ESPEED INC
Form PREM14A
November 06, 2007
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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:

x Preliminary Proxy Statement
¨ 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.

x 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:
Class A common stock, par value $0.01 per share, and Class B common stock, par value $0.01 per share

2) Aggregate number of securities to which transaction applies:
77,860,000 shares of Class A common stock and rights to acquire shares of Class A common stock and 56,000,000 shares of Class B common stock and rights to acquire shares of Class B common stock

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):
The filing fee was determined based upon the sum of (A) 77,860,000 shares of Class A common stock and rights to acquire shares of Class A common stock multiplied by $10.19 per share or right to acquire a share (the average of the high and low price per share of eSpeed, Inc. Class A common stock as reported on the NASDAQ Global Market on October 31, 2007) and (B) 56,000,000 shares of Class B common stock and rights to acquire Class B common stock multiplied by $10.19 per share or right to acquire a share (the average of the high and low price per share of eSpeed, Inc. Class A common stock as reported on the NASDAQ Global Market on October 31, 2007). In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0000307 by the sum of the preceding sentence.

4) Proposed maximum aggregate value of transaction:
$1,364,033,400

5) Total fee paid:
$41,875.83

¨ 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:

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4) Date Filed:

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[•], 2007

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 (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). 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 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. 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 27.8% 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 72.2% 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.

In addition, concurrently with the merger, and, in the future, as part of its compensation process, BGC Holdings intends to issue certain restricted exchangeable interests and BGC Partners intends to issue certain restricted stock units to certain employees of BGC and other persons who provide services to BGC. 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 39.6% of the equity in BGC U.S. and BGC Global, and BGC Holdings will hold approximately 60.4% 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 [•], 2007, 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 September 30, 2007 held approximately 87.7% 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

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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 32**.

You are cordially invited to attend our special meeting of stockholders, which will be held at [•], [•], New York, New York, on [•], 2007 commencing at [•] 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;

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

(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.

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 [•], 2007 AND IS FIRST BEING GIVEN OR SENT TO STOCKHOLDERS ON OR ABOUT [•], 2007.

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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 [•], [•], New York, New York, on [•], 2007 commencing at [•] 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 on November 5, 2007, 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 or the Company, BGC Partners, L.P., which we refer to as BGC U.S., BGC Global Holdings, L.P., which we refer to as BGC Global, 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. Incentive Bonus Compensation Plan, as described in the accompanying proxy statement;

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

(6) 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;

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;

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

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

Only holders of record of the Company Class A common stock or Class B common stock at the close of business on [•], 2007, 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 September 30, 2007 held approximately 87.7% 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

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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 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 32**.

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;

(4) **FOR** the approval of the amended and restated BGC Partners, Inc. Incentive Bonus Compensation Plan; and

(5) **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

[•], 2007

YOUR VOTE IS IMPORTANT.

PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED

PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE.

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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.

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

the Company, eSpeed, we, our, and us refers to eSpeed, Inc.;

Cantor refers to Cantor Fitzgerald, L.P.;

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;

BGC U.S. refers to BGC Partners, L.P. and its subsidiaries;

BGC Global refers to BGC Global Holdings, L.P. and its subsidiaries;

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

BGC Holdings refers to BGC Holdings, L.P.;

the merger agreement refers to the Agreement and Plan of Merger, dated as of May 29, 2007, as amended as of November 5, 2007, by and among BGC Partners, Cantor, BGC U.S., BGC Global and BGC Holdings;

the merger refers to the merger contemplated by the merger agreement;

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 exchangeable partners or BGC Holdings restricted exchangeable 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;

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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;

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.

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. Incentive Bonus Compensation Plan;

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

(6) 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.

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;

(4) **FOR** the approval of the amended and restated BGC Partners, Inc. Incentive Bonus Compensation Plan; and

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

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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. After the merger, the eSpeed stockholders immediately prior to the effective time of the merger (including Cantor) will own equity interests representing approximately 27.8% of the economics of the Combined Company and the former stockholders of BGC Partners (including Cantor, the founding partners and the restricted exchangeable partners) will own approximately 72.2% of the economics of the Combined Company. 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.

Q: Are eSpeed stockholders entitled to dissenters rights of appraisal in the merger?

A: eSpeed stockholders are not entitled to dissenters rights of appraisal in connection with the merger.

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 September 30, 2007 held 87.7% 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.

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 [•], [•], New York, New York on [•], 2007, at [•] local time.

Q: Who is entitled to vote?

A:

Stockholders of record as of the close of business on [•], 2007, 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 [•] shares of our Class A common stock, held by approximately [•] stockholders of record, and [•] 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.

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Under the terms of the merger agreement, Cantor, which as of September 30, 2007 held 87.7% 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.

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.

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.

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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 September 30, 2007 held 87.7% 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. 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.

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. Incentive Bonus Compensation Plan, **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.

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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 early 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.

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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 295. 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 196)**

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 196)**

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 243)**

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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The Special Meeting (see page 66)

The special meeting will be held at [•], [•], New York, New York on [•], 2007, starting at [•] 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 [•], 2007, the record date. As of the record date, there were [•] shares of eSpeed Class A common stock issued and outstanding and [•] 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 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 September 30, 2007 held approximately 87.7% 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.

Recommendations of the eSpeed Board of Directors (see page 67)

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 adoption of the merger agreement and the transactions contemplated thereby.

Based on the reasons stated in this proxy statement, the eSpeed board of directors has, upon the recommendation of the Special Committee, 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 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;

(4) **FOR** the approval of the amended and restated BGC Partners, Inc. Incentive Bonus Compensation Plan; and

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

Interests of Directors, Executive Officers and Certain Beneficial Owners in the Merger (see page 99)

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, 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 $450,000) and annual target bonuses of:

300% of annual base salary for Mr. Lutnick;

275% of annual base salary for Mr. Amaitis;

200% of annual base salary for Mr. Lynn;

50% of annual base salary for Mr. Merkel; and

$300,000 for Mr. West, $125,000 of which shall be paid in stock or restricted exchangeable units and $175,000 of which shall be paid in cash.

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

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anniversary of the completion of the merger for shares of Combined Company Class A common stock in connection with a broad-based public offering of all of 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 such terms and conditions do not have an adverse effect on the Combined Company.

In connection with the separation and prior to the merger, Messrs. Amaitis, Lynn, Merkel and Saltzman, 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 also intends to issue certain restricted exchangeable interests to certain employees of BGC and other persons who provide services to BGC. In addition, BGC intends to issue to certain employees and other persons who provide services to BGC 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 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 capital stock or interests in eSpeed capital stock from or to eSpeed or its 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. 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 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 restricted exchangeable interests (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 exchangeable 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.

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Opinion of Financial Advisor to eSpeed s Special Committee (see page 90)

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 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 74)

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 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.

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.

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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.

Immediately after the merger, it is expected there will be approximately 52,966,578 fully diluted shares of Combined Company Class A common stock outstanding, of which 23,109,093 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 20,497,900 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 88.8% 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 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 73,464,478 units and 73,464,478 units, representing approximately 39.6% and 39.6% 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 exchangeable 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 exchangeable 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 of all of the shares of Combined Company Class A common stock received upon such exchange, underwritten by a nationally recognized investment banking firm.

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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 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. The following diagram does not reflect the various subsidiaries of the Combined Company, BGC U.S., BGC Global, BGC Holdings or Cantor, the proposed issuance of restricted exchangeable interests or the results of any exchange of BGC Holdings exchangeable limited partnership interests, BGC Holdings restricted exchangeable interests or, to the extent applicable, BGC Holdings founding partner interests or BGC Holdings restricted exchangeable interests:

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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 of 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 106)

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 107)

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 106)

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 116)

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

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