliates. It does not address the underlying business decision of eSpeed to engage in the merger or any other aspect of the merger and is not a recommendation to any eSpeed stockholder as to how such stockholder should vote at the special meeting with respect to the merger or any other matter.**

In connection with rendering its May 29, 2007 opinion, Sandler O Neill reviewed and considered, among other things:

(1) the merger agreement, including all schedules thereto;

(2) a form of the separation agreement to be entered into by and among Cantor, BGC Partners, BGC U.S., BGC Global and BGC Holdings, including all schedules thereto;

(3) a form of the registration rights agreement to be entered into by and between Cantor and BGC Partners;

(4) a form of the administrative services agreement to be entered into by and between Cantor and BGC Partners;

(5) a form of the administrative services agreement to be entered into by and among Tower Bridge, BGCI and Cantor;

(6) a form of the Agreement of Limited Partnership of BGC U.S., as proposed to be amended and restated;

(7) a form of the Agreement of Limited Partnership of BGC Global, as proposed to be amended and restated;

(8) a form of the Participation Plan;

(9) the term sheet related to the tax receivable agreement to be entered into between eSpeed and Cantor;

(10) certain publicly available financial statements and other historical financial information of eSpeed that it deemed relevant;

(11) certain audited, unaudited and pro forma financial statements and other historical financial information of BGC Partners that it deemed relevant;

(12) internal financial projections for eSpeed for the years ending December 31, 2007 through 2010, as provided by management of eSpeed;

(13) internal financial projections for BGC Partners for the years ending December 31, 2007 through 2010, as provided by management of BGC Partners;

(14) internal financial projections of the pro forma financial impact of the merger on eSpeed, based on assumptions relating to transaction expenses, accounting adjustments, synergies, cost savings and revenue enhancements prepared by the senior managements of eSpeed and BGC Partners;

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(15) the publicly reported historical price and trading activity for eSpeed common stock, including a comparison of certain financial and stock market information for eSpeed with similar publicly available information for certain other companies the securities of which are publicly traded;

(16) the financial terms of certain recent business combinations in the inter-dealer broker market, to the extent publicly available;

(17) the current market environment generally and the inter-dealer broker market in particular; and

(18) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O Neill considered relevant.

Sandler O Neill also discussed with certain members of the senior managements of eSpeed and BGC Partners the business, financial condition, results of operations and prospects of eSpeed and BGC Partners, respectively, and the prospects of the Combined Company resulting from the merger.

In performing its reviews and analyses and in rendering its opinion, Sandler O Neill relied upon the accuracy and completeness of all the financial and other information that was available to it from public sources, that was provided to it by eSpeed, BGC Partners and Cantor or their respective representatives or that was otherwise reviewed by it, and has assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O Neill further relied on the assurances of the management of each of eSpeed, BGC Partners and Cantor that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O Neill was not asked to undertake, and did not undertake, an independent verification of any of such information and Sandler O Neill did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing the assets or the liabilities (contingent or otherwise) of eSpeed, BGC Partners and Cantor or any of their subsidiaries, or the collectibility of any such assets, nor has Sandler O Neill been furnished with any such evaluations or appraisals.

With respect to the financial projections for eSpeed and BGC Partners, provided by the senior managements of eSpeed and BGC Partners and used by Sandler O Neill in its analysis, eSpeed s and BGC Partners managements confirmed to Sandler O Neill that they reflected the best currently available projections of the future financial performance of eSpeed and BGC Partners, respectively. All projections of the pro forma impact of transaction costs, accounting adjustments, synergies, cost savings and revenue enhancements related to the merger were provided by and reviewed with senior managements of eSpeed and BGC Partners and eSpeed s and BGC Partners managements confirmed to Sandler O Neill that those projections reflected the best currently available estimates and judgments of management. Sandler O Neill assumed that the financial performances reflected in all estimates and projections used by it in its analyses would be achieved. Sandler O Neill expressed no opinion as to such estimates and projections or the assumptions on which they were based. Sandler O Neill also assumed that there has been no material change in the assets, financial condition, results of operations, business or prospects of eSpeed or BGC Partners since the date of the last financial statements made available to it and that eSpeed and BGC Partners will remain as going concerns for all periods relevant to the analyses.

Sandler O Neill assumed that the merger agreement and all related agreements will be valid, binding and enforceable agreements with respect to all of the parties to such agreements, that all of the representations and warranties contained in the merger agreement and all related agreements will be true and correct in accordance with the terms of such agreement, that each party to such agreements will perform all of the covenants required to be performed by such party under the agreements, that the conditions precedent in the merger agreement will not be waived, that the merger will be a tax-free reorganization for federal income tax purposes and that the merger will be accounted for as a combination of entities under common control. Finally, with the consent of the Special Committee, Sandler O Neill relied upon the advice the Special Committee and eSpeed received from their accounting and tax advisors as to all accounting and tax matters relating to the merger agreement and the other transactions contemplated by the merger agreement.

Sandler O Neill s opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Events occurring after the date thereof could materially affect its opinion. Sandler O Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of its opinion. Sandler O Neill expressed no opinion as to what the value of eSpeed Class A common stock will be at the time of the merger or the price at which eSpeed Class A common stock may trade at any time.

In rendering its May 29, 2007 opinion, Sandler O Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O Neill, but is not a complete description of all the analyses underlying Sandler O Neill s opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O Neill s comparative analyses described below is identical to eSpeed or BGC Partners and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of eSpeed and BGC Partners and the companies to which they are being compared.

In performing its analyses, Sandler O Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of eSpeed, BGC Partners and Sandler O Neill. The analyses performed by Sandler O Neill are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Sandler O Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Special Committee at its May 29, 2007 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different.

***Summary of Proposal***. Sandler O Neill reviewed the financial terms of the proposed merger whereby each BGC Partners Class A unit issued and outstanding immediately prior to the merger will be converted into one share of Combined Company Class A common stock, each BGC Partners Class B unit issued and outstanding immediately prior to the merger will be converted into one share of Combined Company Class B common stock and each BGC Partners Class C unit issued and outstanding immediately prior to the merger will be converted into 100 shares of Combined Company Class B common stock. The above exchange ratios are referred to herein as the Exchange Ratios. The Exchange Ratios imply a value of $9.75 per eSpeed share and a value of $1,371.5 million for the equity of BGC Partners, along with the assumption of $150.0 million of BGC Partners debt. Based on the May 25, 2007 share information available to Sandler O Neill at the time it issued its opinion, the Exchange Ratios provide the current holders of eSpeed Class A common stock (other than Cantor and its affiliates) with 16.1% economic ownership of the Combined Company and 6.6% voting ownership of the Combined Company.

***Comparable Company Analysis.*** Sandler O Neill used publicly available information to compare selected financial and market trading information for eSpeed and selected financial information for BGC Partners with a group of financial institutions selected by Sandler O Neill. The comparable group consisted of the following publicly traded inter-dealer brokers: Compagnie Financière Tradition, GFI Group Inc., ICAP plc and Tullett Prebon plc.

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***Comparable Group Analysis***

| | eSpeed | BGC Partners | Comparable Group Median Result | Comparable Group Range | |
|---|---|---|---|---|---|
| Price / 2007 Estimated Earnings (1) | NM(3) | 25.4x(4) | 21.1x | 17.0x | 24.2x |
| Price / 2008 Estimated Earnings (1) | NM(3) | 16.4x(4) | 18.0x | 15.5x | 21.3x |
| Price / Book Value | 1.8x | 14.7x(4) | 5.1x | 4.0x | 13.8x |
| 2007 Price / Earnings Growth Rate (1) | NA(3) | 2.1x(4) | 1.5x | 1.3x | 2.6x |
| Enterprise Value / EBITDA (2) | 9.1x | 8.6x(4)(5) | 9.7x | 6.3x | 15.5x |

(1) Based on publicly available estimates as published on I/B/E/S.
(2) EBITDA is defined as earnings before interest, taxes, depreciation and amortization.
(3) NM = Not Meaningful and NA = Not Available.
(4) Assuming valuation of BGC Partners of $1,371.5 million; estimates based on management projections.
(5) First quarter 2007 EBITDA annualized.

***eSpeed Stock Trading History.*** Sandler O Neill reviewed the history of the reported trading prices of eSpeed common stock and the relationship between the movements in the price of eSpeed common stock and the movements in the prices of its comparable group. Sandler O Neill analyzed eSpeed common stock for the three-year period ended May 25, 2007. During this period, eSpeed common stock generally underperformed its comparable group.

***eSpeed s Three Year Stock Performance***

| | Beginning Index Value May 25, 2004 | Ending Index Value May 25, 2007 |
|---|---|---|
| eSpeed | 100.0% | 49.4% |
| Comparable Group | 100.0 | 210.0 |

***Valuation of eSpeed Based on Price to Book Multiple.*** Sandler O Neill performed an analysis based on the median one, two and three year per share stock price to book value multiples for eSpeed. As illustrated by the following table, this analysis indicated an imputed range of values per share of eSpeed common stock of $8.34 to $8.71.

| eSpeed | Per Share(1) |
|---|---|
| Stockholders Equity | $ 4.98 |
| One Year Median Price to Book Value | 1.75x |
| Valuation Based on One Year Median Price to Book Value | $ 8.71 |
| Two Year Median Price to Book Value | 1.67x |
| Valuation Based on Two Year Median Price to Book Value | $ 8.34 |
| Three Year Median Price to Book Value | 1.74x |
| Valuation Based on Three Year Median Price to Book Value | $ 8.65 |

(1) Based on 51,562,624 fully diluted shares outstanding as of May 25, 2007.

***Valuation of eSpeed Based on Sum-of-the-Parts Analysis.*** Sandler O Neill also performed an analysis based on the sum-of-the-parts for eSpeed whereby Sandler O Neill examined each of eSpeed s cash, equity and earnings per share and calculated a range of values per share of eSpeed common stock based an on aggregation of the above. As illustrated by the following tables, this analysis indicated an imputed range of values per share of eSpeed common stock of $4.53 $10.09.

| eSpeed | Per Share(1) | |
|---|---|---|
| Cash and Cash Equivalents | $ | 3.73 |
| 2007 Management Operating Earnings Per Share (2) | $ | 0.05 |
| Comparable Group 2007 Price to Earnings Range | 17.0x | 24.2x |
| eSpeed Price Based on Comparable 2007 Price to Earnings Range | $ 0.80 | $1.14 |
| Sum of the Parts Analysis on 2007 Price to Earnings Range | $ 4.53 | $4.87 |

| eSpeed | Per Share(1) | |
|---|---|---|
| Cash and Cash Equivalents | $ | 3.73 |
| 2008 Management Operating Earnings Per Share (2) | $ | 0.09 |
| Comparable Group 2008 Price to Earnings Range | 15.5x | 21.3x |
| eSpeed Price Based on Comparable 2008 Price to Earnings Range | $ 1.46 | $2.00 |
| Sum of the Parts Analysis on 2008 Price to Earnings Range | $ 5.20 | $5.74 |

| eSpeed | Per Share(1) | |
|---|---|---|
| Cash and Cash Equivalents | $ | 3.73 |
| Book Value Per Share | $ | 4.98 |
| Remaining Book Value Per Share | $ | 1.25 |
| Median 3-Year eSpeed and Median Peer Book Value Multiple | 1.74x | 5.10x |
| eSpeed Price Based on Book Value | $ 2.16 | $6.36 |
| Sum of the Parts Based on Book Value | $ 5.90 | $10.09 |

(1) Based on 51,562,624 fully diluted shares outstanding as of May 25, 2007.

(2) Operating earnings defined as U.S. GAAP earnings plus non-recurring charges.

***Discounted Cash Flow of eSpeed and Terminal Value Analysis.*** Sandler O Neill performed an analysis that estimated the future streams of cash flow of eSpeed through December 31, 2010 under various circumstances. The analysis assumed eSpeed s projected cash flow streams assuming eSpeed performed in accordance with the financial projections for 2007 through 2010, as provided by the management of eSpeed. To approximate the terminal value of eSpeed common stock at December 31, 2010, Sandler O Neill applied price to current year earnings multiples of 17.0x to 23.0x. The cash flow streams and terminal values were then discounted to present values using different discount rates ranging from 10.0% to 14.0%. These discount rates were chosen by Sandler O Neill to reflect different assumptions regarding the required rates of return of holders or prospective buyers of eSpeed s equity. The range applied to the budgeted net income was 20% under budget to 20% over budget, using a discount rate of 12.0% for the tabular analysis. As illustrated in the following tables, this analysis indicated an imputed range of values per share for eSpeed common stock of $6.21 to $7.31 when applying the price/earnings multiples to the matched budget, and $5.90 to $7.70 when applying the price/earnings multiples to the -20% / +20% budget range. In both discounted cash flow analysis for eSpeed, a dollar for dollar value of cash per share is added to the resultant value of eSpeed s cash flow stream.

***Earnings Per Share Multiples***

| Discount Rate | 17.0x | 18.0x | 19.0x | 20.0x | 21.0x | 22.0x | 23.0x |
|---|---|---|---|---|---|---|---|
| 10.00% | $ 6.53 | $ 6.66 | $ 6.79 | $ 6.92 | $ 7.05 | $ 7.18 | $ 7.31 |
| 11.00% | 6.45 | 6.57 | 6.70 | 6.82 | 6.95 | 7.07 | 7.20 |
| 12.00% | 6.36 | 6.49 | 6.61 | 6.73 | 6.85 | 6.97 | 7.09 |
| 13.00% | 6.28 | 6.40 | 6.52 | 6.64 | 6.76 | 6.87 | 6.99 |
| 14.00% | 6.21 | 6.32 | 6.44 | 6.55 | 6.66 | 6.78 | 6.89 |

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***Earnings Per Share Multiples***

| Budget Variance | 17.0x | 18.0x | 19.0x | 20.0x | 21.0x | 22.0x | 23.0x |
|---|---|---|---|---|---|---|---|
| 20.0% | $ 6.83 | $ 6.97 | $ 7.12 | $ 7.26 | $ 7.41 | $ 7.55 | $ 7.70 |
| 15.0% | 6.71 | 6.85 | 6.99 | 7.13 | 7.27 | 7.41 | 7.55 |
| 10.0% | 6.59 | 6.73 | 6.86 | 7.00 | 7.13 | 7.26 | 7.40 |
| 5.0% | 6.48 | 6.61 | 6.73 | 6.86 | 6.99 | 7.12 | 7.24 |
| 0.0% | 6.36 | 6.49 | 6.61 | 6.73 | 6.85 | 6.97 | 7.09 |
| -5.0% | 6.25 | 6.36 | 6.48 | 6.59 | 6.71 | 6.83 | 6.94 |
| -10.0% | 6.13 | 6.24 | 6.35 | 6.46 | 6.57 | 6.68 | 6.79 |
| -15.0% | 6.02 | 6.12 | 6.22 | 6.33 | 6.43 | 6.53 | 6.64 |
| -20.0% | 5.90 | 6.00 | 6.10 | 6.19 | 6.29 | 6.39 | 6.49 |

***Valuation of BGC Partners Based on Projected Price to Earnings.*** Sandler O Neill performed an analysis based on the estimated price to earnings of BGC Partners. As illustrated by the following table, this analysis indicated an imputed aggregate range of values for BGC Partners of $918.7 million to $1,776.9 million.

| BGC Partners | ($000s) | |
|---|---|---|
| 2007 Estimated Net Income | $ | 54,019 |
| Comparable Group 2007 Price to Earnings Range | 17.0x | 24.2x |
| Valuation Range Based on Peer 2007 Price to Earnings Range | $ 918,692 | $1,309,553 |
| 2008 Estimated Net Income | $ | 83,548 |
| Comparable Group 2008 Price to Earnings Range | 15.5x | 21.3x |
| Valuation Range Based on Peer 2008 Price to Earnings Range | $ 1,297,332 | $1,776,894 |

***Discounted Cash Flow of BGC Partners and Terminal Value Analysis.*** Sandler O Neill performed an analysis that estimated the future stream of cash flow of BGC Partners through December 31, 2010 under various circumstances. The analysis assumed BGC Partners projected cash flow stream and that BGC Partners performed in accordance with the financial projections for 2007 through 2010, as provided by the management of BGC Partners. To approximate the terminal value of BGC Partners common stock at December 31, 2010, Sandler O Neill applied price to current year earnings multiples of 17.0x to 23.0x. The cash flow streams and terminal values were then discounted to present values using different discount rates ranging from 11.0% to 15.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of BGC Partners common stock. The range applied to the budgeted net income was 20% under budget to 20% over budget, using a discount rate of 13.0% for the tabular analysis. As illustrated in the following tables, this analysis indicated an imputed range of aggregate equity values for BGC Partners of $1.484 million to $2.241 million when applying the price/earnings multiples to the matched budget, and $1.231 million to $2.555 million when applying the price/earnings multiples to the -20% / +20% budget range.

***Earnings Multiples ($ in millions)***

| Discount Rate | 17.0x | 18.0x | 19.0x | 20.0x | 21.0x | 22.0x | 23.0x |
|---|---|---|---|---|---|---|---|
| 11.00% | $ 1,685 | $ 1,777 | $ 1,870 | $ 1,963 | $ 2,056 | $ 2,149 | $ 2,241 |
| 12.00% | 1,631 | 1,721 | 1,811 | 1,901 | 1,991 | 2,080 | 2,170 |
| 13.00% | 1,580 | 1,667 | 1,754 | 1,841 | 1,928 | 2,015 | 2,102 |
| 14.00% | 1,531 | 1,615 | 1,699 | 1,784 | 1,868 | 1,952 | 2,037 |
| 15.00% | 1,484 | 1,565 | 1,647 | 1,729 | 1,810 | 1,892 | 1,974 |

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***Earnings Multiples ($ in millions)***

| Budget Variance | 17.0x | 18.0x | 19.0x | 20.0x | 21.0x | 22.0x | 23.0x |
|---|---|---|---|---|---|---|---|
| 20.0% | $ 1,929 | $ 2,033 | $ 2,138 | $ 2,242 | $ 2,347 | $ 2,451 | $ 2,555 |
| 15.0% | 1,842 | 1,942 | 2,042 | 2,142 | 2,242 | 2,342 | 2,442 |
| 10.0% | 1,755 | 1,850 | 1,946 | 2,042 | 2,137 | 2,233 | 2,329 |
| 5.0% | 1,667 | 1,759 | 1,850 | 1,941 | 2,033 | 2,124 | 2,215 |
| 0.0% | 1,580 | 1,667 | 1,754 | 1,841 | 1,928 | 2,015 | 2,102 |
| -5.0% | 1,493 | 1,575 | 1,658 | 1,741 | 1,823 | 1,906 | 1,989 |
| -10.0% | 1,406 | 1,484 | 1,562 | 1,640 | 1,719 | 1,797 | 1,875 |
| -15.0% | 1,318 | 1,392 | 1,466 | 1,540 | 1,614 | 1,688 | 1,762 |
| -20.0% | 1,231 | 1,301 | 1,370 | 1,440 | 1,509 | 1,579 | 1,649 |

***Relative Contribution Analysis.*** Sandler O Neil analyzed the respective contributions of eSpeed and BGC Partners, based on management estimates, for revenues, EBITDA and operating net income. Based on this analysis, Sandler O Neill concluded that eSpeed will have approximately 27.8% economic ownership of the Combined Company, while contributing 13.1%, 10.4% and 5.5% of the revenues, EBITDA and operating net income for fiscal year 2008, respectively.

***Analysis of Selected Merger Transactions as Applied to eSpeed and BGC Partners***. Sandler O Neill reviewed 21 merger transactions announced from January 1, 2002 through May 29, 2007 involving financial technology companies, inter-dealer brokers and financial exchanges. Sandler O Neill reviewed the following median and mean multiples related to those selected merger transactions: transaction price at announcement to last 12 months , which we refer to as LTM, net income, transaction value to LTM revenues and transaction value to LTM EBITDA and compared them to those multiples observed for eSpeed and BGC Partners, respectively.

***Transaction Multiples***

**Selected Financial Services Transactions**

| ($ in millions) | Median Multiple | Mean Multiple | eSpeed Multiple(1) | BGC Partners Multiple(2) |
|---|---|---|---|---|
| Transaction value/LTM net income | 33.9x | 36.5x | 155.6x | 15.7x |
| Transaction value/LTM revenues | 2.9x | 5.4x | 3.3x | 1.5x |
| Transaction value/LTM EBITDA | 20.2x | 18.7x | 16.3x | 8.2x |

(1) Transaction multiples based on LTM ended March 31, 2007 and assuming a transaction value of $9.75 per share.
(2) Transaction multiples based on the first quarter 2007 annualized and assuming a transaction value of $1,371.5 million.

***Pro Forma Merger Analysis.*** Sandler O Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes on December 31, 2007; (2) eSpeed is valued at $9.75 per share and an aggregate of 133,860,000 shares of Combined Company common stock and rights to acquire shares of Combined Company common stock are issued; (3) BGC Partners produces a balance sheet at closing with a minimum of $25.0 million in cash, $146.5 million in equity and debt capped at $150.0 million; (4) eSpeed s 2007, 2008, 2009 and 2010 net income projections and earnings per share growth rates provided by and reviewed with eSpeed s management; (5) BGC Partners 2007, 2008, 2009 and 2010 budgeted financial projections provided by and reviewed with BGC Partners and eSpeed s managements; (6) transaction costs, accounting adjustments, synergies, cost savings and revenue enhancements related to the merger provided by and reviewed with senior managements of eSpeed and BGC Partners and eSpeed s and BGC Partners managements confirmed to Sandler O Neill that those projections reflected the best currently available estimates and judgments of management. The analyses indicated that for the year ending December 31, 2008 (the first full year of combined operations), the merger would be accretive to eSpeed s projected earnings per share increasing earnings per share from $0.09 on a standalone basis to $0.52 as a pro forma entity, while dilutive to book value and cash value per share.

***Discounted Cash Flow of the Combined Company and Terminal Value Analysis.*** Sandler O Neill also performed an analysis that estimated the future stream of cash flow of the Combined Company through December 31, 2010 under various circumstances. The analysis assumed the pro forma projected cash flow stream and that the Combined Company performed in accordance with the financial projections for 2008 through 2010 provided to Sandler O Neill by the respective managements of eSpeed and BGC Partners, as well as the assumptions regarding transaction costs, accounting adjustments, synergies, cost savings and revenue enhancements related to the merger. To approximate the terminal value of the Combined Company common stock at December 31, 2010, Sandler O Neill applied price to current year earnings multiples of 17.0x to 23.0x. The cash flow streams and terminal values were then discounted to the net present values at December 31, 2007, using different discount rates ranging from 11.0% to 15.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Combined Company common stock. The range applied to the budgeted net income was 20% under budget to 20% over budget, using a discount rate of 13.0% for the analysis. This analysis indicated an imputed range of values per share for eSpeed common stock of $10.45 to $15.27 when applying the price/earnings multiples to the matched budget, and $8.74 to $17.45 when applying the price to earnings multiples to the -20% / +20% budget range. The actual results achieved by the Combined Company may vary from projected results and the variations may be material.

***Earnings Per Share Multiples***

| **Discount Rate** | **17.0x** | **18.0x** | **19.0x** | **20.0x** | **21.0x** | **22.0x** | **23.0x** |
|---|---|---|---|---|---|---|---|
| 11.00% | $ 11.61 | $ 12.22 | $ 12.83 | $ 13.44 | $ 14.05 | $ 14.66 | $ 15.27 |
| 12.00% | 11.31 | 11.90 | 12.49 | 13.09 | 13.68 | 14.28 | 14.87 |
| 13.00% | 11.01 | 11.59 | 12.17 | 12.75 | 13.33 | 13.91 | 14.48 |
| 14.00% | 10.73 | 11.29 | 11.86 | 12.42 | 12.98 | 13.55 | 14.11 |
| 15.00% | 10.45 | 11.00 | 11.55 | 12.10 | 12.65 | 13.20 | 13.75 |

***Earnings Per Share Multiples***

| **Budget Variance** | **17.0x** | **18.0x** | **19.0x** | **20.0x** | **21.0x** | **22.0x** | **23.0x** |
|---|---|---|---|---|---|---|---|
| 20.0% | $ 13.29 | $ 13.98 | $ 14.68 | $ 15.37 | $ 16.06 | $ 16.76 | $ 17.45 |
| 15.0% | 12.72 | 13.38 | 14.05 | 14.71 | 15.38 | 16.05 | 16.71 |
| 10.0% | 12.15 | 12.79 | 13.42 | 14.06 | 14.70 | 15.33 | 15.97 |
| 5.0% | 11.58 | 12.19 | 12.80 | 13.40 | 14.01 | 14.62 | 15.23 |
| 0.0% | 11.01 | 11.59 | 12.17 | 12.75 | 13.33 | 13.91 | 14.48 |
| -5.0% | 10.44 | 10.99 | 11.54 | 12.09 | 12.64 | 13.19 | 13.74 |
| -10.0% | 9.88 | 10.40 | 10.92 | 11.44 | 11.96 | 12.48 | 13.00 |
| -15.0% | 9.31 | 9.80 | 10.29 | 10.78 | 11.27 | 11.77 | 12.26 |
| -20.0% | 8.74 | 9.20 | 9.66 | 10.13 | 10.59 | 11.05 | 11.52 |

eSpeed has agreed to pay Sandler O Neill a fee of $2,000,000 for the delivery of its opinion. This fee became due upon delivery of the opinion. eSpeed has also agreed to reimburse certain of Sandler O Neill s reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O Neill and its affiliates and their respective partners, directors, officers, employees, agents and controlling persons against certain expenses and liabilities, including liabilities under securities laws.

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Sandler O Neill may provide investment banking services to eSpeed and or BGC Partners in the future and may receive compensation for such services. The services may include raising capital in connection with the merger and/or other services to be performed during the period prior to the closing of the merger.

In the ordinary course of its business as a broker-dealer, Sandler O Neill may purchase securities from and sell securities to eSpeed, BGC Partners and their respective affiliates. Sandler O Neill may also actively trade the debt and/or equity securities of eSpeed, BGC Partners and their respective affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

**Interests of Directors, Executive Officers and Certain Beneficial Owners in the Merger**

In considering the recommendation of the eSpeed board of directors and the Special Committee with respect to the merger agreement, you should be aware that some of the current directors and executive officers of eSpeed, the future directors and executive officers of the Combined Company and certain beneficial owners of eSpeed common stock have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, the interests of unaffiliated eSpeed stockholders, and the interests of the current directors and executive officers of eSpeed, the future directors and officers of the Combined Company and certain beneficial owners of eSpeed common stock may conflict with the interests of the unaffiliated eSpeed stockholders. These interests, to the extent material, are described below. The eSpeed board of directors and the Special Committee were aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated thereby.

***Increase in Compensation***

The merger agreement provides that, prior to completion of the merger, upon the request of BGC Partners, eSpeed will provide each of Howard W. Lutnick, Lee M. Amaitis, Shaun D. Lynn, Stephen M. Merkel and Robert K. West with a letter agreement setting forth an annual base salary of $1,000,000 per year (except for Mr. West whose letter shall provide for an annual base salary of $550,000) and annual target cash bonuses of up to the percentages set forth below:

400% of annual base salary for Mr. Lutnick;

375% of annual base salary for Mr. Amaitis;

300% of annual base salary for Mr. Lynn;

100% of annual base salary for Mr. Merkel; and

100% of annual base salary for Mr. West.

In addition to the target cash bonuses set forth above, the executive officers will be eligible for incentive compensation to be paid in the form of equity, partnership units or otherwise.

***Employment Agreements***

The provisions of the merger agreement described in Increase in Compensation above are expected to be implemented prior to the merger through employment agreements between BGC Partners and each of Messrs. Amaitis and Lynn, which agreements will be assumed at completion of the merger by the Combined Company. Mr. Amaitis employment agreement will have an initial term of three years, which is extendable for two additional one-year terms with the consent of Mr. Amaitis and BGC Partners or, after the merger, the Combined Company. In accordance with the letter agreement described above, Mr. Amaitis employment agreement will provide for a base salary of $1,000,000 per year, subject to annual review and increase by the compensation committee, with a target cash bonus for 2007 of 375% of base salary. Mr. Lynn s employment agreement will have a five-year term. In accordance with the letter agreement described above, Mr. Lynn s employment agreement will provide for a base salary of $1,000,000 per year, subject to annual review and increase by the compensation committee, with a target cash bonus for 2007 of 300% of base salary. The target bonus for Mr. Amaitis and Mr. Lynn will be reviewed annually by the compensation committee. Following the merger, Messrs. Lutnick, Merkel and West are expected to be paid by the Combined Company the applicable base salary and target bonus as set forth in the letter agreements to be provided by eSpeed as described above, but not to enter into employment agreements. We currently expect that

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Mr. Lutnick will spend approximately 50% of his time each year on Combined Company matters, that Mr. Amaitis will spend approximately 90% of his time each year on Combined Company matters and Mr. Merkel will spend approximately 50% of his time each year on Combined Company matters, although these percentages may vary depending on business developments at the Combined Company or Cantor or any of their affiliates.

***New Post-Merger Change of Control Employment Agreements***

BGC Partners and eSpeed have agreed that BGC Partners may, prior to the completion of the merger, enter into change of control employment agreements with each of Messrs. Lutnick, Lynn, Merkel and Amaitis, which agreements will be assumed at completion of the merger by the Combined Company, and which will relate to a change of control of BGC Partners or, after the merger, the Combined Company, other than the merger contemplated by the merger agreement. BGC Partners is expected, prior to the merger, to enter into these agreements with these individuals. The agreements with Messrs. Lutnick, Amaitis and Merkel will provide that, upon a change of control, such executive will have the option to extend his employment for three years after the change of control or to terminate his employment upon the change of control, while the agreement with Mr. Lynn will provide that upon a change of control, the continuing company will have the option to extend the term of his employment for three years after the change of control or to terminate his employment. Each agreement will provide that if (a) the individual s employment is terminated upon the change of control, such executive will receive two times such executive s aggregate compensation for the most recent full fiscal year or (b) the individual s employment is extended, such executive will receive an amount equal to such executive s aggregate compensation for the most recent full fiscal year, and, in each case, such executive will receive the full vesting of all stock options and restricted stock units (unless otherwise provided in the applicable award agreement) and welfare benefit continuation for two years. In addition, these executives will be entitled to a gross-up for any taxes imposed as a result of the application of Section 4999 of the Code. In the event of death or disability, such executive will be paid accrued salary to the date of death or disability.

Please see Management Before and After the Merger Compensation Discussion and Analysis Potential Payments Upon Change of Control for a tabular presentation of amounts payable under the above referenced change of control employment agreements.

***Repayment of Existing Loans and Required Capital Contributions***

In connection with the separation and prior to the merger, Messrs. Amaitis, Lynn and Merkel, as well as two other individuals who are employed by one or more of our affiliates, will use some of the proceeds that they receive in respect of the redemption of their Cantor limited partnership interests to repay certain loans made or guaranteed by Cantor and to make certain required capital contributions. See Certain Relationships and Related Transactions Before and After the Merger Repayment of Existing Loans and Required Capital Contributions.

***Interests in Equity and Cash Received in Connection With the Separation and Merger***

Prior to the completion of the merger, Cantor will redeem all of the Cantor limited partnership interests held by founding partners in exchange for (1) a portion of the BGC Holdings limited partnership interests that Cantor will receive in the separation and (2) distribution rights in respect of BGC Partners interests and, after the merger, Combined Company Class A common stock. Immediately prior to this redemption, Cantor will redeem a portion of Mr. Amaitis Cantor limited partnerships interests for approximately $53,666,788 in cash and Cantor, immediately after these redemptions, will provide Messrs. Amaitis and Lynn with 1,100,000 and 200,000, respectively, of the BGC Holdings limited partnerships interests Cantor receives in the separation. Cantor expects to agree that these units along with another 400,000 units owned by Mr. Lynn will be immediately exchangeable by Messrs. Amaitis and Lynn into Combined Company Class A common stock on a one-for-one basis.

Concurrently with the merger, and, in the future, as part of its compensation process, BGC Holdings expects to also issue certain REUs to certain employees of BGC and other persons who provide services to BGC. See Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Exchanges and Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Partner

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Obligations. In addition, BGC Partners will issue to certain employees and other persons who provide services to BGC Partners certain BGC RSUs. The aggregate value of such REU interests and BGC RSUs granted prior to the consummation of the merger (a) with respect to the fiscal year ended December 31, 2007, will be no greater than $22,000,000 and (b) with respect to the fiscal year ended December 31, 2008, will be no greater than $22,000,000, and for each of clauses (a) and (b), each such right to receive one BGC RSU or REU will be valued for these purposes at the closing price of eSpeed Class A Common Stock on the date of the grant of the right. Furthermore, BGC Holdings is authorized to issue certain additional REU interests or BGC RSUs in connection with acquisitions and the hiring of new employees prior to the merger. These issuances would be in addition to the 133,860,000 shares of Combined Company common stock and rights to acquire common stock to be issued in the merger and be dilutive to all stockholders. BGC Holdings has recently entered into an acquisition agreement in connection with which it has agreed to issue 526,315 REUs upon the closing of the merger.

The following table shows the approximate number and aggregate dollar value of the BGC Holdings founding partner interests, and the shares underlying distribution rights as well as cash, to be received by the current executive officers of eSpeed and the future executive officers of the Combined Company in the separation (assuming the merger and separation occurred on January 24, 2008):

| Name | Cash | Number of BGC Holdings Founding Partner Interests(1) | Value of BGC Holdings Founding Partner Interests(2) | Number of Shares Underlying Distribution Rights(1) | Value of Shares Underlying Distribution Rights(2) | Total Value of cash, BGC Holdings Founding Partner Interests and Shares Underlying Distribution Rights(2) |
|---|---|---|---|---|---|---|
| Howard W. Lutnick (3) | $ | | $ | 7,742,325 | $ 90,352,935 | $ 90,352,935 |
| Lee M. Amaitis | $ 53,666,788 | 3,062,403 | $ 35,738,242 | 392,481 | $ 4,580,248 | $ 93,985,279 |
| Shaun D. Lynn | $ | 3,048,330 | $ 35,574,011 | 569,666 | $ 6,648,002 | $ 42,222,013 |
| Stephen M. Merkel | $ | | $ | 275,376 | $ 3,213,638 | $ 3,213,638 |
| Robert K. West | $ | | $ | | $ | $ |

(1) Messrs. Lynn and Merkel will immediately after the separation sell to Cantor, for cash, distribution rights provided to them in connection with the redemption of their Cantor limited partnership interests in connection with the separation. Concurrently, Cantor will also purchase some of the BGC Holdings limited partnership interests held by Mr. Lynn at a price per interest or share equal to the closing price of eSpeed Class A common stock on the date of closing of the merger. Assuming a closing price of $11.67 per share of eSpeed Class A common stock on the date of closing, which represents the closing price of eSpeed Class A common stock on January 24, 2008, Messrs. Lynn and Merkel would sell distribution rights relating to 569,666 and 102,012 shares of Combined Company Class A common stock, respectively, and Mr. Lynn would sell 386,731 BGC Holdings limited partnership interests.

(2) Assumes a closing price of $11.67 per share of eSpeed Class A common stock on the date of closing, which represents the closing price of eSpeed Class A common stock on January 24, 2008, and assumes one BGC Holdings founding partner interest has the same value as one share of eSpeed Class A common stock.

(3) In the separation, Mr. Lutnick s wife also will receive distribution rights relating to 23,780 shares of Combined Company Class A common stock (valued at $277,513, assuming a closing price of $11.67 per share of eSpeed Class A common stock on the date of closing, which represents the closing price of eSpeed Class A common stock on January 24, 2008) in respect of units in Cantor held less than three years and a trust for the benefit of descendants of Mr. Lutnick, of which Mr. Lutnick s wife is one of two trustees and Mr. Lutnick has limited powers to remove and replace such trustees, also will receive distribution rights relating to 1,610,182 shares of Combined Company Class A common stock (valued at $18,790,824, assuming a closing price of $11.67 per share of eSpeed Class A common stock on the date of closing, which represents the closing price of eSpeed Class A common stock on January 24, 2008) in respect of units in Cantor held three years or longer. Mr. Lutnick is the President and sole stockholder of CFGM, Cantor s managing general partner. As such, Mr. Lutnick may be deemed to have beneficial ownership of the BGC Holdings exchangeable limited partnerships interests held by Cantor described below under BGC Holdings Exchangeable Limited Partnership Interests.

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*BGC Holdings Founding Partner Interests*

In connection with the separation, certain current executive officers of eSpeed and future executive officers of the Combined Company will receive BGC Holdings founding partner interests and become founding partners. Specifically, the following individuals will receive the indicated number of BGC Holdings founding partner interests, in redemption of existing limited partnership interests in Cantor, and certain grants from Cantor, in connection with the separation:

- 3,062,403 founding partner interests for Mr. Amaitis; and

- 3,048,330 founding partner interests for Mr. Lynn.

Assuming a closing price of $11.67 per share of eSpeed Class A common stock on the date of closing, which represents the closing price of eSpeed Class A common stock on January 24, 2008, Mr. Lynn would immediately sell 386,731 of the BGC Holdings founding partner interests described above, to Cantor, as described in Management Before and After the Merger Arrangements with Founding/Working Partners Repayment of Existing Loans and Required Capital Contributions. Upon acquiring such BGC Holdings founding partner interests, Cantor will exchange them for BGC Partners units, which will be redeemed by BGC Partners prior to the merger for cash equal to the amount paid by Cantor to Mr. Lynn in respect of such interests. Accordingly, the BGC Holdings founding partner interests sold to Cantor will not be outstanding following the merger.

After the completion of the merger, if Cantor so determines, the BGC Holdings founding partner interests not sold by such founding partners to Cantor may be exchanged by such founding partners with the Combined Company for Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), on terms and conditions to be determined by Cantor, provided that the terms and conditions of such exchange cannot in any way diminish or adversely affect the rights of the Combined Company or its subsidiaries (it being understood that an obligation by the Combined Company to deliver shares of Combined Company Class A common stock upon exchange will not be deemed to diminish or adversely affect the rights of the Combined Company or its subsidiaries) (which exchange of certain interests Cantor expects to permit from time to time). In particular, Cantor intends to provide all founding partners with the right to immediately exchange 20% of their BGC Holdings founding partner interests for restricted shares of Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by a founding partner upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. In addition, prior to the completion of the merger, Cantor intends to enter into agreements with Messrs. Amaitis and Lynn pursuant to which Cantor will agree that an additional portion of the BGC Holdings founding partner interests held by each of them, 1,100,000 and 600,000, respectively, will be immediately exchangeable into restricted shares of Combined Company Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by either of them upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. See Exchangeability of Founding Partners Interests. From time to time, Cantor may provide founding partners with the right to exchange their remaining BGC Holdings founding partner interests on terms and conditions to be determined by Cantor, provided that the terms and conditions of such exchange cannot in any way diminish or adversely affect the rights of the Combined Company or its subsidiaries (it being understood that an obligation by the Combined Company to deliver shares of Combined Company Class A common stock upon exchange will not be deemed to diminish or adversely affect the rights of the Combined Company or its subsidiaries).

Although we expect that no compensation charges will be incurred in connection with the right of founding partners to immediately exchange 20% of their founding partner interests under SFAS 123R, non-cash compensation charges are expected to be incurred to the extent that Cantor allows founding partners to exchange their remaining BGC Holdings founding partner interests for Class A common stock (including exchanges by Messrs. Amaitis and Lynn that Cantor intends to allow as described above), to the extent that the value received upon exchange exceeds the amount of their capital account balance. The amount and timing of such charges are not determinable at this time, except in the case of Messrs. Amaitis and Lynn where an additional portion will be immediately exchangeable, as any decisions by Cantor to permit such exchanges and the terms under which the exchanges would be allowed have not been made.

*BGC Holdings Working Partner Interests*

No working partner interests will be issued at the time of the separation and merger. Any working partner interests that are issued will not be exchangeable with the Combined Company unless otherwise determined by BGC Partners with the written consent of a BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement.

*BGC Holdings REU Interests*

From time to time, BGC Holdings may issue REUs pursuant to the Participation Plan. The REU interests will only be exchangeable for Combined Company Class A common stock in accordance with terms and conditions of the grant of such REU interests, which terms and conditions will be determined in the sole discretion of the BGC Holdings general partner which, after the merger, will be the Combined Company, in accordance with the terms of the BGC Holdings limited partnership agreement. In the fourth quarter of 2007, certain employees of BGC and other persons who provide services to BGC were informed that they could expect to receive an aggregate of 276,204 REU interests in lieu of a portion of their discretionary bonus for 2007 having an aggregate estimated value of $2,817,279 and 148,543 REU interests to be considered as part of their total 2008 compensation having an aggregate estimated value of $1,515,143, in each case to be delivered in 2008 and issued upon the closing of the merger. The right to receive payment upon redemption of these REU interests will vest in one-third increments on December 14, 2008, 2009 and 2010. In addition, in the fourth quarter of 2007, certain executive officers of BGC were informed that they could expect to receive an aggregate of 593,990 REU interests (267,865 for Howard W. Lutnick, 133,932 for Lee Amaitis, 133,932 for Shaun Lynn, 38,171 for Stephen M. Merkel and 20,090 for Robert K. West) for delivery in 2008, which would be issued upon the closing of the merger. These REU interests have an aggregate estimated value of $6,652,500 ($3,000,000 for Howard W. Lutnick, $1,500,000 for Lee Amaitis, $1,500,000 for Shaun Lynn, $427,500 for Stephen M. Merkel and $225,000 for Robert K. West). The REUs will only be exchangeable for Combined Company Class A common stock in accordance with terms and conditions of the grant of such REU interests, which terms and conditions will be determined by the BGC Holdings general partner which, after the merger, will be the Combined Company, with the written consent of the BGC Holdings exchangeable limited partnership interest majority in interest, in accordance with the terms of the BGC Holdings limited partnership agreement. The right to receive payment upon redemption of these REU interests for Messrs. Lutnick, Amaitis and Lynn was immediately vested on December 31, 2007. The right to receive payment upon redemption of these REUs for Messrs. West and Merkel will vest in one-third increments in December 2008, 2009 and 2010. Aggregate estimated values in each case are determined based on the eSpeed stock price on the date of each award. In addition, BGC Holdings is authorized to issue certain additional REU interests or BGC RSUs in connection with acquisitions and the hiring of new employees prior to the merger. These issuances would be in addition to the 133,860,000 shares of Combined Company common stock and rights to acquire common stock to be issued in the merger and be dilutive to all stockholders. BGC Holdings has recently entered into an acquisition agreement in connection with which it has agreed to issue $5 million of REUs upon the closing of the merger.

*BGC Holdings Exchangeable Limited Partnership Interests*

In connection with the separation, Cantor will receive 60,184,065 BGC Holdings limited partnership interests in addition to those it transfers to the founding partners in redemption of their existing interests in Cantor and, in the case of Messrs. Amaitis and Lynn, grants. After the first anniversary of the completion of the merger, the BGC Holdings limited partnership interests held by Cantor will be exchangeable with the Combined Company for Combined Company Class B common stock (or, at Cantor s option or if there are no additional authorized but unissued shares of Combined Company Class B common stock, Combined Company Class A common stock) on a one-for-one basis (subject to customary anti-dilution adjustments). Cantor will, however, be able to exchange up to an aggregate of 20 million of its BGC Holdings limited partnership interests prior to the first anniversary of the completion of the merger for shares of Combined Company Class A common stock in connection with a broad-based public offering including all shares of Class A common stock received upon such exchange, underwritten by a nationally recognized investment banking firm.

Cantor is controlled by CFGM, its managing general partner. Mr. Lutnick is the President and sole stockholder of CFGM. As such, Mr. Lutnick may be deemed to have beneficial ownership of the BGC Holdings exchangeable limited partnerships interests held by Cantor described above.

*Distribution Rights*

The founding partners and other limited partners of Cantor, including Messrs. Lutnick, Amaitis, Lynn, Merkel and West, will receive distribution rights in the separation. The distribution rights of founding partners, including Messrs. Amaitis, Lynn and West, will entitle the holder to receive a fixed number of shares from Cantor of the Combined Company Class A common stock, with one-third of such shares distributable on each of the first, second and third anniversaries of the merger. The distribution rights of the other limited partners in Cantor who will not become founding partners, including Messrs. Lutnick and Merkel, will generally entitle the holder to receive a distribution of a fixed number of shares of Combined Company Class A common stock on the ninth anniversary of the merger, subject to acceleration in certain circumstances, as follows:

- with respect to distribution rights received in respect of units in Cantor, including units acquired at any time as a result of reinvestment in respect thereof, held three years or longer as of the completion of the merger, 1/3rd of the shares underlying the distribution right on each of the 12, 18 and 24 month anniversaries of the completion of the merger; and

- with respect to distribution rights received in respect of units in Cantor, including units acquired at any time as a result of reinvestment in respect thereof, held less than three years as of the completion of the merger, 1/5th of the shares underlying the distribution right on each of the 12, 18, 24, 30 and 36 month anniversaries of the completion of the merger,

in each case, if, as of the applicable anniversary date, that holder continues to provide services to Cantor and has not breached his or her partner obligations, including the non-competition and non-solicitation covenants contained in the limited partnership agreement of Cantor.

Specifically, in the separation, the following individuals will receive distribution rights relating to the following number of shares of Combined Company Class A common stock:

- 7,742,325 shares underlying distribution rights for Mr. Lutnick, of which 2,125,609, 2,125,609, 2,125,609, 682,747 and 682,747 shares are expected to be received by Mr. Lutnick on the 12, 18, 24, 30 and 36 month anniversaries of the completion of the merger, respectively, subject to satisfaction of the conditions described above;

- 392,481 shares underlying distribution rights for Mr. Amaitis, of which 130,827, 130,827 and 130,827 shares are expected to be received by Mr. Amaitis on the first, second and third anniversaries of the completion of the merger, respectively;

- 569,666 shares underlying distribution rights for Mr. Lynn, all of which will be immediately sold by Mr. Lynn as set forth below; and

- 275,376 shares underlying distribution rights for Mr. Merkel, of which 51,006 will be immediately sold by Mr. Merkel as set forth below and 72,544, 72,544, 72,544, 3,368 and 3,368 shares are expected to be received by Mr. Merkel on the 12, 18, 24, 30 and 36 month anniversaries of the completion of the merger, respectively, subject to satisfaction of the conditions described above.

Assuming a closing price of $11.67 per share of eSpeed Class A common stock on the date of closing, which represents the closing price of eSpeed Class A common stock on January 24, 2008, Messrs. Lynn and Merkel would

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immediately sell distribution rights relating to 569,666 and 51,006 of the shares of Combined Company Class A common stock described above, respectively, to Cantor as described in Certain Relationships and Related Transactions Before and After the Merger Repayment of Existing Loans and Required Capital Contributions. Cantor will immediately sell the units underlying such distribution rights to BGC Partners for the same amount. Accordingly, the distribution rights sold to Cantor will not be outstanding following the merger.

Also, in the separation, Mr. Lutnick s wife will receive distribution rights relating to 23,780 shares of Combined Company Class A common stock in respect of units in Cantor held less than three years and a trust for the benefit of descendants of Mr. Lutnick, of which Mr. Lutnick s wife is one of two trustees and Mr. Lutnick has limited powers to remove and replace such trustees, will receive distribution rights relating to 1,610,182 shares of Combined Company Class A common stock in respect of units in Cantor held three years or longer.

In addition, the managing general partner of Cantor will be able to grant earlier distribution of the shares to founding partners and the other limited partners of Cantor. The ownership of these distribution rights and underlying shares of common stock will not be dependent upon continued employment with the Combined Company or Cantor, although, in the case of Cantor limited partners not becoming founding partners, the continuing provision of services to Cantor will, in the absence of a breach of the partner obligations, result in accelerated receipt of the shares underlying these distribution rights as described above.

***Exchangeability of Founding Partners Interests***

Cantor intends to provide all founding partners with the right to immediately exchange 20% of their BGC Holdings founding partner interests for restricted shares of Combined Company Class A common stock, on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by a founding partner upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. In addition, prior to the completion of the merger, Cantor intends to enter into agreements with Messrs. Amaitis and Lynn pursuant to which Cantor will agree that an additional portion of the BGC Holdings founding partner interests held by each of them, 1,100,000 and 600,000, respectively, will be immediately exchangeable into restricted shares of Combined Company Class A common stock on a one-for-one basis (subject to customary anti-dilution adjustments), with one-third of the shares received by either of them upon exchange becoming saleable on each of the first, second and third anniversaries of the completion of the merger, subject to applicable law. From time to time, Cantor may provide founding partners with the right to exchange their remaining BGC Holdings founding partner interests on terms and conditions to be determined by Cantor, provided that the terms and conditions of such exchange cannot in any way diminish or adversely affect the rights of the Combined Company or its subsidiaries (it being understood that an obligation by the Combined Company to deliver shares of Combined Company Class A common stock upon exchange will not be deemed to diminish or adversely affect the rights of the Combined Company or its subsidiaries).

***Certain Acquisitions and Dispositions of Interests in eSpeed Capital Stock by Cantor***

The eSpeed board of directors has determined that Cantor is a deputized director of eSpeed and the Combined Company for purposes of Rule 16b-3 under the Exchange Act with respect to the transactions contemplated by the separation and the merger. Rule 16b-3 exempts from the short-swing profits liability provisions of Section 16(b) of the Exchange Act certain transactions in an issuer s securities between the issuer or its majority-owned subsidiaries and its officers and directors if, among other things, the transaction is approved in advance by the issuer s board of directors or a disinterested committee of the issuer s board of directors. The Rule 16b-3 exemption extends to any such transactions by an entity beneficially owning more than 10% of a class of an issuer s equity securities if the entity is a deputized director because it has a representative on the issuer s board of directors. The eSpeed board of directors intent in determining that Cantor is a deputized director is that Cantor s acquisitions or dispositions of shares of eSpeed or Combined Company capital stock or interests in eSpeed or Combined Company capital stock from or to eSpeed or the Combined Company or their respective majority-owned subsidiaries will be eligible for the Rule 16b-3 exemption from the short-swing profits liability provisions of Section 16(b) of the Exchange Act.

*Cantor s Right of First Refusal*

See Related Agreements Amended and Restated BGC Holdings Limited Partnership Agreement Cantor s Right of First Refusal.

**Material U.S. Federal Income Tax Consequences**

Because eSpeed common stock held by eSpeed stockholders immediately prior to the merger will not be exchanged in the merger, eSpeed stockholders will not recognize any gain or loss for U.S. federal income tax purposes as a result of the merger. In addition, we do not anticipate that eSpeed will currently recognize any material amount of income or gain for U.S. federal income tax purposes as a result of the merger.

**Regulatory Approvals**

*U.S. Approvals*. Completion of the merger is subject to approvals of, or filings with, various industry self regulatory organizations (including FINRA), and the securities commissions of certain states and other jurisdictions in which BGC Financial and BGC Securities, which we refer to together with BGC Financial as the BGC Regulated Entities, and Aqua and eSpeed Government, which we refer to together with Aqua as the eSpeed Regulated Entities, conduct business. Cantor filed an application for approval with FINRA on November 9, 2007 on behalf of its BGC Regulated Entities and eSpeed Regulated Entities. On December 10, 2007, FINRA requested additional information in connection with its consideration of the application, and Cantor responded to such request on December 19, 2007. FINRA will either make an affirmative determination or request further information regarding the application within 30 days of such response.

The securities commissions of certain states with which the BGC Regulated entities and eSpeed Regulated Entities are registered in order to conduct their respective businesses require notice of the proposed merger, which notices are expected to be made prior to the receipt of approval from FINRA. In addition, a filing will be made with the Fixed Income Clearing Corporation, which we refer to as FICC, prior to the merger describing the merger and its impact on BGC Financial. A filing with the NFA is expected to be filed on behalf of BGC Securities within 20 days following the merger.

*FSA and other Foreign Approvals.* The approval of the FSA in respect of the change of control for all FSA regulated entities and the conversion of BGC Financial, Inc. into a limited liability company is required. Consents from the Sydney Futures Exchange, the Hong Kong Monetary Authority and the Ministry of Finance and Economy in Korea are required to consummate the separation transactions in Australia, Hong Kong and Korea respectively.

*Commitment to Obtain Approvals*. BGC Partners, Cantor and eSpeed have agreed to use reasonable best efforts to obtain as promptly as reasonably practicable all consents and approvals of any governmental entity or any other person required in connection with the merger, subject to limitations as set forth in the merger agreement (see The Merger Agreement Agreement to Use Reasonable Best Efforts ).

*General*. While we believe that we will receive the requisite regulatory approvals for the merger, there can be no assurances regarding the timing of the approvals, our ability to obtain the approvals on satisfactory terms or the absence of litigation challenging these approvals. There can likewise be no assurance that U.S. federal, state or foreign regulatory authorities will not attempt to challenge the merger, or, if a challenge is made, as to the results of the challenge. Our obligation to complete the merger is conditioned upon the receipt of required governmental approvals (including no imposition of any burdensome condition), including the approval of FINRA, FSA and other regulatory approvals. See The Merger Agreement Conditions to the Merger.

**Absence of Dissenters Rights of Appraisal**

Under the DGCL, which governs the merger, eSpeed stockholders are not entitled to dissenters rights of appraisal in connection with the merger.

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**Accounting Treatment**

The merger will be accounted for by eSpeed as a combination of entities under common control in accordance with U.S. GAAP. BGC Partners will be treated as the acquired entity for such purposes. BGC Partners assets, liabilities and other items will be transferred into the Combined Company at their carrying amounts at the closing date of the merger and combined with the historic book values of the assets and liabilities of eSpeed. No goodwill will arise as a result of this merger. Financial statements of the Combined Company issued after completion of the merger will reflect the historical financial position and results of operations of BGC Partners.

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## THE MERGER AGREEMENT

*This section of the proxy statement describes the material terms of the merger agreement, but does not purport to describe all the terms of such agreement. On November 5, 2007 and February 1, 2008, the merger agreement was amended and this section describes the merger agreement as amended. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is attached as Annex A to this proxy statement. We urge you to read the full text of the merger agreement.*

### Certain Actions Prior to the Merger

The merger agreement provides that, as an initial step to combining BGC Partners and eSpeed, Cantor will separate the BGC business from the remainder of its businesses pursuant to the separation agreement (see Related Agreements Separation Agreement ). The separation will be effected in a manner so that the capital structure of the Combined Company after the merger is as described in Proposal 1 The Merger Structure of the Combined Company.

After the separation but before the merger, Cantor will contribute to BGC Holdings cash in an amount equal to the target closing cash, $25.0 million, and BGC Holdings will contribute such cash to BGC U.S. and BGC Global in exchange for the issuance to BGC Holdings of BGC U.S. units and BGC Global units.

### The Merger

At the effective time of the merger and subject to the terms and conditions of the merger agreement, BGC Partners will merge with and into eSpeed, with eSpeed as the surviving corporation in the merger.

Upon completion of the merger, the directors of eSpeed will be the initial directors of the Combined Company, and Messrs. Lutnick and Amaitis will be Co-Chief Executive Officers of the Combined Company. All Combined Company directors and officers will hold their positions in accordance with and subject to the Combined Company certificate of incorporation and the Combined Company by-laws.

### Closing; Effective Time

Unless otherwise agreed by the parties to the merger agreement, the parties are required to close the merger no later than the third business day after the satisfaction or waiver of the conditions described below under Conditions to the Merger.

The merger will be effective at the time the certificate of merger is filed with the Delaware Secretary of State (on the closing date of the merger) or at such later date or time as eSpeed and BGC Partners specify in the certificate of merger. We expect to complete the merger as promptly as practicable after our stockholders adopt the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger.

The Combined Company certificate of incorporation will be amended and restated as of the effective time of the merger to read substantially in the form that is attached as Annex K to this proxy statement. The by-laws of the Combined Company will be substantially in the form that is attached as Annex L to this proxy statement.

### Merger Consideration and Contribution

In the merger:

- each BGC Partners Class A unit will be converted into one share of Combined Company Class A common stock (and the eSpeed Class A common stock will remain outstanding as Combined Company Class A common stock);

each BGC Partners Class B unit will be converted into one share of Combined Company Class B common stock (and the eSpeed Class B common stock will remain outstanding as Combined Company Class B common stock) or, at Cantor s election prior to the closing of the merger, one share of Combined Company Class A common stock;

the one BGC Partners Class C unit will be converted into 100 shares of Combined Company Class B common stock or, at Cantor s election prior to the closing of the merger, 100 shares of Combined Company Class A common stock; and

(1) the BGC Holdings exchangeable limited partnership interests will be exchangeable with the Combined Company for Combined Company Class B common stock or Combined Company Class A common stock in accordance with the terms of the BGC Holdings limited partnership agreement and (2) the BGC Holdings founding partner interests will not be exchangeable with the Combined Company unless otherwise determined by Cantor in accordance with the terms of the BGC Holdings limited partnership agreement.

The dollar value of the merger is based on the number of shares of Combined Company common stock and rights to acquire shares of Combined Company common stock being issued multiplied by the average price of eSpeed common stock at the closing date of the transaction. As the price of eSpeed common stock fluctuates, the total dollar value of the transaction fluctuates, and therefore, the dollar value of the merger will not be fixed until the merger closes. As of May 29, 2007 (the date of execution of the merger agreement) and as of January 24, 2008, the dollar value of the transaction was $1,231,512,000 and $1,560,807,600, respectively, based on the average price of eSpeed Class A common stock on such dates.

Cantor currently intends to elect to have the BGC Partners Class B units and the BGC Partners Class C unit converted in the merger into Combined Company Class A common stock.

Concurrently with the merger, BGC Holdings will also issue certain REUs to certain employees of BGC and other persons who provide services to BGC. In addition, BGC will issue to certain employees and other persons who provide services to BGC certain BGC RSUs. The aggregate value of such REUs and BGC RSUs granted prior to the consummation of the merger (a) with respect to the fiscal year ended December 31, 2007, will be no greater than $22,000,000 and (b) with respect to the fiscal year ended December 31, 2008, will be no greater than $22,000,000, and for each of clauses (a) and (b), each such right to receive one BGC RSU or REU will be valued for these purposes at the closing price of eSpeed Class A Common Stock on the date of the grant of the right.

Concurrently with, or immediately after the merger, the Combined Company will contribute its assets and liabilities to BGC U.S. and BGC Global in exchange for limited partnership interests in these entities. As a result of this contribution, the Combined Company will receive limited partnership interests in each of these entities.

**Representations and Warranties**

The merger agreement contains generally customary representations and warranties made by BGC Partners, eSpeed, Cantor, BGC U.S., BGC Global and BGC Holdings. The assertions embodied in those representations and warranties were made solely for purposes of the merger agreement and may be subject to important qualifications and limitations agreed by the parties in connection with negotiating its terms. Moreover, some of those representations and warranties may not be accurate or complete as of any particular date because they are subject to a contractual standard of materiality or Material Adverse Effect (as defined below) different from that generally applicable to public disclosures to stockholders or used for the purpose of allocating risk between the parties to the merger agreement rather than establishing matters of fact. Furthermore, the representations and warranties that are made by BGC Partners or Cantor, the Opcos and BGC Holdings that are contained in the merger agreement will not survive after the first anniversary of the closing date of the merger, except for the representations and warranties made by BGC Partners relating to capitalization, which will continue to be in full force and effect indefinitely. None of the representations and warranties that are made by eSpeed that are contained in the merger agreement will survive the effective time of the merger. Certain representations and warranties were made only as of the date of the merger agreement or such other date as is specified in the merger agreement. For the foregoing reasons, you should not rely on the representations and warranties contained in the merger agreement as statements of factual information.

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In the merger agreement, BGC Partners, eSpeed, Cantor, BGC U.S., BGC Global and BGC Holdings each made representations and warranties relating to, among other things:

- organization and existence;
- power and authority to enter into and perform its obligations under, and the enforceability of, the merger agreement and the transaction documents, which collectively include the merger agreement, the tax receivable agreement, the administrative services agreement, the Tower Bridge administrative services agreement, the separation agreement and the separation registration rights agreement, which we collectively refer to as the transaction documents;
- the absence of conflicts with or defaults under organizational documents or other contracts and applicable laws;
- required governmental approvals and third-party consents;
- the binding effect of the merger agreement;
- litigation;
- capitalization;
- broker s, finder s and similar fees; and
- information supplied for inclusion in this proxy statement.

In the merger agreement, BGC Partners also made representations and warranties relating to:

- compliance in all material respects with laws and orders of any governmental authority;
- financial statements;
- material contracts;
- no material adverse change;
- taxes;

- labor relations;
- employee benefit plans;
- undisclosed liabilities;
- intellectual property matters;
- privacy of customer information;
- potential conflicts of interest;
- environmental matters;
- insurance;
- internal controls related to processing and reporting of financial data;
- sufficiency of assets; and
- not being an investment company as defined by the Investment Company Act.

In the merger agreement, eSpeed also made representations and warranties relating to:

- documents filed with the SEC; and
- undisclosed liabilities.

A Material Adverse Effect standard qualifies many of the representations and warranties made by BGC Partners, eSpeed, Cantor, BGC U.S., BGC Global and BGC Holdings. For the purposes of the merger agreement, Material Adverse Effect means any change, event, occurrence, state of facts or development that has a material adverse effect on the business, financial condition or results of operation of, in the case of BGC Partners, Cantor, the Opcos and BGC Holdings, BGC Partners and its subsidiaries, taken as a whole, or in the case of eSpeed, eSpeed and its subsidiaries, taken as a whole, other than:

- changes in general economic or political conditions (including any outbreak or escalation of hostilities or war or any act of terrorism) or changes in the securities, credit or financial markets in general;
- changes adversely and generally affecting the industry in which BGC Partners and its subsidiaries or eSpeed and its subsidiaries, as the case may be, operate;
- any failure, in and of itself, by BGC Partners and its subsidiaries or eSpeed and its subsidiaries, as the case may be, to meet any internal or published projections, forecasts or revenues or earnings predictions for any period ending on or after the date of the merger agreement (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taken into account in determining whether there has been or will be, a Material Adverse Effect);
- changes in applicable laws, statutes, rules or regulations of governmental entities, or in applicable accounting regulations or principles or interpretations thereof; or
- changes resulting from the consummation of the transactions contemplated by the merger agreement, the separation agreement or the transaction documents, in each case in accordance with the terms thereof, or resulting from any action or omission required pursuant to the terms of the merger agreement or pursuant to the written request of eSpeed or Cantor, as the case may be,

except in the case of the first or second bullet above, to the extent such change has a materially disproportionate impact on BGC Partners and its subsidiaries or eSpeed and its subsidiaries, as the case may be, taken as a whole, relative to other for-profit participants in the industry in which BGC Partners and its subsidiaries or eSpeed and its subsidiaries, as the case may be, conduct their businesses after taking into account the collective size of BGC Partners and its subsidiaries or eSpeed and its subsidiaries, as the case may be, relative to such other for-profit participants.

**Conduct of Business Prior to Closing**

Until the completion of the merger, except as contemplated by the merger agreement, Cantor and BGC Partners, on the one hand, and eSpeed, on the other hand, agree to:

- in the case of Cantor and BGC Partners, conduct the BGC businesses, and in eSpeed s case, it and its subsidiaries operations, in the ordinary course of business consistent with past practice;
- preserve, in the case of Cantor and BGC Partners, the BGC businesses organization, and in eSpeed s case, its business organization, through commercially reasonable efforts; and
- maintain the goodwill of customers, suppliers and others having business relationships, in the case of Cantor and BGC Partners, with the BGC business, and in eSpeed s case, with it and its subsidiaries.

Cantor and BGC Partners have also agreed that, until the completion of the merger, except as contemplated by the merger agreement, they will not, with respect to the BGC businesses, do any of the following without the prior written consent of the Special Committee:

engage in any material transaction, including capital expenditures, out of the ordinary course of business that would require post-closing expenditures by the Opcos greater than $10 million per year or $20 million in the aggregate;

issue, reissue, sell, grant, pledge or otherwise encumber or authorize the issuance, reissuance, sale, grant, pledge or other encumbrance of BGC Partners capital stock shares or equity interests in the Opcos (or BGC Holdings if it would adversely affect BGC Partners economic or governance rights in BGC Holdings) or any rights, warrants or options to acquire any convertible securities or BGC Partners capital stock or equity interests in the Opcos (or BGC Holdings if it would adversely affect BGC Partners economic or governance rights in BGC Holdings);

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except in the ordinary course of business consistent with past practice, sell, lease, encumber, surrender, relinquish, dispose of, transfer, exclusively license, mortgage, pledge or grant any lien on material assets, properties or rights (including capital stock of any of its subsidiaries) except to the extent they are used, retired or replaced in the ordinary course of business consistent with past practice;

declare, set aside or pay any dividend or other distribution (whether in cash, stock or property) in respect of any of its capital stock other than cash dividends or dividends declared, set aside, paid or made by a direct or indirect wholly owned subsidiary to BGC Partners;

adjust, split, combine or reclassify any of its capital stock or issue or propose or authorize the issuance of any other securities (including options, warrants or a similar security exercisable for, or convertible into, such other security) in respect of, in lieu of or in substitution for shares of its capital stock;

enter into transactions with affiliates of BGC Partners or its subsidiaries, other than transactions in the ordinary course of business, certain specified transactions or transactions on an arm s length basis with a maximum value of $500,000;

knowingly take any action, or omit to take any action, or enter into any transaction which has, or would reasonably be expected to have, the effect of materially delaying or otherwise materially impeding the consummation of the transactions contemplated by the merger agreement and the transaction documents;

except in the ordinary course of business consistent with past practice, enter into, modify, amend or terminate any material contract, enter into any successor agreement to an expiring material contract that alters the terms of the expiring material contract or enter into, modify, amend or terminate any new agreement that would have been considered a material contract if it were entered into at or prior to the date of the merger agreement, in each of the above cases if the effect of such action would be materially adverse to BGC Partners and its subsidiaries, taken as a whole;

incur any indebtedness for borrowed money on terms that are not on an arm s length basis;

merge or consolidate with any other person;

change any significant accounting methods, principles or practices by BGC Partners or any of its subsidiaries, unless such change is required by U.S. GAAP;

terminate, cancel, amend or modify any material insurance policies maintained by it covering BGC Partners or any of its subsidiaries or their respective properties not replaced by a comparable insurance coverage amount;

adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of BGC Partners or any of its subsidiaries;

other than with respect to certain litigation matters, institute, compromise, settle or agree to settle any claims (a) involving amounts greater than $100,000 individually or $500,000 in the aggregate for which the Combined Company would be responsible after the closing of the merger or (b) that would impose any material, non-monetary obligation on the transferred business that would continue after the effective time of the merger; or authorize, enter into any agreement or make any commitment to do any of the above.

eSpeed also agreed that, until the completion of the merger, except as contemplated by the merger agreement, it will not do any of the following without prior written consent of Cantor:

adopt or propose any change in its organizational documents;

engage in any material transaction, including capital expenditures, out of the ordinary course of business that would require post-closing expenditures by the Opcos greater than $10 million per year or $20 million in the aggregate;

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issue, reissue, sell, grant, pledge or otherwise encumber or authorize the issuance, reissuance, sale, grant, pledge or other encumbrance of its capital stock shares, securities convertible into any class of its capital stock or any rights, warrants or options to acquire any convertible securities or eSpeed capital stock;

except in the ordinary course of business consistent with past practice, sell, lease, encumber, surrender, relinquish, dispose of, transfer, exclusively license, mortgage, pledge or grant any lien on material assets, properties or rights (including capital stock of any of its subsidiaries) except to the extent they are used, retired or replaced in the ordinary course of business consistent with past practice;

declare, set aside or pay any dividend or other distribution (whether in cash, stock or property) in respect of any of its capital stock other than cash dividends or dividends declared, set aside, paid or made by a direct or indirect wholly owned subsidiary to eSpeed;

adjust, split, combine or reclassify any of its capital stock or issue or propose or authorize the issuance of any other securities (including options, warrants or similar security exercisable for, or convertible into, such other security) in respect of, in lieu of or in substitution for shares of its capital stock;

purchase, redeem or otherwise acquire any shares of its capital stock or its subsidiaries capital stock or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities, except for purchases, redemptions or other acquisitions of capital stock or other securities pursuant to an existing restricted stock purchase agreement with current or former employees;

make, change or revoke any material tax election, file any material amended tax return, settle or compromise any material tax claim, change any method of tax accounting, enter into any closing agreement with respect to taxes or make or surrender any material claim for a refund of taxes;

knowingly take any action, or omit to take any action, or enter into any transaction which has, or would reasonably be expected to have, the effect of materially delaying or otherwise materially impeding the consummation of the transactions contemplated by the merger agreement and the transaction documents;

except in the ordinary course of business consistent with past practice, enter into, modify, amend or terminate any material contract, enter into any successor agreement to an expiring material contract that alters the terms of the expiring material contract, or enter into, modify, amend or terminate any new agreement that would have been considered a material contract if it were entered into at or prior to the date of the merger agreement in each of the above cases if the effect of such action would be materially adverse to it and its subsidiaries, taken as a whole;

incur any indebtedness for borrowed money in excess of $10 million in the aggregate or issue any debt securities or assume, guarantee or endorse, or otherwise as an accommodation become responsible for or cancel, the obligations of any person (other than its wholly-owned subsidiaries) for borrowed money or make or authorize any material loan to any person (other than its subsidiaries);

merge or consolidate with any other person or acquire an amount of assets or equity of another person greater than $25 million;

change any of its or its subsidiaries significant accounting methods, principles, or practices, unless such change is required by U.S. GAAP;

terminate, cancel, amend or modify any material insurance policies maintained by and covering it or any of its subsidiaries or their respective properties not replaced by a comparable insurance coverage amount;

adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of it or any of its subsidiaries;

institute, compromise, settle or agree to settle any claims (a) involving amounts greater than $100,000 individually or $500,000 in the aggregate for which it would be responsible after the closing of the

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merger or (b) that would impose any material, non-monetary obligation on the transferred business that would continue after the effective time of the merger; or

authorize, enter into any agreement or make any commitment to do any of the above.

**Agreement To Use Reasonable Best Efforts**

Each of the parties to the merger agreement has agreed to use their respective reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things proper or advisable to consummate the transactions contemplated by the merger agreement, including using their respective reasonable best efforts to:

obtain all legally required consents, approvals, rulings or authorizations;

obtain any consents required from third parties in connection with the consummation of the transactions contemplated by the merger agreement;

lift or rescind any injunction or restraining order or other order adversely affecting the ability of the parties to the merger agreement to consummate the transactions contemplated by the merger agreement, including the merger;

effect as promptly as practicable all necessary registrations, filings and responses to requests for additional information or documentary material from a governmental authority, if any;

fulfill all conditions to the merger agreement; and

in the event that eSpeed waives any of the closing conditions related to the closing net equity, closing cash and closing indebtedness of BGC Partners (see Conditions to the Merger Conditions to eSpeed s Obligations ), to ensure as promptly as practicable after the closing of the merger that the closing net equity of BGC Partners is at least equal to the target closing net equity of BGC Partners of $146.5 million, that the closing cash of BGC Partners is at least equal to the target closing cash of BGC Partners of $25.0 million and that the aggregate closing indebtedness of BGC Partners is equal to or less than the target closing indebtedness of BGC Partners of $150.0 million.

The parties to the merger agreement will not be obligated to propose or agree to accept any undertaking or condition, to enter into any consent decree, to make any divestiture or accept any operational restriction, or take or commit to take any action the effectiveness or consummation of which is not conditional on the consummation of the merger or that individually or in the aggregate is or would reasonably be expected to be materially adverse to eSpeed and its subsidiaries or BGC Partners and its subsidiaries, either before or after giving effect to the merger.

In addition, each of the parties to the merger agreement will promptly:

furnish to the other parties any necessary information and reasonably assist the other parties with requests in connection with the foregoing;

inform the other parties of any communication from any governmental authorities regarding the transactions contemplated by the merger;

provide counsel for the other party with copies of all filings made by such party and all correspondence between such party and its advisors with any governmental authority and any other information supplied by such party and its subsidiaries to a governmental authority or received from such governmental authority in connection with the transactions contemplated by the merger agreement and as necessary to comply with contractual arrangements; and

permit counsel to the other parties, subject to applicable law, to review in advance and consider in good faith the views of such other parties in connection with any proposed written communication to any governmental authority in connection with the contemplated transactions.

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**Transaction Documents; Termination of Joint Services Agreement and Administrative Services Agreements**

On or prior to the closing date of the merger, the parties will, or will cause their applicable subsidiaries to, enter into and execute the transaction documents other than the merger agreement, which include:

- the tax receivable agreement;
- the administrative services agreement;
- the Tower Bridge administrative services agreement;
- the separation agreement; and
- the separation registration rights agreement.

As of the effective time of the merger, the Combined Company will assume all of the rights and obligations of BGC Partners under the related agreements and will agree to execute such agreements, documents or instruments as are necessary to effect the assumption of such rights and obligations.

Concurrently with the effective time of the merger, the following agreements will automatically terminate:

- the JSA;
- the existing administrative services agreement, dated as of December 15, 1999, by and among Cantor, Cantor Fitzgerald International, eSpeed, eSpeed Securities, Inc., eSpeed Markets, Inc. and eSpeed Securities International Limited; and
- the CantorCO2e/eSpeed Services Agreement, dated as of October 1, 2002, which we refer to as the CO2e services agreement, by and between eSpeed and CantorCO2e, LLC, which we refer to as CO2e.

**License**

The Combined Company will grant Cantor a non-exclusive, perpetual, irrevocable, worldwide, non-transferable and royalty-free license to all software, technology and intellectual property in connection with the operation of Cantor s business on and after the closing date of the merger. The license will not constitute an assignment or transfer of any software, technology or intellectual property owned by a third-party if both (a) such assignment or transfer would be ineffective or would constitute a default under, or other contravention of, the provisions of a contract without the approval or consent of a third-party and (b) such approval or consent is not obtained, provided however that the Combined Company agrees to use its commercially reasonable efforts to obtain any such approval or consent.

Any enhancements and upgrades of the software, technology and intellectual property provided under the license will be provided free of charge to any licensee under the license for one year after the closing date of the merger. The license will not be transferable except to any purchaser of all or substantially all of the business or assets of Cantor or its subsidiaries or to any purchaser of a business, division or subsidiary of Cantor or its subsidiaries pursuant to a bona fide acquisition of a line of business of Cantor or its subsidiaries (provided that (a) such purchaser agrees not to use the software, technology and intellectual property provided under the license to create a fully electronic brokerage system that competes with eSpeed s fully electronic systems for U.S. Treasuries and foreign exchange, (b) BGC Partners is a third-party beneficiary of the transferee s agreement in clause (a) above and (c) Cantor enforces its rights against the purchaser to the extent that it breaches its obligations under clause (a) above).

Cantor also agreed that it will not use or grant any aspect of the license to create a fully electronic brokerage system that competes with eSpeed s fully electronic systems for U.S. Treasuries and foreign exchange.

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**Corporate Governance Matters**

From and after the closing date of the merger until six months after Cantor ceases to hold 5% of the Combined Company s voting power, transactions or arrangements between the Combined Company and Cantor will be subject to prior approval by a majority of the Combined Company board of directors that the Combined Company has found to qualify as independent in accordance with the published listing requirements of the NASDAQ Global Market.

During the same timeframe, Cantor and the Combined Company also agree not to employ or engage any officer or employee of the other party without the other party s written consent. However, either party may employ or engage any person who responds to a general solicitation for employment. Cantor may also hire any eSpeed employees who are not brokers and who devote a substantial portion of their time to Cantor or Cantor-related matters or who manage or supervise any such employee, unless such hiring precludes BGC Partners from maintaining and developing its intellectual property in a manner consistent with past practice. Cantor will provide a list of such persons to the Combined Company promptly following the closing date of the merger.

Prior to the contribution of the BGC business in the separation, one or more members of the BGC Partners group may borrow an amount of cash up to the aggregate amount of cash held in the BGC Partners group prior to the contribution of the BGC business in the separation. We refer to this loan as the pre-contribution loan. See Related Agreements Separation Agreement Other Actions in Connection with the Separation Pre-Contribution Loan. At the request of Cantor, eSpeed will be required to fund the pre-contribution loan on or prior to the closing date of the separation. Any amounts borrowed from eSpeed as part of the pre-contribution loan will be repaid in full on the closing date of the merger.

**Conditions to the Merger**

***Conditions to Each Party s Obligations***

Each party s obligations to complete the merger are subject to the fulfillment or waiver of the following conditions:

- adoption of the merger agreement and the transactions contemplated thereby, including the merger and the issuance of shares of Combined Company common stock and rights to acquire Combined Company common stock as consideration in the merger, by the eSpeed stockholders;

- NASDAQ listing of the Combined Company Class A common stock to be issued in the merger (and to be issued upon exchange of BGC Holdings exchangeable limited partnership interests, and if applicable, BGC Holdings founding partner interests, BGC Holdings REU interests and BGC Holdings working partner interests or any conversion of Combined Company Class B common stock);

- receipt of required governmental approvals (including no imposition of any burdensome condition), including the approval of FINRA, the FSA and other regulatory approvals;

- no order, injunction, ruling, decree or judgment by a court or agency and no other legal prohibition restraining, enjoining or preventing the completion of the merger or any of the transactions contemplated by the merger agreement being in effect; and

- the separation must have occurred according to the terms of the separation agreement.

***Conditions to eSpeed s Obligations***

eSpeed s obligations to complete the merger are subject to the fulfillment or waiver of the following additional conditions:

each of the representations and warranties of BGC Partners, Cantor and the Opcos (a) that are qualified by Material Adverse Effect will be true and correct, (b) that are not so qualified will be true and

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correct, except where a failure to be true and correct would not, individually or in the aggregate, constitute a Material Adverse Effect, and (c) the representations and warranties of such parties related to capitalization will be true and correct, except for any de minimis inaccuracy, made as if such representations or warranties contained no qualification or limitation as to materiality or Material Adverse Effect, in each case of (a) through (c), as of the date of the merger agreement and as of the closing date of the merger, as if made on and as of the closing date of the merger (except those expressly limited to a specific date, in which case, as of such specific date);

the covenants and agreements of BGC Partners, Cantor and the Opcos must be performed on or before the closing date of the merger in accordance with the merger agreement;

the estimated closing net equity and the estimated closing cash of BGC Partners must be at least equal to the target closing net equity of $146.5 million and the target closing cash of $25.0 million of BGC Partners, respectively, and the estimated closing indebtedness of BGC Partners must be equal to or less than the target closing indebtedness of BGC Partners of $150.0 million; and

eSpeed must have received a certificate signed by BGC Partners certifying the foregoing conditions relating to the representations, warranties, obligations and closing net equity and closing cash.

***Conditions to BGC Partners Obligations***

The obligations of BGC Partners to complete the merger are subject to the fulfillment or waiver of the following further conditions:

the representations and warranties of eSpeed (a) that are qualified by Material Adverse Effect will be true and correct and (b) that are not so qualified will be true and correct, except where a failure to be true and correct would not, individually or in the aggregate, constitute a Material Adverse Effect, in each case of (a) and (b), as of the date of the merger agreement and as of the closing date of the merger, as if made on and as of the closing date of the merger (except those expressly limited to a specific date, in which case, as of such specific date);

eSpeed s covenants and agreements must be performed on or before the closing date of the merger in accordance with the merger agreement;

BGC Partners must have received a certificate signed by eSpeed certifying the foregoing conditions relating to the representations, warranties and obligations; and

BGC Partners must have received an opinion from its counsel, Wachtell, Lipton, Rosen & Katz, dated the closing date of the merger, confirming that the merger qualifies as an exchange for purposes of Section 351(a) of the Code.

Cantor, BGC Partners and eSpeed may not rely on the failure of any condition pertaining to the representations, warranties, covenants and agreements made by BGC Partners or eSpeed to be satisfied if such failure was caused by a party s failure to perform any of its obligations under the merger agreement, to act in good faith or to use its reasonable best efforts to consummate the transactions contemplated by the merger agreement.

There is a post-closing adjustment process and, to the extent that the actual closing net equity, closing cash or closing indebtedness is different from the target amounts described above, Cantor and the Opcos will take actions (including payment of cash, transfer of assets, incurrence of indebtedness, the creation of intercompany receivables or payables) so that the closing net equity, closing cash and closing indebtedness (taking into account such actions) is equal to the target amounts described above.

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**Termination of the Merger Agreement**

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after eSpeed stockholder adoption has been obtained, as follows:

- by mutual written consent of BGC Partners and eSpeed (acting at the direction of the Special Committee); or
- by either BGC Partners or eSpeed if:
  - the merger is not completed on or before April 30, 2008, which we refer to as the Outside Date, unless either BGC Partners or eSpeed exercises its option to extend the Outside Date for an additional period not to exceed 120 days if all other conditions to consummation of the transactions contemplated by the merger agreement were satisfied or were capable of being satisfied, and the sole reason that such transactions had not been satisfied is because of the closing condition related to required government approvals, except that this right to terminate the merger agreement is not available to any party to the merger agreement whose failure to perform any material covenant or obligation under the merger agreement is the primary cause of or resulted in the failure of the transactions contemplated by the merger agreement to occur on or before such date; or
  - any injunction permanently restrains, enjoins or prohibits the consummation of the transactions contemplated by the merger agreement; or
- by BGC Partners, if there has been a material breach of any representation, warranty, covenant or agreement on the part of eSpeed contained in the merger agreement, which breach by its nature is not curable within 45 days of written notice to eSpeed of such breach; or
- by eSpeed, if there has been a material breach of any representation, warranty, covenant or agreement on the part of BGC Partners, Cantor, the Opcos or BGC Holdings contained in the merger agreement, which breach by its nature is not curable within 45 days of written notice to the aforementioned parties of such breach.

**Fees and Expenses**

Each party will bear its own costs and expenses, including attorneys and other advisors fees, incurred in connection with the merger agreement (it being understood that the costs and expenses of BGC Partners or Cantor incurred before the merger will be, if applicable, reflected in the calculation of the closing cash and closing net equity).

**Indemnification and Allocation of Losses**

All representations and warranties made by BGC Partners, Cantor, the Opcos and BGC Holdings that are contained in the merger agreement, its schedules or in any certificate, document or other instrument delivered in connection with the merger agreement will survive the closing of the merger until the first anniversary of the closing date of the merger. The representations and warranties by BGC Partners relating to capitalization will survive the closing of the merger and continue to be in full force and effect indefinitely. None of the representations and warranties made by eSpeed in the merger agreement, its schedules or in any certificate, document or other instrument delivered in connection with the merger agreement will survive the effective time of the merger. Covenants that contemplate or may involve actions to be taken or obligations in effect after the closing of the merger will survive in accordance with their terms.

Cantor has agreed to indemnify the Opcos, their heirs, executors, successors and assigns from losses to the extent resulting from or arising out of:

the breach of any representation or warranty of BGC Partners, Cantor, the Opcos or BGC Holdings (but only if a claim is presented before the applicable indemnity period terminates) (it being understood that

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for purposes of determining the amount of such loss from a breach or inaccuracy of any representation or warranty, but not, for the avoidance of doubt, for purposes of determining whether there has been a breach or inaccuracy, all references to material and Material Adverse Effect or similar qualifications as to materiality will be deleted therefrom, and certain specified actions will not be taken into account); or

the breach of any covenant or agreement in the merger agreement to be performed by BGC Partners, Cantor, the Opcos or BGC Holdings (except that Cantor is not obligated to indemnify for any losses from or arising out of certain litigation matters, and Cantor s indemnification obligations with respect to other specified matters are limited to losses resulting from the imposition of any fine or other monetary penalty, for the payment of any amount in settlement, resulting from such actions).

From and after the closing date of the merger, any losses of the Opcos arising from certain litigation matters will be allocated to BGC Holdings pursuant to the BGC U.S. limited partnership agreement and BGC Global limited partnership agreement (see Related Agreements Amended and Restated Limited Partnership Agreements of BGC U.S. and BGC Global ).

Cantor s indemnification obligations are subject to the following limitations:

Cantor is not required to indemnify a party with respect to any claim arising out of its indemnification obligations related to the breach of any representation or warranty unless the aggregate of all indemnifiable losses exceeds $20 million, in which case Cantor will be responsible only for losses in excess of such amount (provided that Cantor is not required to indemnify a party with respect to any claim arising out of its indemnification obligations related to the breach of any representation or warranty to the extent the aggregate amount of indemnifiable losses (taking into account for these purposes any losses excluded as a result of the $20 million deductible amount or the de minimis amount described in the bullet below) are in excess of an amount equal to $170 million (it being agreed that the indemnified parties bear the first $20 million of such losses) minus the amount of indemnification payments made pursuant to Cantor s indemnification obligations prior to such claim minus the lesser of (1) $85 million and (2) the amount of losses allocated to BGC Holdings through the allocation mechanism described above prior to the time of the final resolution of such claim); and

Cantor is not required to indemnify a party for losses arising out of its indemnification obligations if such losses are less than $50,000 or are included as a liability in the final closing balance sheet.

The merger agreement specifies procedures with respect to claims subject to indemnification and related matters.

**Amendment and Waiver**

The merger agreement may not be modified or amended, and no waiver, consent or approval may occur by or on behalf of eSpeed (if prior to the effective time of the merger) or the Combined Company (if on or after the effective time of the merger), except if in writing signed by each party to the merger agreement and by the Special Committee (if before the effective time of the merger) or the audit committee of the Combined Company (if on or after the effective time of the merger).

**Specific Performance, Venue and Jury Trial Waiver**

The parties are entitled to seek injunctions to prevent breaches of and to specifically enforce the terms of the merger agreement. Additionally, each party irrevocably and unconditionally waives any right to a jury trial in respect of any litigation directly or indirectly arising out of or relating to the merger agreement.

**Publicity; Confidentiality**

Unless otherwise specified, each of the parties agrees to hold and to cause each member of its respective representatives to hold in strict confidence all covered information concerning each other party that is either in its

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possession or furnished by any such other party or its representatives at any time pursuant to the merger agreement. Covered information will not include publicly available information or non-public information lawfully acquired after the effective time from other sources, provided that the party acquiring such information is not bound by contractual, legal or fiduciary obligations that would limit or prohibit the disclosure of such information.

**Value of the Transaction**

The dollar value of the merger is based on the number of shares of Combined Company common stock and rights to acquire shares of Combined Company common stock being issued multiplied by the average price of eSpeed common stock at the closing date of the transaction. As the price of eSpeed common stock fluctuates, the total dollar value of the transaction fluctuates, and therefore, the dollar value of the merger will not be fixed until the merger closes. As of May 29, 2007 (the date of execution of the merger agreement) and as of January 24, 2008, the dollar value of the transaction was $1,231,512,000 and $1,560,807,600, respectively, based on the average price of eSpeed Class A common stock on such dates.

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## RELATED AGREEMENTS

*This section of the proxy statement describes the material terms of the separation agreement, the amended and restated limited partnership agreement for BGC Holdings, the amended and restated limited partnership agreements for BGC U.S. and BGC Global, the separation registration rights agreement, the administrative services agreement, the Tower Bridge administrative services agreement and the tax receivable agreement, but does not purport to describe all the terms of such agreements. The following summary is qualified in its entirety by reference to the complete text of the forms of these agreements, which are attached as Annexes to this proxy statement. We urge you to read the full text of these agreements.*

The applicable parties will enter into related agreements on or prior to the merger. In the merger, the Combined Company will assume all of BGC Partners rights and obligations under the related agreements, including:

- the separation agreement;
- the amended and restated BGC Holdings limited partnership agreement;
- the amended and restated limited partnership agreements of BGC U.S. and BGC Global;
- the separation registration rights agreement;
- the administrative services agreements;
- the tax receivable agreement; and
- the Participation Plan.

### Separation Agreement

***Separation and Contribution***

At the closing of the separation, which pursuant to the merger agreement will occur on or prior to the closing of the merger, Cantor will, in a manner that is expected to be tax-free, contribute, convey, transfer, assign and deliver to BGC Partners and its subsidiaries (including the Opcos), and BGC Partners and its subsidiaries (including the Opcos) will acquire and accept from Cantor, all of the right, title and interest of Cantor to the transferred assets:

- specified equity interests related to the BGC businesses;
- specified contracts related to the BGC businesses, including employment agreements with transferred employees;
- certain rights under the JSA, including rights and obligations in respect of clearance, settlement and fulfillment services, to the extent related to the inter-dealer brokerage business;

- all intellectual property primarily related to the BGC businesses being transferred;
- all books and records (other than tax returns), files, papers, tapes, disks, manuals, keys, reports, plans, catalogs, sales and promotional materials and all other printed and written materials, to the extent available and primarily related to the BGC businesses; and
- all permits or licenses issued by any governmental authority to the extent primarily related to the BGC businesses and permitted by applicable law to be transferred.

Cantor will retain ownership to certain excluded assets, which will include the following, which we refer to as the excluded assets:

- all cash, cash equivalents and marketable securities (including any cash, cash equivalents and marketable securities held by any of the transferred entities), except for cash borrowed pursuant to the

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pre-contribution loan (as described under Other Actions in Connection with the Separation Pre-Contribution Loan );

any litigation claim or insurance recovery relating to specified matters, and any insurance policy and proceeds covering any excluded asset or any excluded liability (as defined below);

certain specified equity interests;

all intellectual property or hardware of Cantor not primarily used in the BGC businesses, including any rights (ownership, licensed or otherwise) to use the mark Cantor or Cantor Fitzgerald and any other trademarks, service marks, brand names, Internet domain names, logos, trade dress, trade names, corporate names and other indicia of origin, any derivatives of the foregoing, all registrations and applications for registration of any of the foregoing, in each case, not primarily related to the BGC businesses and all goodwill associated with and symbolized by the foregoing;

all books, records and other data that cannot, without unreasonable effort or expense, be separated from the books and records maintained by Cantor in connection with businesses other than the BGC businesses or to the extent that such books, records and other data relate to excluded assets, excluded liabilities or business employees who do not become transferred business employees and all personnel files and records; and

any asset relating to the other businesses of Cantor (other than any of the transferred assets described in the bullets above).

BGC Partners, BGC U.S. and/or BGC Global will assume and be liable for and will pay, perform and discharge as they become due, the transferred liabilities:

all liabilities primarily relating to, arising from or in connection with any transferred business or any transferred asset, regardless of when or where such liability arose and regardless of where or against whom such liability is asserted or determined;

certain liabilities under the JSA to the extent related to the inter-dealer brokerage business, including liabilities related to rights and obligations in respect of clearance, settlement and fulfillment services primarily related to the inter-dealer brokerage business;

all liabilities primarily relating to, arising from or in connection with the transferred business employees and their employment, including all compensation, benefits, severance, workers compensation and welfare benefit claims and other employment-related liabilities primarily arising from or relating to the conduct of any transferred business; and

certain indebtedness, the total amount of which will not exceed $150 million. We expect that the indebtedness will include a portion of Cantor s Senior Notes maturing in April 2010, or new debt to Cantor on terms similar to the senior notes, and the interest rate will be fixed at 7.5% per annum.

Cantor will retain and be liable for, and will pay, perform and discharge as they become due, the certain excluded liabilities, which include the following, which we refer to as the excluded liabilities:

any liability of Cantor relating to excluded assets or any retained business, except the liabilities assumed by BGC Partners;

- any guarantee by Cantor to a third-party in respect of certain indebtedness specified in the separation agreement; and

- other specified excluded liabilities.

The parties to the separation agreement agree to execute and deliver one or more agreements of assignment and assumption and/or bills of sale or such other instruments of transfer as Cantor may request for the purpose of effecting the separation.

***Other Actions in Connection with the Separation***

*Transfer of Assets to Tower Bridge*

Concurrently with, prior to or after the effective time of the separation, BGC may contribute certain assets to Tower Bridge. Tower Bridge will provide certain services to Cantor pursuant to the Tower Bridge administrative services agreement. Tower Bridge is a consolidated subsidiary of BGC.

*Related Agreements*

Concurrently with, prior to or after the effective time of the separation, Cantor, BGC Partners, the Opcos and BGC Holdings will enter into and execute the related agreements.

*Redemption of Cantor Partners*

Concurrently with, prior to and after the effective time of the separation, Cantor will redeem certain limited partnership interests in Cantor held by certain of its limited partners for (a) new limited partnership interests and/or other interests or rights in Cantor, distribution rights to receive, following the merger, Combined Company common stock held by Cantor, (b) BGC Partners units, cash and/or other property or assets held by Cantor or its subsidiaries and/or (c) limited partnership interests in BGC Holdings, in each case subject to Cantor s terms and conditions. No such action will be taken if it would adversely affect BGC Partners economic interest in the Opcos, adversely affect BGC Partners governance rights over the Opcos or impose additional material tax on BGC Partners, in each case as compared to BGC Partners position if no such action had been taken.

*Repurchase of Certain Cantor or BGC Partners Units and Distribution Rights and Repayment of Certain Obligations*

Following the separation, but prior to the merger, certain limited partners of Cantor and certain founding partners may (A) sell to Cantor for cash all or a portion of the distribution rights and/or BGC Holdings founding partner interests held by such persons, (B) have some or all of their limited partnership interests in Cantor redeemed by Cantor for cash, BGC Partners units and/or other property or assets held by Cantor and/or (C) sell to BGC Partners for cash all or a portion of the BGC Partners units held by such persons (including BGC Partners units that such select persons hold as a result of the distribution rights). The aggregate net proceeds that each such person shall receive as a result of such sale may be used by such person to (a) repay certain loans made from Cantor or its subsidiaries to such person, (b) eliminate certain obligations owed to Cantor or its subsidiaries in respect of existing partnership interests issued to such person, (c) repay certain loans made from third-parties to such person, which loans are guaranteed by Cantor or its subsidiaries, and/or (d) pay for taxes that may be incurred as a result of the contemplated transactions, including the grant of such distribution rights or BGC Holdings founding partner interests, the issuance of BGC Partners units, and/or the sale of the BGC Partners units or BGC Partners common stock. Cantor may exchange the BGC Holdings interests that it acquires for BGC Partners units, which units shall be redeemed by BGC Partners prior to the merger for an amount of cash equal to the cash paid by Cantor to such person in respect of such BGC Holdings interests; and Cantor may have the BGC units underlying any acquired distribution rights redeemed by BGC Partners prior to the merger for an amount of cash equal to the cash paid by Cantor to such person in respect of such distribution rights. See Management Before and After the Merger Arrangements with Founding/Working Partners Repayment of Existing Loans and Required Capital Contributions.

*Pre-Contribution Loan*

Prior to Cantor s contribution of the transferred assets, one or more members of the BGC Partners group may borrow cash up to the aggregate amount of cash in the BGC Partners group prior to the contribution for regulatory and other business reasons, in order to establish the post-merger capital structure desired by the parties in a manner that permits certain regulated subsidiaries of BGC Partners to maintain required regulatory capital. Under the merger agreement, at Cantor s request, eSpeed shall furnish such pre-contribution loan on or prior to the closing date of the merger. Any amounts so borrowed from eSpeed shall be repaid on the closing date of the merger.

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*No Representations and Warranties*

No party will make representations or warranties of any kind concerning the transactions contemplated by the separation agreement. The parties will agree that BGC Partners will bear the economic and legal risk that the conveyance of the transferred assets is insufficient or that the title to those assets is not good, marketable and free from encumbrances.

*Further Assurances*

Subject to the terms and conditions set forth in the separation agreement, each of the parties to the separation agreement will agree to use their respective reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things proper or advisable under applicable law to consummate the transactions contemplated by the separation agreement. The parties to the separation agreement will also agree that as of the effective time of the separation, BGC Partners will have sole beneficial ownership of the transferred assets and will have assumed the applicable transferred liabilities.

*Information*

Cantor and BGC Partners each agree to provide or cause to be provided to the other any information in possession or under control of such respective person, if applicable, that the requesting party reasonably needs:

- to comply with reporting, disclosure, filing or other governmental requirements imposed on the requesting party (including under applicable securities or tax laws) by a governmental authority having jurisdiction over the requesting party;
- for use in judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, tax or similar requirements;
- for use in the conduct of BGC businesses in accordance with past practice; or
- to comply with obligations under the separation agreement or any of the related agreements.

However, in the event that any party to the separation agreement reasonably determines that any such provision of information could be commercially detrimental to such party, violate any law or agreement to which such party is a party or waive any attorney-client privilege applicable to such party, the parties will take all reasonable measures to comply with the above obligations pertaining to information in a manner that avoids any such harm or consequence. A party will not be obligated to provide any information to the extent that it would violate a law or agreement after having taken all reasonable measures. After the effective time of the separation, Cantor will provide to BGC Partners, at no charge and upon request, all financial and other data and information in its possession that BGC Partners deems necessary or advisable in order to prepare its financial statements or other reports, filings or submissions with any governmental authority. Unless otherwise specified, the party providing information will retain property over the information. The party requesting information will reimburse the providing party for the reasonable out-of-pocket costs, if any, of creating, gathering and copying such information. In order to facilitate the possible exchange of information, the parties agree to use their reasonable best efforts to retain all information in their respective possession or control at the effective time of the separation in accordance with the policies of Cantor as in effect at the effective time of the separation. Moreover, no party will be liable to another party in the event that provided information that is or is based on an estimate or forecast is found to be inaccurate, in the absence of willful misconduct or fraud by the providing party. Parties will also not be liable for information destroyed after using reasonable best efforts to preserve such information.

After the effective time of the separation, except in the case of an adversarial action by one party against another party, each party will use its reasonable best efforts to make available to the other party or to an indemnifying party choosing to defend or settle any third-party claim, upon reasonable written request, the former, current and future directors, officers, employ