SPEEDUS CORP
Form 10-K
March 31, 2003

==

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

|X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

or

|_| TRANSITIONAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from _______ to _______

Commission file number: 000-27582

SPEEDUS CORP.
(Exact name of registrant as specified in its charter)

Delaware	13-3853788
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
140 58th Street, Suite 7E, Brooklyn, NY	11220
(Address of Principal Executive Offices)	(Zip code)

(718) 567-4300
(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act:
Common Stock, par value $.01 per share

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act) Yes |_| No |X|

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant was $10,031,000 on June 28, 2002, based on the closing trade price of the Common Stock on the NASDAQ National Market on that date.

The number of shares of Common Stock outstanding as of March 24, 2003 was 16,825,389.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2003 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

SPEEDUS CORP.
TABLE OF CONTENTS

PART I

Item 1 Business
Item 2 Properties
Item 3 Legal Proceedings
Item 4 Submission of Matters to a Vote of Security Holders

PART II

Item 5 Market for Registrant's Common Equity and Related Stockholder Matters
Item 6 Selected Consolidated Financial Data
Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 7A Quantitative and Qualitative Disclosures About Market Risk
Item 8 Consolidated Financial Statements and Supplementary Data
Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

PART III

Item 10 Directors and Executive Officers of the Registrant
Item 11 Executive Compensation
Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Item 13 Certain Relationships and Related Transactions
Item 14 Controls and Procedures

PART IV

Item 15 Exhibits, Financial Statement Schedules and Reports on Form 8-K

This Form 10-K contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements appear in a number of places in this Form 10-K and include statements regarding the intent, belief or current expectations of the Company or its officers with respect to, among other things, the ability of the Company to make capital expenditures, the ability to incur additional debt, as necessary, to service and repay such debt, if any, as well as other factors that may effect the Company's financial condition or results of operations. Forward-looking statements may include, but are not limited to, projections of revenues, income or losses, capital expenditures, plans for future operations, financing needs or plans, compliance with covenants in loan agreements, plans for liquidation or sale of assets or businesses, plans

relating to products or services of the Company, assessments of materiality, predictions of future events, and the ability to obtain additional financing, including the Company's ability to meet obligations as they become due, and other pending and possible litigation, as well as assumptions relating to the foregoing. All statements in this Form 10-K regarding industry prospects and the Company's financial position are forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. BUSINESS

Business Activities

Speedus Corp. is a holding company that owns significant equity interests in diverse businesses. We seek business opportunities across all industries for potential transactions and relationships in which we can apply our current resources and management strengths. We are particularly focused on companies with sound business plans and existing revenue bases that require growth capital. We will continue to pursue opportunities involving our wireless expertise and broadband assets as attractive opportunities present themselves. The companies that we target, either public or privately held and regardless of industry, will be seeking growth or restructuring capital to pursue near term business objectives in demonstrated markets.

We have co-invested with Siemens Corporate Research, Inc., a subsidiary of Siemens Corporation, in Zargis Medical Corp. to develop a service solution, initially targeted toward primary care physicians, that would be used as part of general medical examinations for the early screening and detection of valvular and congenital heart disease. We have acquired a 51% interest in F&B Gudtfood, the creator and operator of the original Eurocentric "chic and quick" cafe, which is operating its first store in Manhattan and is currently planning expansion to other locations. We own a portfolio of patents that allow for high-speed wireless communications. We also developed and launched an online cell phone store, 007Phones, which we now license to a third-party. We also own fixed wireless spectrum in the New York City metropolitan area that we may commercialize in the future to support high-speed, or broadband, Internet access service.

Zargis Medical Corp. In January 2001, we co-invested with Siemens Corporate Research, Inc., a subsidiary of Siemens Corporation, in a new company, Zargis Medical Corp. Zargis Medical is building a service solution, initially targeted toward primary care physicians that would be used as part of general medical examinations for the early screening and detection of valvular and congenital heart disease. General medical examinations, according to the National Center for Health Statistics, totaled 46 million in 1999 for the US alone. We have signed an exclusive contract with Zargis Medical to design and develop the wireless applications, as well as provide transaction processing to support the commercial rollout of Zargis Medical's cardiac diagnostic products. Under this contract, using a combination of wireless and wired technology, Speedia Wireless, our wholly owned subsidiary, has demonstrated the ability to

transfer the heart sound file from a physician's office to the Speedus Data Center which will enable Zargis Medical to pursue a business model based on a fee per usage basis. Some of the major next steps remaining for Zargis Medical include clinical trials, FDA approval, marketing and roll-out, along with the formation of strategic partnerships.

In February 2003, we acquired a controlling interest in Zargis Medical. The additional investment of $1,250,000 was represented by outstanding notes payable to the Company by Zargis Medical at December 31, 2002 in the amount of $250,000 and an additional cash investment of $1,000,000.

F&B Gudtfood. In May 2002, we acquired a 51% interest in F&B Gudtfood, the creator and operator of the original Eurocentric "chic and quick" cafe, which is operating its first store in Manhattan and is currently planning expansion to other locations. The acquisition price was $3,500,000, which funds will be applied principally for its expansion. We also entered into a management services contract with this company that will result in direct revenues to us apart from those arising out of our ownership interest although these revenues will be eliminated on our consolidated financial statements.

On February 8, 2003, we reduced our cash investment in F&B Gudtfood and received $1,775,000 while maintaining our 51% interest.

Broadband Patents. Through our wholly owned subsidiaries, Broadband Patents, LLC and CellularVision Technology & Telecommunications, L.P., we have accumulated a portfolio of patents that allow for high-speed wireless communication systems with greater information content, reliability, clarity, or more efficient use of licensed spectrum as compared to prior systems. We have five domestic patents with expiration dates ranging from 2007 through 2017, with numerous international counterparts. Any particular wireless communications system may employ a number of different combinations of our patented technology to maximize operational and spectrum efficiency. While we believe that it would be difficult for any wireless communications company to construct a system without using one or more of our patented technologies, it is a lengthy and expensive process to pursue licensing/patent infringement cases. We are evaluating a strategy for the utilization of these patents in the future, which may include pursuit of licensing or development of other strategic opportunities with users of the underlying technology. However, due to the current depressed economic state of the telecommunications industry, licensing activity for the patent portfolio is not currently being pursued. We have licensed technology in the past, both domestically and

internationally, but are not currently receiving any license fees. Currently, we have instituted litigation in the New York courts against an international licensee in Canada.

007Phones. In August 2001, we launched 007Phones.com, an e-commerce portal designed to provide consumers and businesses with an easy-to-use, online method of researching and purchasing wireless phones and carrier services. We now license 007Phones.com to a third-party.

Local Multipoint Distribution Service license. We have an FCC commercial operating license, awarded to us in recognition of our efforts in developing and deploying LMDS technology and for spearheading its regulatory approval at the FCC, which covers 150 MHz of spectrum in the New York City area. The license has been renewed as a standard LMDS license through February 1, 2006. Under FCC authorization, the license includes an additional 150 MHz of spectrum until the first Ka band satellite is launched, an event which is not currently

determinable. The license provides that the spectrum may be used for a wide variety of fixed wireless purposes, including wireless local loop telephony, high-speed Internet access and two-way teleconferencing.

We are conducting a limited pilot program of our SPEEDsm broadband super high-speed Internet service. A full marketing effort will not commence until new LMDS equipment becomes commercially available with cost and performance that allow implementation of SPEEDsm service on an economically attractive basis. We cannot determine when this will occur and this equipment may never be available to us on this basis. During 2002, we recorded an impairment charge in the amount of $3,650,000 for property and equipment taken out of service, generally related to the pilot program.

Other. We have invested a portion of our assets in a portfolio of marketable securities consisting of publicly traded equity securities. We have also sold publicly traded equity securities we do not own in anticipation of declines in the fair market values of these securities.

Competition

Many of our present and potential competitors have longer operating histories and significantly greater financial, technical, marketing and other resources than we do and therefore may be able to respond more quickly than we can to new or changing opportunities, technologies, standards and customer requirements.

Intellectual Property

To protect our proprietary rights, we rely on a combination of copyright and trademark laws, trade secrets, confidentiality agreements with employees and third parties and protective contractual provisions. All of our employees have executed confidentiality and nonuse agreements that transfer any rights they may have in copyrightable works or patentable technologies to us.

We have applied for registration of our service marks and trademarks in the United States and in other countries. We may not be successful in obtaining the service marks and trademarks for which we have applied. To the extent we consider it necessary, we may file patents to protect our technology. Patents with respect to our technology may not be granted, and, if granted, patents may be challenged or invalidated. In addition, issued patents may not provide us with any competitive advantages and may be challenged by third parties.

Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our products or services or obtain and use information that we regard as proprietary. The laws of some foreign countries do not protect proprietary rights to as great an extent as do the laws of the United States. In addition, others could possibly independently develop substantially equivalent intellectual property. If we do not effectively protect our intellectual property, our business could suffer. Companies have frequently resorted to litigation regarding intellectual property rights. We may have to litigate to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of other parties' proprietary rights.

From time to time, we have received, and may receive in the future, notice of claims of infringement of other parties' proprietary rights. Any such claims could be time-consuming, result in costly litigation, divert management's attention, cause product or service release delays, require us to redesign our products or services or require us to enter into royalty or licensing agreements. These royalty or licensing agreements, if required, may not be available on acceptable terms or at all. If a successful claim of infringement were made against us and we could not develop non-infringing technology or

license the infringed or similar technology on a timely and cost-effective basis, our business could suffer.

Government Regulation

We are not currently subject to direct federal, state or local government regulation, other than regulations that apply to businesses generally. However, the grant, renewal and administration of spectrum licenses is regulated by the Federal Communications Commission. Our local multipoint distribution service license expires in February

2006. While the FCC has historically renewed licenses as a matter of course, no license in the local multipoint distribution service band has yet been up for renewal. A failure by the FCC to renew our license could have a material adverse effect on the Company.

The wireless network carriers that connect us to our users are subject to regulation by the Federal Communications Commission. Changes in FCC regulations could affect the availability of wireless coverage. We could also be adversely affected by regulations that govern or may in the future govern the Internet, the allocation of radio frequencies or the placement of cellular towers.

Risk Factors

Risks related to our business generally

Although we have been a public company since February 1996, we have reoriented our business several times and our current business has not generated any significant revenues to date.

At the time of our initial public offering, our business was primarily a subscription television service. In November 1998, we terminated the subscription television business and began a limited pilot program for the delivery of high-speed Internet access. We encountered technical difficulties in this pilot program and reoriented our business on wireless data and other services. We have not yet generated any significant revenue from these businesses.

We have recorded operating losses in each reporting period since our inception and may never be profitable.

We have recorded operating losses and negative operating cash flows in all reporting periods since inception and, at December 31, 2002, had an accumulated deficit of approximately $53.7 million. We believe that we have sufficient liquidity to finance our current level of operations. However, we do not expect to have earnings from operations, exclusive of non-cash charges, until such time as we substantially increase our customer base and/or form a strategic alliance for use of our capabilities in the future.

Our existing operations and infrastructure may not be adequate to manage the growth necessary for successful implementation of our business plan.

Successful implementation of our business plan will require the management of growth. Our existing operations and infrastructure may not be adequate to manage such growth, and any steps taken to improve such systems and controls may not be sufficient. Our future success will depend in part upon attracting and retaining the services of current management and technical personnel. We also may not be successful in attracting, assimilating and retaining new personnel in

the future as future growth takes place. We do not maintain "key person" life insurance policies on any of our key personnel.

Shant S. Hovnanian and Vahak S. Hovnanian, who in the aggregate own approximately 34% of our common stock, may have the power acting together to control the direction and future operations of our company.

Shant S. Hovnanian and Vahak S. Hovnanian in the aggregate own approximately 34% of our outstanding common stock at March 1, 2003. As a result, acting together they may have the power to elect all of the members of our Board of Directors, amend our certificate of incorporation and by-laws and control the direction and future operations of our Company, in each case without the approval of any of our other stockholders.

Our stock price has historically been volatile, which may make it more difficult for you to resell shares when you want at prices you find attractive.

The trading price of our common stock has been and may continue to be subject to wide fluctuations. During 2002, 2001 and 2000, the high and low sale prices of our common stock on the Nasdaq Stock Market ranged from $1.37 to $0.68, $2.00 to $0.62 and from $24.75 to $0.56, respectively. The closing sale price of our common stock was $0.77 on March 24, 2003. Our stock price may fluctuate in response to a number of events and factors, such as quarterly variations in operating results, announcements of technological innovations or new products and media properties by us or our competitors, the operating and stock price performance of other companies that investors may deem comparable, and news reports relating to trends in our markets.

We have received notice from Nasdaq informing us that we have until July 14, 2003, to regain compliance with Marketplace Rule 4450(a)(5), which requires listed companies to maintain a closing bid price equal to or greater than $1.00. See Item 5. If our common stock were delisted from Nasdaq, trading in our common stock would have to be conducted on the OTC Bulletin Board or in the non-Nasdaq over-the-counter market, also referred to as the "pink sheets". If that were to occur, liquidity for our common stock could be significantly decreased which could reduce the trading price and increase the transaction costs of trading shares of our common stock.

Sales of shares of common stock by Shant S. Hovnanian and Vahak S. Hovnanian could adversely affect the market price of the common stock.

Future sales of shares of common stock, or the availability of shares of common stock for future sale, may adversely impact the market price of the common stock prevailing from time to time. Sales of substantial amounts of our common stock, or the perception that such sales could occur, could adversely affect the prevailing market price of the common stock.

Shares of common stock held by Shant S. Hovnanian and Vahak S. Hovnanian have been held by each of them for the requisite holding periods under Rule 144 under the Securities Act and may be sold thereunder in accordance with volume restrictions.

Risks related to certain short-term investments

Securities that we invest in are subject to market price risks

As part of our overall investment strategy, we invest in publicly traded equity securities. We purchase these securities in anticipation of increases in

the fair market values of the securities.

We also sell publicly traded equity securities that we do not own in anticipation of declines in the fair market values of the securities. When we sell securities that we do not own, we must borrow the securities we sold in order to deliver them and settle the trades. Thereafter, we must buy the securities and deliver them to the lender of the securities. Our potential for loss on these transactions is unlimited since the value of the underlying security can keep increasing which could have a material adverse effect on the Company's consolidated financial statements.

The Company is seeking to eliminate the risk that it could be deemed to be an investment company.

The Company has substantial liquidity as a result of its dispositions of wireless spectrum in 1998 and 1999. Although a portion of the Company's cash is invested in securities, the Company is pursuing an acquisition strategy that will, if successfully executed, eliminate any risk of it being deemed to be an investment company.

Generally, a company must register under the Investment Company Act of 1940 and comply with significant restrictions on operations and transactions with affiliates if its investment securities exceed 40% of the company's total assets, or if it holds itself out as being primarily engaged in the business of investing, owning or holding securities. If it is deemed to be an investment company, it might need to dispose of or acquire investments in order to avoid investment company status.

Risks related to investments in other companies

Ability to successfully identify investment opportunities

We will face substantial competition in identifying and closing appropriate investment opportunities from, among others, venture capital firms, large corporate investors and other publicly traded companies. These competitors may limit our opportunity to acquire interests in new partner companies. In addition, we may be unable to acquire interests in appropriate companies for other reasons, including the inability to agree on terms, such as price and ownership percentages, incompatibility between us and management and access to sufficient funding. Our growth will be materially adversely affected if we cannot successfully identify investments in a sufficient number of companies.

The value of our business may fluctuate because of companies that we invest in

The value of our business may fluctuate because of companies that we may invest in. These companies may be development stage or privately held companies for which no public market exists for their stock. The valuations of our investments in privately held companies that we may invest in are indeterminate prior to their public offerings, and there can be no assurance that these offerings will occur since they will be dependent upon the development of these businesses, market conditions and other conditions over which we may have no control.

Capital and management resources

There will be a number of special issues that we will have to address for investment in start-up companies, including: the diversion of management attention in connection with both negotiating and overseeing these transactions; the potential issuance of additional shares of our Common Stock in connection with these transactions, which could dilute the rights of existing shareholders, and the need to incur additional debt in connection with these transactions. In addition, many, if not all, of these start-up companies will face the same, or

similar, risks as we face in our own business.

Managing growth

Successful implementation of our business plan will require the management of growth. We cannot assure you that our existing operations and infrastructure will be adequate to manage such growth, or that any steps taken to improve such systems and controls will be sufficient. Our future success will depend in part upon attracting and retaining the services of current management and technical personnel. We cannot assure you that we will be successful in attracting, assimilating and retaining new personnel in the future as future growth takes place.

Risks related to our high-speed Internet access service

We may be unable to solve ongoing technical difficulties in our deployment and equipment for our SPEEDsm super high-speed Internet access service is not, and may never be, available at a cost and with performance levels that allow for commercial implementation on an economically attractive basis.

Our super high-speed Internet service utilizes a new technology that has a limited operating history and that remains subject to further development and refinement.

The equipment necessary to provide our SPEEDsm super high-speed Internet access service is not currently manufactured on a scale and at a cost suitable for the commercialization of our service. Such equipment may never become available at a cost and with performance levels that allow for commercial implementation on an economically attractive basis.

Many financially stronger competitors with broader market coverage are offering high-speed Internet access.

The market for Internet access and related services is highly competitive. We expect local, regional and national Internet service providers to be competitors for our super high-speed Internet access service. These Internet service providers include large companies like America OnLine, Hughes DirecPC and ATT World Net. Telephone companies with digital subscriber line technology, which increases the effective capacity of existing copper telephone cables, are among other competitors. Also, cable operators with high-speed cable modems are among the other communications companies also providing high-speed Internet access. Many of the competing Internet service providers have, or can be expected to have, greater financial, marketing and other resources than us. We may not be able to compete successfully with these entities.

ITEM 2. PROPERTIES

The Company leases 20,000 square feet of space at the Brooklyn Army Terminal for its NOC, as well as, executive and administrative offices. This lease expires in 2004 and provides for 1 five-year renewal option. The Company also leases approximately 3,000 square feet of space in New York City under a lease expiring 2004 with no renewal options.

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to various claims and proceedings that occur in the ordinary course of business. The Company believes it has substantial defenses to a material portion of these claims and is prepared to pursue litigation if a

reasonable and structured settlement cannot be reached with the parties. Based on information currently available, the Company believes it is remote that the ultimate resolution of these current claims or proceedings, either individually or in the aggregate, will have a material effect on its business.

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

There were no matters submitted to a vote of the stockholders during the fourth quarter of fiscal 2002.

7

PART II

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

Through October 21, 2002, our Common Stock was listed for quotation on the Nasdaq National Market system. Since October 22, 2002, our Common Stock is listed for quotation on the Nasdaq SmallCap Market. Our Common Stock trades under the symbol "SPDE." The following table sets forth high, low and closing trade prices for the Common Stock for the fiscal quarters indicated.

	High Sale	Low Sale	Closing Sale
2002			
First quarter	$1.100	$.760	$1.090
Second quarter	1.370	.890	.960
Third quarter	.940	.700	.721
Fourth quarter	.870	.680	.771
2001			
First quarter	$2.000	$.688	$.906
Second quarter	1.500	.750	1.100
Third quarter	1.150	.620	.930
Fourth quarter	1.000	.660	.890

We have received notice from Nasdaq informing us that we are not in compliance with Marketplace Rule 4450(a)(5), which requires listed companies to maintain a closing bid price equal to or greater than $1.00. Under newly issued rules implemented on a pilot basis until December 31, 2003, the Company transferred to the Nasdaq SmallCap Market on October 22, 2002. Under these rules, the Company now has until July 14, 2003 to regain compliance. If at any time until then, the closing bid price of our Common Stock is equal to or greater than $1.00 for a minimum of ten consecutive trading days, we will have complied with the minimum bid requirement. During this period, the Company would also have the ability to transfer back to the Nasdaq National Market if it maintained a closing bid price equal to or greater than $1.00 for thirty consecutive trading days and maintained compliance with all other continued listing requirements on that market.

If we are unable to demonstrate compliance with the $1.00 minimum bid requirement by July 14, 2003, Nasdaq will notify us that our Common Stock will be delisted from the Nasdaq SmallCap Market. At that time, we may appeal the decision to a Nasdaq Listing Qualifications Panel. The Company is considering all of its alternatives in order to maintain a listing on Nasdaq. At the Company's last annual meeting, stockholders approved a proposal authorizing the Company's Board of Directors, through June 24, 2003, to effect a reverse stock split of all the issued and outstanding shares, as well as treasury shares, of

the Company's Common Stock at a ratio not to exceed one-for-six if necessary to continue the Company's listing on Nasdaq.

On March 24, 2003, the closing trade price of our Common Stock was $0.77 per share. As of December 31, 2002, there were approximately 300 registered shareholders and, to the best of our belief, approximately 9,000 beneficial owners of our Common Stock. During the year ended December 31, 2002, we did not make any sales of securities that were not registered under the Securities Act of 1933, as amended.

We have never declared or paid any cash dividends on our Common Stock and do not intend to declare or pay cash dividends on the Common Stock at any time in the foreseeable future. Future earnings, if any, will be used for the expansion of our business.

Information regarding equity compensation plans is incorporated herein by reference to information that will be contained in the Company's definitive proxy statement for its 2003 Annual Meeting of Stockholders.

8

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data below should be read in conjunction with"Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements of the Company and Notes thereto included elsewhere in this Form 10-K.

	Year ended December 31,			
	2002	2001	2000	1999
	(in thousands, except per share data)			
Statement of Operations Data				
Revenues	$ 907	$ 69	$ 105	$ 612
Total operating expenses	11,380	16,353	11,889	8,204
Operating loss	(10,473)	(16,284)	(11,784)	(7,592)
Equity in loss of associated company	(521)	(125)	(570)	(351)
Settlement of litigation	--	--	(283)	--
Net interest/investment income/(loss)	(194)	9,059	3,468	1,278
Minority interest	80	--	--	--
Other income	--	86	100	624
Gain on assignment of spectrum	--	--	--	19,442
Intellectual property settlement	--	--	--	(2,425)
Income taxes	--	--	--	(330)
Net earnings/(loss)	$ (11,108)	$ (7,264)	$ (9,069)	$ 10,646
Per Common Share				
Basic earnings/(loss)	$ (0.62)	$ (0.36)	$ (0.44)	$ 0.58
Weighted average outstanding	17,927,000	19,947,784	20,445,586	18,465,974
Diluted earnings/(loss)	$ (0.62)	$ (0.36)	$ (0.44)	$ 0.57
Weighted average outstanding	17,927,000	19,947,784	20,445,586	18,680,082

	December 31,			
	2002	2001	2000	1999
	(in thousands)			
Balance Sheet Data				
Cash and cash equivalents	$ 33,053	$ 39,934	$ 38,595	$ 44,613
Working capital	29,481	37,528	36,765	42,794
Net property and equipment	820	5,828	8,660	10,959
Net other intangible assets	1,651	1,799	2,197	--
Net Goodwill	1,760	--	6,049	--
Total assets	50,247	53,892	57,628	55,769
Minority interest	1,592	--	--	--
Total debt	--	--	--	211
Total liabilities	16,237	8,410	2,773	1,969
Total equity	32,418	45,482	54,855	53,799

In November 1998, the Company assigned an 850MHz portion of its FCC license to an unaffiliated third party. As a result, the Company terminated its subscription television service. In connection with this transaction, the Company recognized a gain in the amount of $28,066,000. In October 1999, the Company assigned a 150MHz portion of its license to another unaffiliated third party. In connection with this transaction, the Company recognized a gain in the amount of $19,442,000.

In June 2000, the Company purchased the remaining 55% interest in Speedia, LLC that it did not already own. This acquisition was accounted for using the purchase method of accounting and the results of operations of Speedia have been included in the consolidated statements of operations for the periods subsequent to June 30, 2000.

In May 2002, the Company acquired a 51% interest in F&B Gudtfood This acquisition was accounted for using the purchase method of accounting and the results of operations of F&B Gudtfood have been included in the consolidated statements of operations for the periods subsequent to May 6, 2002.

For additional information on these transactions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations".

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

Operations

Speedus Corp. is a holding company that owns significant equity interests in diverse businesses. We seek business opportunities across all industries for potential transactions and relationships in which we can apply our current resources and management strengths. We are particularly focused on companies with sound business plans and existing revenue bases that require growth capital. We will continue to pursue opportunities involving our wireless expertise and broadband assets as attractive opportunities present themselves. The companies that we target, either public or privately held and regardless of industry, will be seeking growth or restructuring capital to pursue near term business objectives in demonstrated markets.

We have co-invested with Siemens Corporate Research, Inc., a subsidiary of

Siemens Corporation, in Zargis Medical Corp. to develop a service solution, initially targeted toward primary care physicians, that would be used as part of general medical examinations for the early screening and detection of valvular and congenital heart disease. We have acquired a 51% interest in F&B Gudtfood, the creator and operator of the original Eurocentric "chic and quick" cafe, which is operating its first store in Manhattan and is currently planning expansion to other locations. We own a portfolio of patents that allow for high-speed wireless communications. We also developed and launched an online cell phone store, 007Phones, which we now license to a third-party. We also own fixed wireless spectrum in the New York City metropolitan area that we may commercialize in the future to support high-speed, or broadband, Internet access service.

Zargis Medical Corp. In January 2001, we co-invested with Siemens Corporate Research, Inc., a subsidiary of Siemens Corporation, in a new company, Zargis Medical Corp. Zargis Medical is building a service solution, initially targeted toward primary care physicians that would be used as part of general medical examinations for the early screening and detection of valvular and congenital heart disease. General medical examinations, according to the National Center for Health Statistics, totaled 46 million in 1999 for the US alone. We have signed an exclusive contract with Zargis Medical to design and develop the wireless applications, as well as provide transaction processing to support the commercial rollout of Zargis Medical's cardiac diagnostic products. Under this contract, using a combination of wireless and wired technology, Speedia Wireless, our wholly owned subsidiary, has demonstrated the ability to transfer the heart sound file from a physician's office to the Speedus Data Center which will enable Zargis Medical to pursue a business model based on a fee per usage basis. Some of the major next steps remaining for Zargis Medical include clinical trials, FDA approval, marketing and roll-out, along with the formation of strategic partnerships.

In February 2003, we acquired a controlling interest in Zargis Medical. The additional investment of $1,250,000 was represented by outstanding notes payable to the Company by Zargis Medical at December 31, 2002 in the amount of $250,000 and an additional cash investment of $1,000,000.

F&B Gudtfood. In May 2002, we acquired a 51% interest in F&B Gudtfood, the creator and operator of the original Eurocentric "chic and quick" cafe, which is operating its first store in Manhattan and is currently planning expansion to other locations. The acquisition price was $3,500,000, which funds will be applied principally for its expansion. We also entered into a management services contract with this company that will result in direct revenues to us apart from those arising out of our ownership interest although these revenues will be eliminated on our consolidated financial statements.

On February 8, 2003, we reduced our investment in F&B Gudtfood and received $1,775,000 while maintaining our 51% interest.

Broadband Patents. Through our wholly owned subsidiaries, Broadband Patents, LLC and CellularVision Technology & Telecommunications, L.P., we have accumulated a portfolio of patents that allow for high-speed wireless communication systems with greater information content, reliability, clarity, or more efficient use of licensed spectrum as compared to prior systems. We have five domestic patents with expiration dates ranging from 2007 through 2017, with numerous international counterparts. Any particular wireless communications system may employ a number of different combinations of our patented technology to maximize operational and spectrum efficiency. While we believe that it would be difficult for any wireless communications company to construct a system without using one or more of our patented technologies, it is a lengthy and expensive process to pursue licensing/patent infringement cases. We are evaluating a strategy for the utilization of these patents in the future, which may include pursuit of licensing or development of other strategic opportunities

with users of the underlying technology. However, due to the current depressed economic state of the telecommunications industry, licensing activity for the patent portfolio is not currently being pursued. We have licensed technology in the past, both domestically and

internationally, but are not currently receiving any license fees. Currently, we have instituted litigation in the New York courts against an international licensee in Canada.

007Phones. In August 2001, we launched 007Phones.com, an e-commerce portal designed to provide consumers and businesses with an easy-to-use, online method of researching and purchasing wireless phones and carrier services. We now license 007Phones.com to a third-party.

Local Multipoint Distribution Service license. We have an FCC commercial operating license, awarded to us in recognition of our efforts in developing and deploying LMDS technology and for spearheading its regulatory approval at the FCC, which covers 150 MHz of spectrum in the New York City area. The license has been renewed as a standard LMDS license through February 1, 2006. Under FCC authorization, the license includes an additional 150 MHz of spectrum until the first Ka band satellite is launched, an event which is not currently determinable. The license provides that the spectrum may be used for a wide variety of fixed wireless purposes, including wireless local loop telephony, high-speed Internet access and two-way teleconferencing.

We are conducting a limited pilot program of our SPEEDsm broadband super high-speed Internet service. A full marketing effort will not commence until new LMDS equipment becomes commercially available with cost and performance that allow implementation of SPEEDsm service on an economically attractive basis. We cannot determine when this will occur and this equipment may never be available to us on this basis. During 2002, we recorded an impairment charge in the amount of $3,650,000 for property and equipment taken out of service, generally related to the pilot program.

Other. We have invested a portion of our assets in a portfolio of marketable securities consisting of publicly traded equity securities. We have also sold publicly traded equity securities we do not own in anticipation of declines in the fair market values of these securities.

We have generated operating losses and negative operating cash flows since our inception and expect to continue to do so in the near future.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements. The preparation of those financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of operating revenues and expenses during the reporting periods. Actual results could differ from those estimates. For a description of all of our accounting policies, see Note 2 to our consolidated financial statements included in this Form 10-K. However, we believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Financial instruments. Our financial instruments consist primarily of cash

equivalents, marketable securities and securities sold and not purchased. The carrying value of cash equivalents approximates market value since these highly liquid, interest earning investments are invested in money market funds. Marketable securities consist of publicly traded equity securities classified as trading securities and are recorded at fair market value, i.e., closing prices quoted on established securities markets. Securities sold and not repurchased are also carried at the fair market value of the securities. Significant changes in the market value of securities that we invest in could have a material impact on our financial position and results of operations.

Long-lived assets. Long-lived assets, including fixed assets, goodwill, equity method investments and other intangibles, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable through estimated future cash flows from that asset. The estimate of cash flow is based upon, among other things, certain assumptions about expected future operating performance. Specifically, we own broadband assets, including fixed and intangible assets, which had a carrying value of $1.8 million at December 31, 2002 and currently do not generate significant revenues or cash flows. However, we estimate that, based upon our review of recent transactions and other factors, the fair value of our remaining FCC license and certain patents that have no carrying value on our books would generate sufficient cash to fully realize our assets described above. This estimate evaluated the recovery of these broadband assets compared to the fair value of our remaining FCC license and certain patents as a group since it represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. These estimates may differ from actual results due to, among other things, technological changes, economic conditions, changes to our business model or changes in our operating performance. We also reviewed the carrying value of goodwill in the amount of $1.8 million at December 31, 2002, and estimate based upon our review, taking into account such factors as projected operations and Company's redemption rights in connection with the investment, that there has been no impairment to this carrying value.

Contingencies. We account for contingencies in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies". SFAS No. 5 requires that we record an estimated loss when information available prior to issuance of our financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Accounting for contingencies such as environmental, legal and income tax matters requires us to use our judgment. While we believe that our accruals for these matters are adequate, if the actual loss is significantly different than the estimated loss, our results of operations may be misstated.

Twelve Months Ended December 31, 2002 Compared to Twelve Months Ended December 31, 2001

Revenues increased $838,000 from $69,000 for the twelve months ended December 31, 2001 to $907,000 for the twelve months ended December 31, 2002. $446,000 of this net increase is a result of revenues recognized by F&B Gudtfood since May 6, 2002, the date of acquisition and $428,000 of this net increase is a result of revenues recognized from the sale and activation of wireless phones through the Company's online cell phone store, 007phones, which the Company now licenses to a third-party. In accordance with the provisions of the Securities and Exchange Commission Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements", these revenues and associated costs are deferred due to cancellation privileges and chargebacks from carriers. Revenues to be

recognized in the future from the sale and activation of wireless phones are expected to decrease. The Company now licenses the cell phone store to a third party and license fees are less than revenues from sale and activation.

Selling, general and administrative expenses decreased $624,000 from $5,263,000 for the twelve months ended December 31, 2001 to $4,639,000 for the twelve months ended December 31, 2002. This decrease is primarily attributable to decreases in compensation and employee related expenses as a result of staff reductions and decreases in stock based compensation. This decrease was offset by selling, general and administrative expenses of F&B Gudtfood since the date of acquisition in the amount of $506,000.

Research and development expenses decreased $770,000 from $1,716,000 for the twelve months ended December 31, 2001 to $946,000 for the twelve months ended December 31, 2002. This decrease is primarily attributable to decreases in compensation and employee related expenses as a result of staff reductions.

Depreciation and amortization decreased $4,095,000 from $9,373,000 for the twelve months ended December 31, 2001 to $5,278,000 for the twelve months ended December 31, 2002. An aggregate decrease in the amount of $6,299,000 is a result of the 2001 amortization of goodwill and intangibles resulting from the Speedia acquisition in 2000, including a charge in the amount of $3,779,000 during 2001 for the impairment of goodwill and intangible assets associated with that acquisition, eliminating the remaining balance of goodwill and those intangible assets. The 2002 decrease was somewhat offset by a charge in the amount of $3,650,000 during the three months ended June 30, 2002 for property and equipment taken out of service. The balance of the decrease during 2002 is generally a result of assets becoming fully depreciated, as well as depreciation no longer being taken on the property and equipment taken out of service.

Cost of sales amounted to $516,000 for the twelve months ended December 31, 2002. $135,000 of this amount represents costs incurred by F&B Gudtfood since the date of acquisition and $381,000 of this amount represents the direct cost and expenses related to the sale and activation of wireless phones through the Company's online cell phone store, 007phones, as discussed above.

Investment income decreased $9,253,000 from a net gain in the amount of $9,059,000 for the twelve months ended December 31, 2001 to a net loss in the amount of $194,000 for the twelve months ended December 31, 2002. This decrease is primarily a result of realized and unrealized gains/(losses). Realized gains/(losses) decreased $8,188,000 from net gains of $9,324,000 for the twelve months ended December 31, 2001 to net gains of $1,136,000 for the twelve months ended December 31, 2002. Unrealized gains/(losses) increased $1,721,000 from net losses of $787,000 for the twelve months ended December 31, 2001 to net losses of $2,508,000 for the twelve months ended December 31, 2002. Investment gains or losses will fluctuate based upon changes in the market value of the underlying investments and are not necessarily indicative of the results that may be expected for any future periods.

Equity in loss of associated company increased $396,000 from $125,000 for the twelve months ended December 31, 2001 to $521,000 for the twelve months ended December 31, 2002. The 2002 period reflects the Company's share (47% at December 31, 2002) in Zargis Medical's operations, accounted for under the equity method.

Minority interest amounted to $80,000 the twelve months ended December 31, 2002. This amount represents the interest of minority stockholders in the operations of F&B Gudtfood since the date of acquisition.

During the twelve months ended December 31, 2001, the Company recognized other income in the amount of $86,000 from the sale of certain assets. During the twelve months ended December 31, 2002, no such transactions occurred.

Twelve Months Ended December 31, 2001 Compared to Twelve Months Ended December 31, 2000

Revenues decreased $36,000 from $105,000 for the twelve months ended December 31, 2000 to $69,000 for the twelve months ended December 31, 2001. These revenues reflect the early results of the Company's pilot program to connect its first Internet subscribers and co-hosting revenues from use of the Company's Data Center. The Company intends to continue this pilot program until a final determination can be made on the availability of equipment on an economically attractive basis. We cannot determine when this will occur and this equipment may never be available to us on this basis. We estimate that the total annual cost of the pilot program is approximately $500,000.

Selling, general and administrative expenses decreased $581,000 from $5,844,000 for the twelve months ended December 31, 2000 to $5,263,000 for the twelve months ended December 31, 2001. This decrease is net of a $148,000 increase attributable to the June 30, 2000 acquisition of the remaining 55% interest in Speedia Wireless that the Company did not already own. This acquisition was accounted for using the purchase method of accounting. The results of operations of Speedia are included in the consolidated statements of operations beginning with the quarter ended September 30, 2000. The net decrease in selling, general and administrative expenses for 2001 is primarily a result of decreases in stock based compensation and legal expenses, as well as staff reductions.

Research and development expenses increased $369,000 from $1,347,000 for the twelve months ended December 31, 2000 to $1,716,000 for the twelve months ended December 31, 2001. The increase for the twelve months is primarily attributable to the June 30, 2000 acquisition of the remaining 55% interest in Speedia, as discussed above.

Depreciation and amortization increased $4,675,000 from $4,698,000 for the twelve months ended December 31, 2000 to $9,373,000 for the twelve months ended December 31, 2001. $1,234,000 of this increase is a result of amortization of the goodwill resulting from the Speedia acquisition on June 30, 2000, as discussed above. As a result of continuing weak industry conditions and lower market valuations, we determined that there were indications of impairment to the carrying value of our goodwill and other purchased intangibles in connection with our purchase in 2000 of the remaining 55% interest in Speedia that we did not already own. Based on our review, we recorded a charge of $3,779,000 in the fourth quarter of 2001 for the impairment of goodwill and intangible assets associated with that acquisition. The increase in depreciation and amortization for 2001 is also net of a decrease as a result of certain fixed assets having become fully depreciated.

Investment income increased $5,583,000 from $3,476,000 for the twelve months ended December 31, 2000 to $9,059,000 for the twelve months ended December 30, 2001. This increase is primarily a result of realized and unrealized gains/(losses). Realized gains/(losses) increased $8,527,000 from net gains of $797,000 for the twelve months ended December 31, 2000 to net gains of $9,324,000 for the twelve months ended December 31, 2001. Unrealized gains/(losses) increased $777,000 from net losses of $10,000 for the twelve months ended December 31, 2000 to net losses of $787,000 for the twelve months ended December 31, 2001. Investment gains or losses will fluctuate based upon changes in the market value of the underlying investments and are not necessarily indicative of the results that may be expected for any future periods.

Equity in loss of associated company decreased $445,000 from $570,000 for the twelve months ended December 31, 2000 to $125,000 for the twelve months ended December 31, 2001. The 2000 period primarily reflects the Company's 45% interest in Speedia's operations, accounted for under the equity method. As discussed above, subsequent to June 30, 2000, upon the acquisition of the remaining 55% interest, the results of operations of Speedia are included in the consolidated statements of operations. The 2001 period reflects the Company's share (49% at December 31, 2001) in Zargis Medical's operations, accounted for under the equity method.

During the twelve months ended December 31, 2001, the Company recognized other income in the amount of $86,000 from the sale of certain assets. During the twelve months ended December 31, 2000, the Company recognized other income in the amount of $100,000 from negotiating settlements with vendors and others.

During the twelve months ended December 31, 2000, the Company recognized an expense in the amount of $282,500 from the settlement of litigation. No such amounts were recorded for the twelve months ended December 31, 2001.

Related Party Transactions

We have signed an exclusive contract with Zargis Medical to design and develop the wireless applications, as well as provide transaction processing to support the commercial rollout of Zargis Medical's cardiac diagnostic

products. Our investment in Zargis Medical is accounted for using the equity method of accounting. During the years ended December 31, 2002 and 2001, no revenues were recorded in connection with Zargis Medical.

We also entered into a management services contract with F&B Gudtfood that will result in direct revenues to us apart from those arising out of our ownership interest although these revenues will be eliminated on our consolidated financial statements. In connection with this acquisition, the Company extended loans to two employees of F&B Gudtfood, who are also minority shareholders of F&B Gudtfood aggregating $120,000. The loans, which can be increased by $40,000 each under certain conditions, will be forgiven if certain milestones are achieved.

The information under Item 11. 'Certain Relationships and Related Transactions' of this Form 10-K is incorporated by reference.

Liquidity and Capital Resources

The Company has recorded operating losses and negative operating cash flows in each year of its operations since inception.

Net cash used in operating activities was $5.0 million for the year ended December 31, 2002 compared to net cash provided by operating activities of $3.9 million for the year ended December 31, 2001. The net decrease of $8.9 million was substantially the result of a $3.8 million increase in net loss and a decrease in depreciation and amortization of $4.1 million.

Net cash used in financing activities was $2.0 million for the year ended December 31, 2002 compared to $2.1 million for the year ended December 31, 2001. This decrease of $0.1 million was a result of decreased repurchases of treasury stock during 2002.

At December 31, 2002, the Company's future minimum lease payments due under noncancelable leases aggregated $508,000. $275,000 and $175,000 of this amount is due during 2003 and 2004, respectively, and the balance is payable thereafter with no material amount due in any year.

The Company believes that it has sufficient liquidity to finance its current level of operations and expected capital requirements through the 2003 fiscal year. However, the Company does not expect to have earnings from operations until such time as it substantially increases its customer base and/or forms a strategic alliance for use of its capabilities in the future. We cannot predict when this will occur. We have no material non-cancelable commitments and the amount of future capital funding requirements will depend on a number of factors that we cannot quantify, including the success of our business, the extent to which we expand our high-speed Internet service if suitable equipment becomes available and the types of services we offer, as well as other factors that are not within our control, including competitive conditions, government regulatory developments and capital costs. The lack of additional capital in the future could have a material adverse effect on the Company's financial condition, operating results and prospects for growth.

We have invested a portion of our assets in a portfolio of marketable securities consisting of publicly traded equity securities. We purchase these securities in anticipation of increases in the fair market values of the securities. We have also sold publicly traded equity securities we do not own in anticipation of declines in the fair market values of these securities. When we sell securities that we do not own, we must borrow the securities we sold in order to deliver them and settle the trades. Thereafter, we must buy the securities and deliver them to the lender of the securities. Our potential for loss on these transactions is unlimited since the value of the underlying security can keep increasing.

Recent Accounting Pronouncements

In July 2002, Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" was issued. SFAS No. 146 supersedes Emerging Issues Task Force No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Associated with a Restructuring)," and requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Such liabilities should be recorded at fair value and updated for any changes in the fair value each period. A notable change from EITF 94-3 involves one-time employee termination costs whereby the employee to be terminated is required to render service between the notification date and the date the employee will be terminated in order to receive any termination benefits. For these situations whereby the required post-notification service period extends beyond the minimum retention period required by local law (e.g., 60 days in the United States), the fair value liability will be amortized over the service period. This change is effective for new exit or disposal activities initiated after December 31, 2002. We do not expect the adoption of this accounting standard to have a material effect on our results of operations commencing January 1, 2003.

In December 2002, Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation--Transition and Disclosure--an amendment of FASB Statement No. 123" was issued. SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in

both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. This statement is effective for fiscal years ending after December 15, 2002 for transition guidance and annual disclosure provisions; for financial reports containing financial statements for interim periods beginning after December 15, 2002 for interim disclosure provisions. This standard also allows accounting for such options under the "intrinsic value method" in accordance with Accounting Principles Board No. 25, "Accounting for Stock Issued to Employees." The Company has elected to account for its stock options under this method. As a result, this accounting standard did not have a material effect on our results of operations.

In November 2002, the Financial Accounting Standards Board issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires that a liability be recorded in the guarantor's balance sheet upon issuance of a guarantee. In addition, FIN 45 requires disclosures about the guarantees that an entity has issued, including a reconciliation of changes in the entity's product warranty liabilities. The initial recognition and initial measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the guarantor's fiscal year-end. The disclosure requirements of FIN 45 are effective for financial statements of interim or annual periods ending after December 15, 2002. The Company does not expect the adoption of this standard to have a material impact on the Company's financial statements.

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company is currently evaluating the impact that the adoption of this standard will have on its financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's financial instruments at December 31, 2002 consist primarily of cash equivalents, which are subject to interest rate risk, and marketable securities and securities sold and not purchased, which are subject to equity price risk.

As part of our overall investment strategy, we invest in publicly traded equity securities. We purchase these securities in anticipation of increases in the fair market values of the securities. We also sell publicly traded equity securities that we do not own in anticipation of declines in the fair market values of the securities. When we sell securities that we do not own, we must borrow the securities we sold in order to deliver them and settle the trades. Thereafter, we must buy the securities and deliver them to the lender of the securities. Our potential for loss on these transactions is unlimited since the value of the underlying security can keep increasing which could have a material adverse effect on the Company's consolidated financial statements.

The carrying value of cash equivalents approximates market value since

these highly liquid, interest earning investments are invested in money market funds. The Company's investment in marketable securities consists of publicly traded equity securities classified as trading securities and are recorded at fair market value. Securities sold and not repurchased are carried at the fair market value of the securities.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of the Company and related Notes thereto and the financial information required to be filed herewith are included under Item 15 of this Form 10-K.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Information regarding Directors and Executive Officers of the Company, as required by Part III, Item 10, is incorporated herein by reference to information that will be contained in the Company's definitive proxy statement for its 2003 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding Executive Compensation, as required by Part III, Item 11, is incorporated herein by reference to information that will be contained in the Company's definitive proxy statement for its 2003 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKDOLDER MATTERS

Information regarding Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, as required by Part III, Item 12, is incorporated herein by reference to information that will be contained in the Company's definitive proxy statement for its 2003 Annual Meeting of Stockholders.

ITEM 13. Certain Relationships and Related Transactions

Information regarding Certain Relationships and Related Transactions, as required by Part III, Item 13, is incorporated herein by reference to information that will be contained in the Company's definitive proxy statement for its 2003 Annual Meeting of Stockholders.

ITEM 14. CONTROLS AND PROCEDURES

Within the 90 days prior to the filing of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded

that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in the Company's periodic SEC filings.

There have been no significant changes in the Company's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements and Financial Schedule

(1) Consolidated Financial Statements	Page(s)
Report of Independent Accountants	19
Consolidated Balance Sheets as of December 31, 2002 and 2001	20
Consolidated Statements of Operations for the years ended December 31, 2002, 2001 and 2000	21
Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2002, 2001 and 2000	22
Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001 and 2000	23
Notes to Consolidated Financial Statements	24-33

(b) Reports on Form 8-K

There were no Current Reports on Form 8-K filed during the fourth quarter of fiscal 2002.

(c) Exhibits

3.1a Certificate of Incorporation. (1)

3.1b Certificate of Ownership and Merger of CVUSA Merger Corporation With and Into Cellularvision USA, Inc. (2)

3.2 By-laws. (1)

4.1 Form of Common Stock Certificate. (1)

4.2 Stockholders Agreement, dated as of January 12, 1996, by and among CellularVision USA, Inc., Shant S. Hovnanian, Bernard B. Bossard and Vahak S. Hovnanian. (1)

4.3 Form of Rights Agreement between SPEEDUS.COM, Inc. and Equiserve Trust Company, N.A., as Rights Agent. The Rights Agreement includes as Exhibit A the Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of SPEEDUS.COM, Inc., as Exhibit B the form of Rights Certificate and as Exhibit C

the form of Summary of Rights to Purchase Shares of Series A Junior Participating Preferred Stock. (3)

10.1 SPEEDUS.COM, Inc. 1995 Stock Incentive Plan. (Amended and Restated as of July 19, 2001) (4)

10.2 Employment Agreement, dated as of April 25, 2002, between SPEEDUS.COM. Inc. and Shant S. Hovnanian. (7)

10.3 Amended and Restated Agreement of Limited Partnership of CellularVision of New York, L.P., dated as of July 7, 1993, by and between Hye Crest Management, Inc., Bell Atlantic Ventures, XXIII, Inc. and the limited partners set forth on the signature page thereto. (1)

10.4 Agreement, dated as of January 12, 1996, by and among CellularVision USA, Inc., CellularVision of New York, L.P., Hye Crest Management, Inc., Shant S. Hovnanian, Vahak S. Hovnanian, Bernard B. Bossard and Bell Atlantic Ventures XXIII, Inc. (1)

10.5 Stock Purchase Agreement, dated as of June 13, 1999, between SPEEDUS.COM, INC. and NEXTLINK Communications, Inc. (5)

10.6 Strategic Agreement, dated as of June 13, 1999, between SPEEDUS.COM, INC. and NEXTLINK Communications, Inc. (5)

10.7 Amended and Restated Agreement to Assign LMDS License, dated as of June 13, 1999, between SPEEDUS.COM. Inc., SPEEDUSNY, L.P. and NEXTLINK Communications, Inc. (6)

21 Subsidiaries of SPEEDUS.COM, Inc. (1)

23.1 Consent of PricewaterhouseCoopers LLP (7)

99.1 Certification Pursuant To U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002 (7)

99.2 Certification Pursuant To U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002 (7)

----

(1) Incorporated by reference to the Company's Registration Statement in Form S-1 (File No. 33-98340) which was declared effective by the Commission on February 7, 1996.

(2) Incorporated by reference to the Company's Form 10-K filed on March 31, 1999.

(3) Incorporated by reference to the Company's Form 8-K filed on January 16, 2001.

(4) Incorporated by reference to the Company's Definitive Proxy Statement filed on July 27, 2001.

(5) Incorporated by reference to the Company's Form 8-K filed on June 28, 1999.

(6) Incorporated by reference to the Company's Form 8-K filed on October

26, 1999.

(7) Filed herewith.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Speedus Corp.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a) on page 17 present fairly, in all material respects, the financial position of Speedus Corp. and its subsidiaries (the "Company") at December 31, 2002 and December 31, 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York
March 31, 2003

SPEEDUS CORP.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2002	2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 33,052,815	$ 39,933,881
Marketable securities	879,194	31,471
Due from broker	11,728,880	4,921,177
Accounts and other receivables	40,099	670,120
Prepaid expenses and other	17,488	381,332
Total current assets	45,718,476	45,937,981
Property and equipment, net of accumulated depreciation of $2,015,662 and $9,650,192	819,714	5,828,315

Other intangible assets, net of accumulated amortization of $418,929 and $271,071	1,651,071	1,798,929
Goodwill	1,760,106	--
Other assets	297,544	326,881
Total assets	$ 50,246,911	$ 53,892,106
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 228,144	$ 206,871
Accrued liabilities	1,734,252	1,461,460
Securities sold and not purchased	14,212,566	6,277,837
Other current liabilities	62,336	464,217
Total current liabilities	16,237,298	8,410,385
Minority interest	1,591,557	--
Commitments and Contingencies	--	--
Stockholders' equity:		
Common stock ($.01 par value; 50,000,000 shares authorized; 21,384,838 shares issued	213,848	213,848
Preferred stock ($.01 par value; 20,000,000 shares authorized):		
Series A Junior Participating ($.01 par value; 4,000 shares authorized; no shares issued and outstanding)	--	--
Additional paid-in-capital	90,289,432	90,289,432
Treasury stock (at cost; 4,418,577 and 2,277,532 shares)	(4,371,778)	(2,416,089)
Accumulated deficit	(53,713,446)	(42,605,470)
Stockholders' equity	32,418,056	45,481,721
Total liabilities and stockholders' equity	$ 50,246,911	$ 53,892,106

The accompanying notes are an integral part of these consolidated financial statements.

SPEEDUS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the years ended December 31,		
	2002	2001	2000
Revenues	$ 906,809	$ 68,847	$ 105,395
Expenses:			
Selling, general and administrative	4,639,394	5,263,179	5,844,260
Research and development	946,482	1,716,118	1,346,549
Depreciation and amortization	5,277,956	9,373,353	4,697,823
Cost of sales	515,956	--	--

Total operating expenses	11,379,788	16,352,650	11,888,632
Operating loss	(10,472,979)	(16,283,803)	(11,783,237)
Investment income	(194,280)	9,058,801	3,475,789
Equity in loss of associated company	(520,822)	(125,297)	(569,782)
Minority interest	80,105	--	--
Other income	--	86,465	99,856
Settlement of litigation	--	--	(282,500)
Interest expense	--	--	(8,793)
Net loss	$(11,107,976)	$ (7,263,834)	$ (9,068,667)
Per share:			
Basic loss per common share	$ (0.62)	$ (0.36)	$ (0.44)
Weighted average common shares outstanding	17,927,000	19,947,784	20,445,586
Diluted loss per common share	$ (0.62)	$ (0.36)	$ (0.44)
Weighted average common shares outstanding	17,927,000	19,947,784	20,445,586

The accompanying notes are an integral part of these consolidated financial statements.

SPEEDUS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2000, 2001 and 2002

	Common Stock				
	Amount	Shares	Additional Paid-in-capital	Treasury Stock	Accumu Defi
Balance, January 1, 2000	$196,710	19,670,959	$ 79,875,699	$ --	$(26,2
Issuance of common stock	13,638	1,363,879	8,919,733		
Repurchase of common stock				(305,741)	
Stock based compensation			1,497,000		
Net loss					(9,0
Balance, December 31, 2000	210,348	21,034,838	90,292,432	(305,741)	(35,3
Issuance of common stock	3,000	300,000	(3,000)		
Exercise of warrants	500	50,000			
Repurchase of common stock				(2,110,348)	
Net loss					(7,2
Balance, December 31, 2001	213,848	21,384,838	90,289,432	(2,416,089)	(42,6
Repurchase of common stock				(1,955,689)	
Net loss					(11,1
Balance, December 31, 2002	$213,848	21,384,838	$ 90,289,432	$(4,371,778)	$(53,7

======== ========== =============== =========== ======

The accompanying notes are an integral part of these consolidated financial statements.

SPEEDUS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,		
	2002	2001	200
Cash flows from operating activities:			
Net loss	$(11,107,976)	$ (7,263,834)	$ (9,06
Adjustments to reconcile net earnings/(loss) to net cash used in operating activities:			
Depreciation and amortization	5,277,956	9,373,353	4,69
Unrealized losses	2,507,920	787,000	1
Equity in loss of associated company	520,822	125,297	56
Minority interest	(80,105)	--	
Stock based compensation	--	653,000	84
Other Income	--	(86,465)	
Settlement of litigation	--	--	28
Changes in operating assets and liabilities:			
Marketable securities	(1,110,669)	575	(62
Due from broker	(6,807,703)	(4,296,387)	(62
Accounts and other receivables	132,399	(22,182)	(8
Prepaid expenses and other	363,844	(319,234)	(1
Other assets	(162,397)	12,900	(48
Due from affiliates	--	93,112	
Accounts payable	(73,727)	(63,331)	(28
Accrued liabilities	254,936	(71,082)	46
Securities sold and not purchased	5,689,755	4,574,925	1,49
Other current liabilities	(401,881)	446,212	(12
Net cash provided by/(used in) operating activities	(4,996,826)	3,943,859	(2,93
Cash flows from investing activities:			
Proceeds from sale of assets	553,122	--	
Loans and other receivables, net of repayments	(114,247)	--	
Loans to related parties	(373,426)	--	
Acquisition of business, net of cash acquired	6,000	--	
Property and equipment additions	--	(94,945)	(1,03
Investment in associated company	--	(400,000)	(95
Intangible assets	--	--	(57
Net cash provided by/(used in) investing activities	71,449	(494,945)	(2,56
Cash flows from financing activities:			
Repurchase of stock	(1,955,689)	(2,110,348)	(30
Proceeds from exercise of sock options or warrants	--	500	
Repayment of notes payable	--	--	(21

Net cash provided by/(used in) financing activities	(1,955,689)	(2,109,848)	(51
Net increase/(decrease) in cash and cash equivalents	(6,881,066)	1,339,066	(6,01
Cash and cash equivalents, beginning of period	39,933,881	38,594,815	44,61
Cash and cash equivalents, end of period	$ 33,052,815	$ 39,933,881	$ 38,59
Supplemental Cash Flow Disclosures:			
Cash paid for interest during the period	$ --	$ --	$
Non cash transactions-common stock:			
Issued for intangible assets	$ --	$ --	$ 1,80
Issued /contingently issuable for acquisition	$ --	$ --	$ 6,84
Non cash transaction:			
Accounts receivable from sale of other assets	$ --	$ 553,122	$
Supplemental information of business acquired:			
Fair value of assets acquired:			
Cash	$ 6,000	$ --	$
Other current assets	13,000	--	
Non current assets	196,166	--	
Goodwill	1,760,106	--	
Less-liabilities assumed:			
Current liabilities	(150,856)	--	
Acquisition costs	(152,754)	--	
Minority interest	(1,591,557)	--	
Cash paid	--	--	
less-cash acquired	(6,000)	--	
Acquisition of business, net of cash acquired	$ (6,000)	$ --	$

The accompanying notes are an integral part of these consolidated financial statements.

23

SPEEDUS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business

Organization

Speedus Corp. ("Speedus" or the "Company"), a Delaware corporation, was formed in October 1995 as CellularVision USA, Inc. ("CVUS") to combine the ownership of predecessor companies that were under common control. In January 1999, through a 'short form merger' as allowed under Delaware law, CVUS changed its name to SPEEDUS.COM, Inc. In June 2002, in the same manner, SPEEDUS.COM, Inc. changed its name to Speedus Corp. Unless the context requires otherwise, the term Company includes Speedus and its wholly owned subsidiaries.

Business activities

Speedus Corp. is a holding company that owns significant equity interests in diverse businesses. We seek business opportunities across all industries for potential transactions and relationships in which we can apply our current resources and management strengths. We are particularly focused on companies with sound business plans and existing revenue bases that require growth capital. We will continue to pursue opportunities involving our wireless expertise and broadband assets as attractive opportunities present themselves. The companies that we target, either public or privately held and regardless of industry, will be seeking growth or restructuring capital to pursue near term business objectives in demonstrated markets.

We have co-invested with Siemens Corporate Research, Inc., a subsidiary of Siemens Corporation, in Zargis Medical Corp. to develop a service solution, initially targeted toward primary care physicians, that would be used as part of general medical examinations for the early screening and detection of valvular and congenital heart disease. We have acquired a 51% interest in F&B Gudtfood, the creator and operator of the original Eurocentric "chic and quick" cafe, which is operating its first store in Manhattan and is currently planning expansion to other locations. We own a portfolio of patents that allow for high-speed wireless communications. We also developed and launched an online cell phone store, 007Phones, which we now license to a third-party. We also own fixed wireless spectrum in the New York City metropolitan area that we may commercialize in the future to support high-speed, or broadband, Internet access service.

2. Summary of Significant Accounting Policies

Financial statements and principles of consolidation

The consolidated financial statements include the accounts of Speedus and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Companies in which Speedus directly or indirectly owns more than 50% of the outstanding voting securities or that Speedus has effective control over are accounted for under the consolidation method of accounting. Under this method, those companies' balance sheets and results of operations, from the date Speedus acquired control, are included in Speedus' consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation. The interest in the net assets and operations of these companies' other stockholders is reflected in the caption 'Minority interest' in Speedus' consolidated balance sheet and statements of operations.

The Company's share of earnings or losses of associated companies, that are 20% to 50% owned, is included in the consolidated operating results using the equity method of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of operating revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid interest earning investments with original maturities of three months or less to be cash equivalents. At December

31, 2002 and 2001, cash equivalents consisted of money market funds.

Marketable Securities

All marketable securities are defined as trading securities under the provisions of Statement of Financial

24

Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." At December 31, 2002 and 2001, marketable securities consisted of publicly traded equity securities and were recorded at fair market value. Their original cost was $1,479,000 and $631,000, unrealized losses were $600,000 and $600,000 and the carrying value was $879,000 and $31,000, respectively.

Securities sold and not purchased

The Company may sell publicly traded equity securities it does not own in anticipation of declines in the fair market values of the securities. When the Company effects such transactions, it must borrow the securities it sold in order to deliver them and settle the trades. The amounts shown on the balance sheet as 'Securities sold and not purchased' represent the value of these securities at fair market value. At December 31, 2002 and 2001, the Company had sold securities it had not purchased. The aggregate proceeds were $12,001,000 and $5,504,000, unrealized gains/(losses) were $(2,212,000) and $(774,000) and the market value of the securities was $14,213,000 and $6,278,000, respectively.

During the years ended December 31, 2002, 2001 and 2000, realized gains/(losses) in the amounts of $1,136,000, $9,324,000 and $797,000 were recorded and included in Investment Income in the accompanying Consolidated Statements of Operations.

Due from broker

In connection with selling publicly traded securities that it does not own, the Company is obligated to maintain balances with brokerage firms as security for these transactions. At December 31, 2002 and 2001, restricted cash balances in the amounts of $11,729,000 and $4,921,000, respectively, were held by brokerage firms.

Concentrations of Credit Risk

Financial instruments that potentially could subject the Company to concentrations of credit risk consist largely of cash equivalents and marketable securities. These instruments are potentially subject to concentrations of credit risk but the Company believes that this risk is limited due to diversification and investments being made in investment grade securities.

The Company also sells publicly traded equity securities that it does not own in anticipation of declines in the fair market values of the securities. When the Company sells securities that it does not own, it must borrow the securities it sold in order to deliver them and settle the trades. Thereafter, the Company must buy the securities and deliver them to the lender of the securities. The Company's potential for loss on these transactions is unlimited since the value of the underlying security can keep increasing which could have a material adverse effect on the Company's consolidated financial statements.

Property and Equipment

Transmission equipment, customer premises equipment, office equipment and leasehold improvements are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from two to seven years.

Through the quarter ended September 30, 2000, fiber optic lines were depreciated over an estimated useful life of 40 years. Commencing with the quarter ended December 31, 2000, the Company considers the remaining useful life to be ten years and accounted for this determination as a change in an estimate. The effect of this change is not material.

When assets are fully depreciated, it is the Company's policy to remove the costs and related accumulated depreciation from its books and records.

During the year ended December 31, 2002, the Company recorded a charge, included in 'Depreciation and amortization' in the accompanying Consolidated Statements of Operations, in the amount of $3,650,000 for property and equipment taken out of service.

Long-lived assets

The Company periodically evaluates the net realizable value of long-lived assets, including fixed and intangible assets, relying on anticipated future cash flows. The Company's evaluation of anticipated future cash flows considers operating results, business plans and economic projections, as well as, non-financial data such as market trends, product and development cycles, and changes in management's market emphasis. An impairment in the carrying value of an asset is recognized when the expected future operating cash flows derived from the asset are less than its carrying value.

Goodwill and Other Intangible Assets

In July 2001, Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible

Assets" was issued. FAS No. 142 requires the use of a nonamortization approach to account for purchased goodwill and certain intangibles. Under a nonamortization approach, goodwill and certain intangibles will not be amortized into results of operations, but instead would be reviewed for impairment and charged against results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value.

The Company owns broadband assets, including fixed and intangible assets, with a carrying value of $1.8 million at December 31, 2002 and currently does not generate significant revenues or cash flows. However, the Company estimated that, based upon its review of recent transactions and other factors, the fair value of its remaining FCC license and certain patents that have no carrying value on its books would generate sufficient cash to fully realize its assets described above. This estimate evaluated the recovery of these broadband assets compared to the fair value of the remaining FCC license and certain patents as a group since it represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities.

Other intangible assets consist of the cost of a patent which, through the year ended December 31, 2002, was amortized over its life of fourteen years at the time of acquisition. Effective January 1, 2003, the Company considers the remaining useful life to be four years and will account for this determination as a change in an estimate.

Amortization expense relating to intangible assets for the years ended December 31, 2002, 2001 and 2000 amounted to $147,858, $397,857 and $173,214, respectively. Annual amortization expense for each of the next four years, the remaining useful life of the Company's intangible asset at December 31, 2002, is expected to be approximately $413,000.

The Company reviewed the carrying value of goodwill in the amount of $1.8 million at December 31, 2002, and estimated based upon its review, taking into account such factors as projected operations and Company's redemption rights in connection with the investment, that there has been no impairment to this carrying value. As a result, there were no changes in the carrying amount of goodwill for the year ended December 31, 2002.

As a result of continuing weak industry conditions and lower market valuations, we determined that there were indications of impairment to the carrying value of our goodwill and other purchased intangibles in connection with our purchase in 2000 of the remaining 55% interest in Speedia, LLC (see Note 4) that we did not already own. Based on our review, we recorded a charge of $3,779,000, included in 'Depreciation and amortization' for the year ended December 31, 2001, for the impairment of intangible assets associated with that acquisition.

Revenue Recognition

Revenues from F&B Gudtfood's operations are recorded on a cash basis.

The Company earns fees from a licensee for the sale and activation of wireless phones. In accordance with the provisions of the Securities and Exchange Commission Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements", these revenues and associated costs are deferred until the expiration of cancellation privileges and chargeback periods from carriers. At December 31, 2002, the amount recorded for these deferred revenues was not material.

Income Taxes

As required by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," the Company is required to provide for deferred tax assets or liabilities arising due to temporary differences between the book and tax basis of the Company's assets and liabilities.

As of December 31, 2002, the Company has a deferred tax asset of approximately $23.4 million, relating primarily to operating losses. An offsetting valuation allowance of $23.4 million has been established as the Company had no ability to carryback its losses and a limited earnings history. For the year ended December 31, 2002, the Company has accrued approximately $110,000 in state and local income taxes.

A reconciliation of the Company's effective income tax rate and the federal tax rate is as follows:

	Year ended December 31,		
	2002	2001	2000
Statutory rate	(34%)	(34%)	(34%)
Permanent difference - stock based compensation	0%	3%	3%
State and local income taxes, net of federal benefit	(10%)	(11%)	(3%)
Change in valuation allowance	44%	42%	(34%)
Effective rate	--%	--%	--%

==== ==== ====

At December 31, 2002, the Company had net operating loss carryforwards of approximately $50.8 million which expire between 2005 and 2024. Under the provisions of the Internal Revenue Code, certain substantial changes in the Company's stock ownership may result in a limitation on the amounts of net operating loss carryforwards which can be utilized in future years.

Earnings Per Share

Basic and diluted earnings/(loss) per common share are determined in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share".

For the years ended December 31, 2002, 2001 and 2000, basic and diluted net loss available for common shareholders was equal to net loss. Weighted average shares for the assumed exercise or conversion of stock options in the amounts of,56,282, 88,068 and 102,338 and warrants in the amounts of 19,281, 104,607 and 261,598 for the years ended December 31, 2002, 2001 and 2000, respectively, have been excluded from the diluted loss per share since their effect would be antidilutive.

Stock Options

The Company accounts for its employee stock options in accordance with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", as amended by SFAS 148, "Accounting for Stock-Based Compensation--Transition and Disclosure--an amendment of FASB Statement No. 123", which defines a "fair value method" of measuring and accounting for compensation expense from employee stock options. This standard also allows accounting for such options under the "intrinsic value method" in accordance with Accounting Principles Board No. 25, "Accounting for Stock Issued to Employees." The Company has elected to use the intrinsic value method and is presenting pro forma disclosures of earnings and earnings per share as if the fair value method of accounting was applied. See Note 6.

Recent Accounting Pronouncements

In July 2002, Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" was issued. SFAS No. 146 supersedes Emerging Issues Task Force No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Associated with a Restructuring)," and requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Such liabilities should be recorded at fair value and updated for any changes in the fair value each period. A notable change from EITF 94-3 involves one-time employee termination costs whereby the employee to be terminated is required to render service between the notification date and the date the employee will be terminated in order to receive any termination benefits. For these situations whereby the required post-notification service period extends beyond the minimum retention period required by local law (e.g., 60 days in the United States), the fair value liability will be amortized over the service period. This change is effective for new exit or disposal activities initiated after December 31, 2002. We do not expect the adoption of this accounting standard to have a material effect on our results of operations commencing January 1, 2003.

In December 2002, Statement of Financial Accounting Standards No. 148,

"Accounting for Stock-Based Compensation--Transition and Disclosure--an amendment of FASB Statement No. 123" was issued. SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. This statement is effective for fiscal years ending after December 15, 2002 for transition guidance and annual disclosure provisions; for financial reports containing financial statements for interim periods beginning after December 15, 2002 for interim disclosure provisions. This standard also allows accounting for such options under the "intrinsic value method" in accordance with Accounting Principles Board No. 25, "Accounting for Stock Issued to Employees." The Company has elected to account for its stock options under this method. As a result, this accounting standard did not have a material effect on our results of operations.

In November 2002, the Financial Accounting Standards Board issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires that a liability be recorded in the guarantor's balance sheet upon issuance of a guarantee. In addition, FIN 45 requires disclosures about the guarantees that an entity has issued, including a reconciliation of changes in the entity's product warranty liabilities. The initial recognition and initial measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the guarantor's fiscal year-end. The disclosure requirements of FIN 45 are effective for financial statements of interim or annual periods ending after December 15, 2002. The Company does not expect the adoption of this standard to have a material impact on the Company's financial statements.

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company is currently evaluating the impact that the adoption of this standard will have on its financial statements.

3. Related Party Transactions

a. The Company has signed an exclusive contract with Zargis Medical to design and develop the wireless applications, as well as provide transaction processing to support the commercial rollout of Zargis Medical's cardiac diagnostic products. During the years ended December 31, 2002 and 2001, no revenues were recorded in connection with Zargis Medical.

b. We also entered into a management services contract with F&B Gudtfood that will result in direct revenues to us apart from those arising out of our ownership interest although these revenues will be eliminated on our consolidated financial statements. In connection with this acquisition, the

Company extended loans to two employees of F&B Gudtfood, who are also minority shareholders of F&B Gudtfood aggregating $120,000. The loans, which can be increased by $40,000 each under certain conditions, will be forgiven if certain milestones are achieved.

4. Acquisitions

a. On May 6, 2002, the Company acquired a 51% interest in F&B Gudtfood, the creator and operator of the original Eurocentric "chic and quick" cafe, which is operating its first store in Manhattan and is currently planning expansion to other locations. The acquisition price was $3,500,000, which funds will be applied principally for its expansion.

This acquisition was accounted for using the purchase method of accounting. The results of operations of F&B Gudtfood have been included in the consolidated statements of operations from the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was approximately $1.8 million and has been recorded as goodwill.

In connection with this acquisition, the Company extended loans to two minority shareholders of F&B Gudtfood aggregating $120,000. The loans, which can be increased by $40,000 each under certain conditions, will be forgiven if certain milestones are achieved.

Unaudited pro forma operating results of the Company as though the acquisition of F&B Gudtfood had occurred on January 1, 2001, are as follows:

	Year ended December 31, (unaudited)	
	2002	2001
Revenues	$ 1,175,523	$ 675,327
Operating loss	$(10,457,705)	$(16,305,963)
Net earnings/(loss)	$(11,092,702)	$ (7,285,994)
Basic and diluted net earnings/(loss) per share	$ (0.62)	$ (0.37)

b. On June 30, 2000, the Company purchased the remaining 55% interest in Speedia, LLC that it did not already own. The Company issued an aggregate of 950,000 shares of its Common Stock to Speedia's selling shareholders, Starpoint Solutions, Inc. (formerly TIS Worldwide, Inc.) and Daniel Doyon (collectively, the "Sellers). Thereafter, as a result of not having met certain contingencies, the Company was obligated to issue an additional 300,000 shares of its Common Stock.

This acquisition was accounted for using the purchase method of accounting. The results of operations of Speedia have been included in the consolidated statements of operations for the periods subsequent to June 30, 2000. The excess of the purchase price, valued at approximately $6.8 million (including the value of the additional shares), over the fair value of the net assets acquired was approximately $7.2 million which was recorded as goodwill and was being amortized over a period of 3 years. However, as a result of continuing weak industry conditions and lower market valuations, we determined that there were indications of impairment to the carrying value of our goodwill and

other purchased intangibles in connection with our purchase in 2000 of the remaining 55% interest in Speedia that we did not already own. Based on our

review, we recorded a charge of $3,779,000 during the year ended December 31, 2001 to write off the value of goodwill and intangible assets associated with that acquisition.

5. Property and Equipment

Property and equipment consists of the following:

	December 31, 2002	December 31, 2001
Leasehold improvements	$2,120,107	$ 2,111,076
Office equipment	269,732	480,609
Transmission equipment	258,037	11,476,412
Fiber optics	187,500	375,000
Customer premises equipment	0	684,400
Equipment deposits	0	351,010
	2,835,376	15,478,507
Less--accumulated depreciation	2,015,662	9,650,192
Property and equipment	$ 819,714	$ 5,828,315

Depreciation expense was approximately $5,130,000, $2,988,000 and $3,430,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

6. Stockholders' Equity

Stock Options

The Company's 1995 Stock Incentive Plan, as amended, provides for the grant of various stock-based incentives, including non-qualified and incentive stock options. The Plan has reserved 2,750,000 shares of Common Stock of the Company for issuance to employees, directors and consultants, including an additional 500,000 shares approved by stockholders in each of 1999, 2000 and 2001.

Stock option activity and weighted average prices for the three years ended December 31, 2002 is summarized as follows:

	2002		2001		2000	
	Options	Price	Options	Price	Options	Price
Outstanding at January 1	1,604,980	$2.90	1,052,094	$4.22	540,616	$4.86
Granted	290,000	1.08	682,246	1.02	582,750	4.01
Exercised	--	--	--	--	(937)	1.53
Cancelled	(193,456)	2.66	(129,360)	3.77	(70,335)	7.42
Outstanding at December 31	1,701,524	$2.61	1,604,980	$2.90	1,052,094	$4.22
Exercisable at December 31	1,405,436	$2.87	840,817	$4.09	567,761	$4.79
Available for grant at December 31	884,639		981,183		1,034,069	

The following table summarizes information concerning currently outstanding and exercisable stock options at December 31, 2002:

	Stock options outstanding			Stock options exercisable	
Range of exercise prices	Options	Weighted average remaining life (years)	Weighted average exercise price	Options	Weighted average exercise price
$0.83 - 1.00	609,910	8	$ 0.98	364,655	$ 0.97
1.07 - 2.08	310,000	9	1.22	310,000	1.22
3.00 - 4.84	721,500	7	4.03	670,667	4.09
5.20 - 9.88	45,114	4	7.74	45,114	7.74
13.75 - 15.00	15,000	6	14.17	15,000	14.17

The Company accounts for its employee stock options in accordance with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", as amended by SFAS 148, and has elected to account for its stock options under the intrinsic value method as outlined in APB 25 and permitted by SFAS 123. Since all options to date have been granted at the market price per share on the date of grant, no compensation expense has been recognized by the Company for its stock-based compensation plans during the years ended December 31, 2002, 2001 and 2000. Pro forma earnings information giving effect to compensation expense based upon the fair value at the date of grant in accordance with SFAS 123 for the years ended December 31, 20002, 2001 and 2000 is summarized as follows:

	2002	2001	2000
Net loss as reported	$(11,107,976)	$ (7,263,834)	$ (9,068,667)
After tax effect of pro forma compensation	(1,107,642)	(975,000)	(1,154,000)
Pro forma net loss	$(12,215,618)	$ (8,238,834)	$(10,222,667)
Loss per share:			
Basic - as reported	$ (0.62)	$ (0.36)	$ (0.44)
Basic - pro forma	$ (0.68)	$ (0.41)	$ (0.50)
Diluted - as reported	$ (0.62)	$ (0.36)	$ (0.44)
Diluted - pro forma	$ (0.68)	$ (0.41)	$ (0.50)

In determining fair value, the stock options were valued using the Black-Scholes option pricing model. Key assumptions used in valuing the options granted during the years ended December 31, 2002, 2001 and 2000 are summarized as follows:

	2002	2001	2000
Risk free investment rate	4%	6%	6%
Expected lives	3 years	3 years	4 years
Expected volatility factors	175%	175%	125%

Warrants

The Company accounts for warrants granted to non-employees under the provisions of Statement of Financial Accounting Standards No. 123 and Emerging Issues Task Force No. 96-18, "Accounting for equity instruments that are issued to other than employees for acquiring or in conjunction with selling, goods and services". The fair value of the warrants at the time of issuance was determined using the Black-Scholes option-pricing model. Expenses are recognized over the service terms.

During 2000, a total of 125,000 warrants were issued at an exercise price of $4.78 per share. No warrants were exercised. The warrants have five-year terms.

During 2001, no warrants were issued and warrants to purchase 50,000 shares of Common Stock were exercised.

During 2002, no warrants were issued or exercised and warrants to purchase 425,000 shares of Common Stock expired.

At December 31, 2002, there were outstanding warrants, all of which are exercisable, to purchase an aggregate of 238,256 shares of Common Stock with exercise prices ranging from $4.78 to $15.03 and a weighted average price of $9.05.

During the years ended December 31, 2001 and 2000, stock based compensation in the aggregate amounts of $653,000 and $844,000, respectively, for financial advisory and other services was recorded and are included in selling, general and administrative expenses. No stock based compensation was recorded during the year ended December 31, 2002.

Treasury Stock

During the years ended December 31, 2002, 2001and 2000, the Company repurchased 2,141,045, 1,967,732 and 309,800 shares, respectively, of its own Common Stock.

Stockholder Rights Plan

On January 11, 2001, the Company's Board of Directors adopted a stockholder rights plan in which preferred stock purchase rights will be distributed as a dividend at the rate of one right for each share of the Company's Common Stock.

Each right generally will entitle stockholders, in certain circumstances, to buy one one-ten thousandth of a newly issued share of Series A Junior Participating Preferred Stock of the Company at an exercise price of $50.00. The rights generally will be exercisable and transferable apart from the Common Stock only if a person or group acquires beneficial ownership of 17% or more of the Common Stock or commences a tender or exchange offer upon consummation of which such person or group would beneficially own 17% or more of the Common

Stock.

If any person becomes the beneficial owner of 17% or more of the Company's Common Stock, then each right not owned by a 17% or more stockholder or certain related parties will entitle its holder to purchase, at the right's then-current exercise price, shares of Common Stock (or, in certain circumstances as determined by the Board, cash, other property, or other securities) having a value of twice the right's exercise price. In addition, if, after any person has become a 17% or more stockholder, the Company is involved in a merger or other business combination transaction with another person in which its Common Stock is changed or converted, or sells 50% or more of its assets or earning power to another person, each right will entitle its holder to purchase, at the right's then-current exercise price, shares of common stock of such other person having a value of twice the right's exercise price.

The Company will generally be entitled to redeem the rights at $.01 per right at any time until the tenth day following public disclosure that a person or group has become the beneficial owner of 17% or more of the Company's common stock. The rights will expire on January 26, 2011.

Reverse Stock Split

At the Company's 2002 annual meeting, stockholders approved a proposal authorizing the Company's Board of Directors at its discretion, through June 24, 2003, to effect a reverse stock split of all the issued and outstanding shares, as well as treasury shares, of the Company's Common Stock at a ratio not to exceed one-for-six if necessary to continue the Company's listing on Nasdaq. As of December 31, 2002, the reverse stock split had not been implemented.

7. Commitments and Contingencies

Noncancelable Leases

At December 31, 2002, future minimum lease payments due under noncancelable leases are as follows:

2003	$275,000
2004	175,000
2005	11,000
2006	11,000
2007	12,000
Thereafter	24,000
Total	$508,000

Rent expense was approximately $355,000, $294,000 and $300,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

Indemnification

As permitted under Delaware law, the Company's Certificate of Incorporation and By-Laws provide circumstances by which the Company shall indemnify each director, officer, employee or agent of the Company. The maximum potential exposure under these provisions is unlimited; however, the Company has an Officers and Directors insurance policy that limits its exposure and enables it to recover a portion of any amounts paid. The Company has not provided for any potential exposure under these provisions at December 31, 2002.

8. Legal Proceedings

The Company is subject to various claims and proceedings that occur in the ordinary course of business. The Company believes it has substantial defenses to a material portion of these claims and is prepared to pursue litigation if a reasonable and structured settlement cannot be reached with the parties. Based on information currently available, the Company believes it is remote that the ultimate resolution of these current claims or proceedings, either individually or in the aggregate, will have a material effect on its business.

9. Business Segment Information

The following table sets forth the Company's financial performance by reportable operating segment. During the year ended December 31, 2002, the Company recognized revenues from the operations of F&B Gudtfood since May 6, 2002, the date of acquisition. During 2002, the Company also recognized revenues from the sale and activation of wireless phones through the Company's online cell phone store, 007phones. Revenues to be recognized in the future from the sale and activation of wireless phones are expected to decrease. The Company now licenses the cell phone store to a third party and license fees are less than revenues from sale and activation.

	F&B	Corporate and other	Totals
Revenues from external customers	$ 445,841	$ 460,968	$ 906,809
Depreciation and amortization	3,946	5,274,010	5,277,956
Operating loss	(267,136)	(10,205,843)	(10,472,979)
Interest revenues	35,591	(229,871)	(194,280)
Interest expenses	0	0	0
Total assets	3,211,582	47,035,329	50,246,911
Fixed assets	120,054	699,660	819,714

The Company has no foreign operations. During 2002, the Company did not have sales to any individual customer greater than 10% of total Company revenues. The Company's accounting policies for segments are the same as those described in Note 1.

10. Selected Quarterly Data (unaudited)

Quarterly financial information is summarized in the table below (amounts in thousands, except per share amounts):

	Year ended December 31, 2002			
	First Quarter	Second Quarter	Third Quarter	Fourth Qua
Revenues	$ 235	$ 325	$ 149	$
Selling, general and administrative expenses	1,053	990	1,184	1

Research and development	216	267	226	
Cost of Sales	205	213	49	
Operating loss	(1,899)	(5,409)	(1,490)	(1
Investment income/(loss)	514	1,019	1,857	(3
Net earnings/(loss)	$ (1,981)	$ (4,503)	$ 254	$ (4
Per share (1):				
Basic	$ (0.10)	$ (0.25)	$ 0.01	$ (
Diluted	$ (0.10)	$ (0.25)	$ 0.01	$ (

	Year ended December 31, 2001			
	First Quarter	Second Quarter	Third Quarter	Fourth Qua
Revenues	$ 25	$ 22	$ 20	$
Selling, general and administrative expenses	1,537	1,464	966	1
Research and development	485	443	380	
Operating loss	(3,382)	(3,285)	(2,661)	(6
Investment income/(loss)	5,879	(240)	3,240	
Net earnings/(loss)	$ 2,476	$ (3,546)	$ 536	$ (6
Per share (1):				
Basic	$ 0.12	$ (0.18)	$ 0.03	$ (
Diluted	$ 0.12	$ (0.18)	$ 0.03	$ (

(1) Earnings per share is computed separately for each period. Therefore, the sum of the quarterly per share amounts may differ from the total for the year.

During the fourth quarter of 2001, as a result of continuing weak industry conditions and lower market valuations, the Company undertook a review of its business model. As a result, the Company determined to not actively pursue new initiatives in the wireless market and undertook a downsizing of Speedia and its personnel. In June 2000, the Company had recorded $7.2 million in goodwill as a result of the purchase of the remaining 55% interest in Speedia that it did not already own and was amortizing this goodwill over a period of three years commencing in the third quarter of 2000. As a result of its review and downsizing, however, the Company determined that there were indications of impairment to the carrying value of its goodwill and other purchased intangibles in connection with this acquisition and recorded a charge of $3,779,000 in the fourth quarter of 2001 for the impairment of goodwill and intangible assets associated with that acquisition.

11. Subsequent Events

a. On February 8, 2003, we reduced our cash investment in F&B Gudtfood and received $1,775,000 while maintaining our 51% interest.

b. In February 2003, we acquired a controlling interest in Zargis Medical. The additional investment of $1,250,000 was represented by outstanding notes payable to the Company by Zargis Medical at December 31, 2002, in the amount of $250,000 and an additional cash investment of $1,000,000.

33

SIGNATURES

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

Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York on March 31, 2003.

SPEEDUS CORP.

s/s Shant S. Hovnanian

Shant S. Hovnanian
President, Chief Executive Officer and
Chairman of the Board of Directors

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

Signature	Title	Date
s/s Shant S. Hovnanian Shant S. Hovnanian	Chairman of the Board of Directors, President and Chief Executive Officer	March 31, 2003
s/s Thomas M. Finn Thomas M. Finn	Treasurer and Chief Financial Officer	March 31, 2003
s/s Angela M. Vaccaro Angela M. Vaccaro	Controller and Chief Accounting Officer	March 31, 2003
s/s Vahak S. Hovnanian Vahak S. Hovnanian	Director	March 31, 2003
s/s William F. Leimkuhler William F. Leimkuhler	Director	March 31, 2003
s/s Jeffrey Najarian Jeffrey Najarian	Director	March 31, 2003
s/s Christopher Vizas Christopher Vizas	Director	March 31, 2003

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Shant S. Hovnanian, certify that:

1. I have reviewed this annual report on Form 10-K of Speedus Corp.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant 's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant 's auditors and the audit committee of registrant 's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant 's ability to record, process, summarize and report financial data and have identified for the registrant 's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant 's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 31, 2003

By: /s/ Shant S. Hovnanian

Name: Shant S. Hovnanian

Title: Chairman of the Board of Directors and Chief Executive Officer

CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Thomas M. Finn, certify that:

1. I have reviewed this annual report on Form 10-K of Speedus Corp.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant 's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant 's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant 's auditors and the audit committee of registrant 's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant 's ability to record, process, summarize and report financial data and have identified for the registrant 's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant 's internal controls; and

6. The registrant 's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 31, 2003

By: /s/ Thomas M. Finn

Name: Thomas M. Finn
Title: Treasurer and Chief Financial Officer