

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

FORM 10-Q

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

For the quarterly period ended June 30, 2006

OR

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

For the transition period from _____ to _____

Commission file number: 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 No.)

9 Desbrosses Street, Suite 402
Brooklyn, New York

10013

(Address of principal executive offices)

(Zip Code)

888-773-3669

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed
since last report)

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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of outstanding shares of the registrant's common stock, par value \$.01 per share, as of August 9, 2006 was 16,025,850.

**SPEEDUS CORP.
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SPEEDUS CORP.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	<u>June 30,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,191,603	\$ 18,563,088
United States Treasury bills	4,989,800	---
Marketable securities	528,334	1,174,825
Prepaid expenses and other	224,285	181,508
Accounts and other receivables	<u>2,900</u>	<u>500</u>
Total current assets	16,936,922	19,919,921
Property and equipment, net of accumulated depreciation of \$419,880 and \$321,256	665,271	426,201
Other intangible assets, net of accumulated amortization of \$2,951,900 and \$2,607,133	278,144	622,911
Other investments	800,000	800,000
Other assets	<u>663,626</u>	<u>691,444</u>
Total assets	<u>\$ 19,343,963</u>	<u>\$ 22,460,477</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 86,112	\$ 68,692
Accrued liabilities	<u>1,095,542</u>	<u>1,215,859</u>
Total current liabilities	1,181,654	1,284,551
Minority interest	---	---
Commitments and Contingencies		
Stockholders' equity:		
Common stock (\$.01 par value; 50,000,000 shares authorized; 21,750,174 shares issued)	217,502	217,502
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	91,338,639	90,724,450
Treasury stock (at cost; 5,724,324 and 5,632,275 shares)	(6,008,799)	(5,884,863)
Accumulated deficit	<u>(67,385,033)</u>	<u>(63,881,163)</u>
Stockholders' equity	<u>18,162,309</u>	<u>21,175,926</u>
Total liabilities and stockholders' equity	<u>\$ 19,343,963</u>	<u>\$ 22,460,477</u>

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

SPEEDUS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues	\$ 209,069	\$ 282,947	\$ 428,139	\$ 509,726
Expenses:				
Selling, general and administrative	1,599,428	964,939	2,462,872	1,939,921
Research and development	444,785	369,637	902,147	696,269
Depreciation and amortization	204,503	233,299	443,393	463,376
Cost of sales	93,272	93,674	159,246	170,861
Total operating expenses	<u>2,341,988</u>	<u>1,661,549</u>	<u>3,967,658</u>	<u>3,270,427</u>
Operating loss	(2,132,919)	(1,378,602)	(3,539,519)	(2,760,701)
Investment income/(loss)	(78,257)	(612)	35,649	281,253
Minority interest	---	(1,466)	---	123,613
Net loss	<u>\$ (2,211,176)</u>	<u>\$ (1,380,680)</u>	<u>\$ (3,503,870)</u>	<u>\$ (2,355,835)</u>
Per share:				
Basic loss per common share	<u>\$ (0.14)</u>	<u>\$ (0.09)</u>	<u>\$ (0.22)</u>	<u>\$ (0.15)</u>
Weighted average common shares outstanding - basic	<u>16,067,162</u>	<u>16,226,482</u>	<u>16,083,315</u>	<u>16,222,625</u>
Diluted loss per common share	<u>\$ (0.14)</u>	<u>\$ (0.09)</u>	<u>\$ (0.22)</u>	<u>\$ (0.15)</u>
Weighted average common shares outstanding - diluted	<u>16,067,162</u>	<u>16,226,482</u>	<u>16,083,315</u>	<u>16,222,625</u>

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

SPEEDUS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six months ended June 30,	
	2006	2005
Cash flows from operating activities:		
Net loss	\$ (3,503,870)	(2,355,835)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	443,393	463,376
Unrealized investment (gains)/losses	432,940	(83,665)
Minority interest	---	(123,613)
Stock based compensation	547,678	9,166
Changes in operating assets and liabilities:		
Marketable securities	213,551	(720,281)
Accounts and other receivables	(2,400)	47,534
Prepaid expenses and other	(42,777)	6,917
Due from broker	---	(12,455)
Other assets	27,818	(29,409)
Accounts payable	17,420	(115,953)
Accrued liabilities	(53,806)	(132,400)
Securities sold and not purchased	---	30,436
Net cash used in operating activities	<u>(1,920,053)</u>	<u>(3,016,182)</u>
Cash flows from investing activities:		
Property and equipment additions	(337,696)	(13,462)
United States Treasury bills:		
Purchases	(9,989,800)	(9,987,650)
Maturities	5,000,000	11,000,000
Other investments		
Purchases	---	(500,000)
Transfer to Marketable Securities	---	600,000
Net cash provided by/(used in) investing activities	<u>(5,327,496)</u>	<u>1,098,888</u>
Cash flows from financing activities:		
Repurchase of stock	(123,936)	(75,663)
Proceeds from exercise of options or warrants	---	46,000
Net cash used in financing activities	<u>(123,936)</u>	<u>(29,663)</u>
Net decrease in cash and cash equivalents	(7,371,485)	(1,946,957)
Cash and cash equivalents, beginning of period	<u>18,563,088</u>	<u>17,740,865</u>
Cash and cash equivalents, end of period	<u>\$ 11,191,603</u>	<u>\$ 15,793,908</u>

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

SPEEDUS CORP.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Basis of Presentation

The unaudited consolidated financial statements of Speedus Corp. have been prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair statements have been included. These financial statements do not include all information and notes required by generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with the Company's 2005 audited consolidated financial statements and notes thereto on Form 10-K.

Operating results for the three and six months ended June 30, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006.

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. The interest in the net assets and operations of these companies' other stockholders is reflected in the caption 'Minority interest' in Speedus' consolidated balance sheets 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.

Companies in which Speedus owns less than 20% of the outstanding voting securities and does not have the ability to exercise significant influence are accounted for under the cost 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 and the difference could be material.

Marketable Securities

All marketable securities are defined as trading securities under the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." At June 30, 2006 and December 31, 2005, marketable securities consisted of publicly traded equity securities and were recorded at fair market value. Their original cost was \$1,205,000 and \$1,419,000, unrealized losses since acquisition were \$677,000 and \$244,000 and the carrying value was \$528,000 and \$1,175,000, respectively. At June 30, 2006, based upon the fair market value of these securities 24% was invested in technology and telecommunications companies and 76% was invested in a coal company.

United States Treasury bills

United States Treasury bills are classified as held-to-maturity securities and are carried at amortized cost.

Other investments

The Company has invested in equity and debt instruments of non-publicly held companies and accounts for them under the cost method since the Company does not have the ability to exercise significant influence over operations. The Company monitors these investments for other than temporary impairment by considering current factors including economic environment, market conditions, operational performance and other specific factors relating to the business underlying the investment, and records reductions in carrying values when necessary. The Company does not believe there has been any impairment of other investments at June 30, 2006.

Other investments consist of:

	<u>June 30, 2006</u>	<u>December 31, 2005</u>
(a) 791,667 shares of preferred stock of a non-publicly held cardiovascular technology company, recorded at cost in the amount of \$300,000. In connection with this investment, the Company also received warrants to purchase 375,000 shares of common stock at the lesser of \$.40 or 80% of the per share price sold in the next round of financing. This investment was acquired in 2004.	\$ 300,000	\$ 300,000
(b) an investment in an entity specifically formed to invest in convertible preferred stock in a non-publicly held online and directory assistance company, recorded at cost in the amount of \$250,000. The preferred stock is convertible into shares of common stock at a conversion price equal to 50% of the price of the common stock in an initial public offering. This investment was acquired in 2005.	250,000	250,000
(c) an investment in an entity specifically formed to invest in a senior third-party note of a non-publicly held online and directory assistance company, recorded at cost in the amount of \$250,000. The note is convertible into shares of common stock at a conversion price equal to the price of the common stock in an initial public offering. This investment was acquired in 2005.	250,000 <u>\$ 800,000</u>	250,000 <u>\$ 800,000</u>

Securities Sold But 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 amount that would be shown on the balance sheet as 'Securities sold and not purchased' would represent the value of these securities at fair market value. At June 30, 2006 and December 31, 2005, there were no securities sold and not purchased.

Due From Broker

In connection with selling publicly traded securities that it does not own, the Company would be obligated to maintain balances with brokerage firms as security for these transactions. At June 30, 2006 and December 31, 2005, there were no restricted cash balances.

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 may sell 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.

Long-lived Assets

The Company periodically evaluates the net realizable value of long-lived assets, including fixed and intangible assets, in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived 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

The Company accounts for goodwill and other intangible assets in accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" which requires the use of a nonamortization approach to account for purchased goodwill and certain intangibles. Under the nonamortization approach, goodwill is not being amortized into results of

operations, but instead is reviewed for impairment on a reporting unit basis at least annually and charged against results of operations only in the periods in which the recorded value of goodwill is more than its implied fair value.

The Company owns broadband assets, included in intangible assets, with a carrying value of \$206,000 at June 30, 2006 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 certain patents that have no carrying value on its books would generate sufficient cash to fully realize the assets described above.

Other intangible assets consist of: (i) the cost of a broadband patent and (ii) medical technology in connection with the acquisition of a controlling interest in Zargis Medical. The broadband patent, in the aggregate cost of \$2,070,000 with accumulated amortization of \$1,864,000 at June 30, 2006, is being amortized over its remaining useful life of four years. Medical technology, in the aggregate amount of \$1,160,000 with accumulated amortization in the amount of \$1,088,000 at June 30, 2006, is being amortized over a period of three years.

For the three and six months ended June 30, 2006 and 2005, amortization expense relating to intangible assets was \$159,000 and \$345,000 and \$199,000 and \$398,000, respectively. The estimated annual amortization expense for the balance of fiscal 2006 and for fiscal 2007, the expiration of the remaining useful life of the Company's intangible assets at June 30, 2006, is \$244,000 and \$34,000, respectively. Amortization expense is included in 'Depreciation and amortization' on the accompanying consolidated statement of operations and not allocated to 'Selling, general and administrative', 'Research and development' or 'Cost of sales'.

Revenue Recognition

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

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 three and six months ended June 30, 2006 and 2005, outstanding stock options and warrants in the aggregate weighted average amount of 2,123,000, 1,926,000, 1,875,000 and 1,884,000, respectively, have been excluded from the diluted loss per share since their effect would be antidilutive.

Stock Options

Prior to January 1, 2006, the Company accounted for its employee stock options in accordance with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", as amended, which defines a "fair value method" of measuring and accounting for compensation expense from employee stock options. FASB 123 also allowed 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 elected to use the intrinsic value method and adopted the disclosure only provisions of FASB 123. Generally, no compensation cost was recognized since stock options were issued with exercise prices equal to the market value of the underlying shares on the grant date. The following table presents unaudited pro forma earnings and earnings per share as if the fair value method of accounting was applied during the three and six months ended June 30, 2005:

	Three months ended June 30, 2005	Six months ended June 30, 2005
Net loss as reported	\$ (1,380,680)	\$ (2,355,835)
After tax effect of pro forma compensation	(5,550)	(11,100)
Pro forma net loss	<u>\$ (1,386,230)</u>	<u>\$ (2,366,935)</u>
Earnings/(loss) per share:		
Basic - as reported	<u>\$ (0.09)</u>	<u>\$ (0.15)</u>
Basic - pro forma	<u>\$ (0.09)</u>	<u>\$ (0.15)</u>
Diluted - as reported	<u>\$ (0.09)</u>	<u>\$ (0.15)</u>
Diluted - pro forma	<u>\$ (0.09)</u>	<u>\$ (0.15)</u>

The fair value of these awards on the grant date was estimated using a Black-Scholes option pricing model. Key assumptions used in valuing these options included risk-free interest rates between 2-4%, expected lives of three years and volatility factors between 51-65%.

Effective January 1, 2006, the Company adopted FASB 123R using the modified prospective application method. Under this method, for all unvested awards as of January 1, 2006, the Company records compensation cost based upon the fair value of those awards on the grant date over the remaining service period of each award on a straight line basis. For awards granted after January 1, 2006, the Company records compensation cost based upon the fair value of those awards on the grant date over the service period of each award on a straight line basis. As a result of adopting FASB 123R, the net loss for the three and six months ended June 30, 2006 increased \$516,000 and \$547,000, respectively. Both basic and diluted loss per share increased \$0.03 during each of those periods.

The fair value of the awards on the grant date was estimated using a Black-Scholes option pricing model. Assumptions utilized in the model are evaluated and revised, as necessary, to reflect market conditions and experience. Expected volatility of 145% has been calculated based on the historical volatility of the Company's stock prior to the grant date. The expected term represents the period of time that options granted are expected to be outstanding and is estimated based on historical option exercise experience ranging between six and seven years. The risk-free interest rate of 5% is equivalent to the U.S. Treasury yield in effect at the time of grant for the estimated life of the option grant. The Company estimates forfeiture rates based on its historical experience.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109". FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes" and prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken. Tax positions that meet the more-likely-than-not recognition threshold should be measured in order to determine the tax benefit to be recognized in the financial statements. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact of FIN 48 on its consolidated results of operations and financial condition.

In February 2006, the Financial Accounting Standards Board issued FASB No. 155, "Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statements No. 133 and 140." FASB No. 155 allows companies to elect to measure at fair value entire financial instruments containing embedded derivatives that would otherwise have to be accounted for separately. It also requires companies to identify interests in securitized financial assets that are freestanding derivatives or contain embedded derivatives that would have to be accounted for separately, clarifies which interest only and principal only strips are subject to FASB No. 133, and amends FASB No. 140 to revise the conditions of a qualifying special purpose entity due to the new requirement to identify whether interests in securitized financial assets are freestanding derivatives or contain embedded derivatives. FASB No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event for the first fiscal year beginning after September 15, 2006. The Company does not expect adoption of FASB No. 155 to have a material effect on its results of operations or financial position.

In March 2006, the Financial Accounting Standards Board issued FASB No. 156, "Accounting for Servicing of Financial Assets - an amendment of FASB Statement No. 140." FASB No. 156 requires the recognition of a servicing asset or liability each time a company undertakes an obligation to service a financial asset in certain situations. It requires all separately recognized servicing assets and liabilities to be initially measured at fair value, if practical. FASB No. 156 is effective for the first fiscal year beginning after September 15, 2006. The Company does not expect adoption of FASB No. 156 to have a material effect on its results of operations or financial position.

2. Stockholders' Equity

Stock Options

(a) In November 2005, stockholders approved the Company's 2005 Stock Incentive Plan to replace the 1995 Stock Incentive Plan which expired in October 2005. While no new grants can be made under the 1995 Plan, options outstanding at the expiration of the 1995 Plan will remain outstanding until exercise, cancellation or expiration. Options available for grant at the expiration of the 1995 Plan have been made available for grant under the 2005 Plan. To the extent that options granted under the 1995 Plan are cancelled or expire, those options would be available for issuance under the 2005 plan. Similar to the 1995 Plan, the 2005 Plan provides for the grant of various stock-based incentives, including non-qualified and incentive stock options, to employees, directors and consultants. The Company has issued new shares for the exercise of stock options and expects to continue to do so in the future.

See Note 1 for information on the Company's accounting policy for stock options.

Aggregate stock option activity and weighted average exercise prices under both Plans for the six months ended June 30, 2006 is summarized as follows:

	<u>Options</u>	<u>Price</u>
Outstanding at January 1	1,726,459	\$ 2.32
Granted	409,000	1.27
Exercised	0	0.00
Expired	(5,000)	15.00
Forfeited	0	0.00
Outstanding at June 30	<u>2,130,459</u>	\$ 2.09
Exercisable at June 30	<u>1,954,570</u>	\$ 2.14
Available for grant at June 30	<u>765,368</u>	

Stock options have ten-year terms. 400,000 options granted are immediately exercisable and 9,000 options vest over a three year term.

Stock based compensation expense recognized during the three and six months ended June 30, 2006 was \$499,000 and

\$515,000, respectively. At June 30, 2006, there was \$109,000 of unamortized compensation cost related to outstanding stock options that is expected to be recognized over a weighted average period of 1.7 years.

The following table aggregates certain information concerning currently outstanding and exercisable stock options under both Plans at June 30, 2006:

Range of exercise prices	Stock options outstanding				Stock options exercisable		
	Options	Weighted average remaining life (years)	Weighted average exercise price	Aggregate intrinsic value	Options	Weighted average exercise price	Aggregate intrinsic value
\$ 0.83 - 1.00	393,220	5	\$ 0.97	\$ 138,000	393,220	\$ 0.97	\$ 138,000
1.07 - 2.08	1,129,000	8	1.32	96,000	953,111	1.29	96,000
2.27 - 4.84	566,500	3	3.92	---	566,500	3.92	---
5.20 - 8.00	31,739	1	6.99	---	31,739	6.99	---
13.75	10,000	4	13.75	---	10,000	13.75	---
	<u>2,130,459</u>	<u>6</u>	<u>\$ 2.09</u>	<u>\$ 234,000</u>	<u>1,954,570</u>	<u>\$ 2.14</u>	<u>\$ 234,000</u>

Intrinsic value represents the excess of market value at June 30, 2006 over the exercise price of stock options.

(b) In February 2002, the Board of Directors of Zargis Medical Corp. approved the Zargis 2002 Stock Option Plan and reserved 280,000 shares of Zargis common stock for issuance under the plan. The Zargis 2002 Plan provides for the grant of various stock-based incentives, including non-qualified and incentive stock options, to employees, directors, advisors and consultants. To date, there have been no options exercised under the Zargis 2002 Plan.

Zargis' accounting policy for stock options is the same as the Company's. See Note 1.

Aggregate stock option activity and weighted average prices under the Zargis 2002 Plan for the six months ended June 30, 2006 is summarized as follows:

	Options	Price
Outstanding at January 1	180,134	\$ 2.51
Granted	50,000	3.50
Exercised	---	0.00
Cancelled	---	0.00
Outstanding at June 30	<u>230,134</u>	\$ 2.73
Exercisable at June 30	<u>121,220</u>	\$ 2.15
Available for grant at June 30	<u>49,866</u>	

Stock options have ten-year terms. All options granted vest over a three year term.

Stock based compensation expense recognized during the three and six months ended June 30, 2006 was \$17,000 and \$33,000, respectively. At June 30, 2006, there was \$195,000 of unamortized compensation cost related to outstanding stock options that is expected to be recognized over a weighted average period of 2.1 years.

The following table aggregates certain information concerning currently outstanding and exercisable stock options under the Zargis 2002 Plan at June 30, 2006:

Range of exercise prices	Stock options outstanding				Stock options exercisable		
	Options	Weighted average remaining life (years)	Weighted average exercise price	Aggregate intrinsic value	Options	Weighted average exercise price	Aggregate intrinsic value
\$ 0.50	30,000	7	\$ 0.50	\$ 90,000	30,000	\$ 0.50	\$ 90,000
1.75	10,500	7	1.75	18,000	10,500	1.75	18,000
2.50	69,634	8	2.50	70,000	55,720	2.50	56,000
3.50	120,000	9	3.50	---	25,000	3.50	---
	<u>230,134</u>	<u>9</u>	<u>\$ 2.73</u>	<u>\$ 178,000</u>	<u>121,220</u>	<u>\$ 2.15</u>	<u>\$ 164,000</u>

Intrinsic value represents the excess of market value at June 30, 2006 over the exercise price of stock options.

3. Business Segment Information

The following table sets forth the Company's financial performance by reportable operating segment for the three and six months ended June 30, 2006 and 2005. F&B Güttdfood and Zargis Medical are included in the consolidated financial statements of the Company since May 6, 2002 and February 28, 2003, respectively, the dates of acquisition of majority interests. The development of Wibiki commenced during the quarter ended June 30, 2005, however, operations in that quarter were not material.

	Three months ended June 30, 2006				
	<u>F&B</u>	<u>Zargis</u>	<u>Wibiki</u>	<u>Corporate and other</u>	<u>Totals</u>
Revenues from external customers	\$ 209,069	\$ -	\$ -	\$ -	\$ 209,069
Depreciation and amortization	37,202	3,090	0	164,211	204,503
Operating loss	(438,877)	(302,781)	(133,516)	(1,257,745)	(2,132,919)
Investment income/(loss)	551	41	0	(78,849)	(78,257)
Other intangible assets	0	71,760	0	206,384	278,144
Fixed assets	612,775	25,896	0	26,600	665,271
Total assets	749,924	180,607	0	18,413,432	19,343,963
	Three months ended June 30, 2005				
	<u>F&B</u>	<u>Zargis</u>	<u>Corporate and other</u>	<u>Totals</u>	
Revenues from external customers	\$ 282,673	\$ -	\$ 274	\$ 282,947	
Depreciation and amortization	25,395	4,195	203,709	233,299	
Operating loss	(147,120)	(350,636)	(880,846)	(1,378,602)	
Investment income/(loss)	528	20	(1,160)	(612)	
Other intangible assets	0	401,201	619,152	1,020,353	
Fixed assets	487,559	23,260	46,549	557,368	
Total assets	641,993	211,884	25,115,685	25,969,562	
	Six months ended June 30, 2006				
	<u>F&B</u>	<u>Zargis</u>	<u>Wibiki</u>	<u>Corporate and other</u>	<u>Totals</u>
Revenues from external customers	\$ 427,801	\$ -	\$ -	\$ 338	\$ 428,139
Depreciation and amortization	83,003	5,648	0	354,742	443,393
Operating loss	(628,932)	(578,809)	(292,595)	(2,039,183)	(3,539,519)
Investment income/(loss)	1,026	58	0	34,565	35,649
	Six months ended June 30, 2005				
	<u>F&B</u>	<u>Zargis</u>	<u>Corporate and other</u>	<u>Totals</u>	
Revenues from external customers	\$ 509,086	\$ -	\$ 640	\$ 509,726	
Depreciation and amortization	47,771	8,188	407,417	463,376	
Operating loss	(317,970)	(683,621)	(1,759,110)	(2,760,701)	
Investment income/(loss)	481	38	280,734	281,253	

The Company has no foreign operations. During the three and six months ended June 30, 2006 and 2005, 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.

4. Legal Proceedings

(a) On May 11, 2006, we filed two separate complaints against Cellco Partnership (d/b/a Verizon Wireless) in the United States District Court for the Southern District of Florida, in which we assert Verizon Wireless is infringing two of our patents. Verizon Wireless is a joint venture of Verizon Communications Inc. and Vodafone Group PLC. The suits address technologies now used by Verizon to transmit television to wireless users over cellular networks and the simultaneous transmission of analog and digital signals within the same bandwidth. On July 27, 2006, one of these cases was transferred to the United States District Court for the District of New Jersey.

(b) On June 2, 2006, we filed two separate complaints against Alltel Corp. in United States District Court in the Southern District of Florida, in which we assert Alltel is infringing two of our patents. The suits address technologies now used by Alltel to transmit television to wireless users over cellular networks and the simultaneous transmission of analog and digital signals within the same bandwidth.

5. Employment Agreement

Shant S. Hovnanian, Chairman and Chief Executive Officer of the Company, has been acting under the terms of an employment agreement that expired April 25, 2005. The Compensation Committee of the Board of Directors has approved a new employment agreement for Mr. Hovnanian effective April 1, 2006 which has a three-year term and provides for an annual salary of \$275,000. Under the agreement, Mr. Hovnanian is entitled to be considered for an annual performance based bonus targeted at 50% or greater of his base salary, use of a Company apartment and car, a country club membership (which Mr. Hovnanian has not taken) and a \$2,000,000 term life insurance policy with the beneficiary designated by Mr. Hovnanian. In connection with the agreement, Mr. Hovnanian was also granted 400,000 options in August 2006 to purchase shares of our Common Stock at market value. The options are fully vested and immediately exercisable.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the corresponding discussion and analysis included in the Company's Report on Form 10-K for the year ended December 31, 2005.

Cautionary Statement Regarding Forward-Looking Information

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Form 10-Q contain "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-Q 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-Q 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.

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. The companies that we target, either public or privately held, will be seeking growth or restructuring capital to pursue near term business objectives in demonstrated markets. We will continue to pursue opportunities involving our expertise in the medical device and wireless markets, as well as those areas involving our broadband assets as attractive opportunities present themselves.

We have co-invested with Siemens Corporate Research, Inc., a subsidiary of Siemens Corporation, in Zargis Medical Corp. to develop advanced diagnostic decision support products and services for primary care physicians, pediatricians, cardiologists and other healthcare professionals. Zargis Acoustic Cardioscan® (Cardioscan®), Zargis' core product, is the first and only FDA-authorized computer-assisted medical device designed to support physicians in analyzing heart sounds for the identification of suspected systolic and diastolic murmurs—which are a potential sign of heart disease. We own 90% of F&B Güttdfood Holding Corp., the creator and operator of the original Eurocentric "chic and quick" café, which is operating two stores in Manhattan. We own a portfolio of patents that allow for high-speed wireless communications. 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. For additional information on each of our business segments, see the discussions below and "Condensed Notes to Consolidated Financial Statements (unaudited)—Note 3, Business Segment Information."

Zargis Medical Corp. In January 2001, we co-invested with Siemens Corporate Research, Inc., a subsidiary of Siemens Corporation, in Zargis Medical Corp. to develop non-invasive, diagnostic support solutions that automatically analyze acoustical data from a patient to determine physiologically significant features useful in medical diagnosis. The development of Zargis' patented technology is a pioneering effort in medicine which uses advanced signal processing algorithms deployed on standard computer platforms. The first Zargis device, Cardioscan, received its initial FDA authorization in May 2004 and additional authorizations in September 2005 and March 2006. Cardioscan is currently being tested by a small group of physicians during general medical examinations and physicals to help detect and analyze suspected heart murmurs which could be a sign of valvular and congenital heart disease. According to the National Center for Health Statistics, the number of general medical examinations, administered in the US totaled 64 million in 2000 alone. Zargis is currently researching, and conducting trials on, additional noninvasive diagnostic support tools that process acoustical data from the body in order to provide an accurate and intelligible assessment of a patient's health. These assessments may be used by physicians and other healthcare providers to assist in the early identification or monitoring of heart, lung, vascular and other conditions and to provide better patient treatment.

Major next steps remaining for Zargis include continuing market trials and clinical trials for new applications of the Zargis technology and the formation of strategic partnerships designed to support product commercialization.

In February 2003, we acquired a controlling interest in Zargis Medical. At June 30, 2006, as a result of continued investment, our ownership interest was approximately 79%.

F&B Gütfood. We own 90% of F&B Gütfood, the creator and operator of the original Eurocentric “chic and quick” café, which is operating two stores in Manhattan. The acquisition price was \$3,500,000 in May 2002. In February 2003, we reduced our cash investment in F&B Gütfood and received \$1,775,000 while maintaining our original 51% interest. In December 2003, as a result of renegotiation, our interest increased to 80% without an additional investment. As a result of certain milestones not having been met, in 2005 our interest increased to 90%. We expect that F&B Gütfood will begin selling F&B Gütfood franchises through its wholly owned subsidiary, F&B Gütfood Franchise Corp. We have also entered into a management services contract with F&B Gütfood that will result in direct revenues to us although these revenues will be eliminated on our consolidated financial statements.

Intellectual Property. We have accumulated a portfolio of patents that teach and cover the improvement of high-speed wireless communication systems to allow greater information content, reliability, clarity, more efficient use of licensed spectrum as compared to prior systems and other advances. We have 6 domestic patents with expiration dates ranging from 2007 through 2017, with approximately 46 international counterparts in 28 countries. We also have 4 domestic patents pending and 14 patents pending in an additional 3 countries. Certain wireless communications systems may employ a number of different combinations of our patented technology to maximize operational and spectrum efficiency. While we believe that there is great value in our patented technologies, it is a lengthy and expensive process to investigate and 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. We have licensed technology in the past, both domestically and internationally, but are not currently receiving any license fees.

On May 11, 2006, we filed two separate complaints against Cellco Partnership (d/b/a Verizon Wireless) in United States District Court in the Southern District of Florida, in which we assert Verizon Wireless is infringing two of our patents. Verizon Wireless is a joint venture of Verizon Communications Inc. and Vodafone Group PLC. The suits address technologies now used by Verizon to transmit television to wireless users over cellular networks and the simultaneous transmission of analog and digital signals within the same bandwidth. On July 27, 2006, one of these cases was transferred to the United States District Court in the District of New Jersey.

On June 2, 2006, we filed two separate complaints against Alltel Corp. in United States District Court in the Southern District of Florida, in which we assert Alltel is infringing two of our patents. The suits address technologies now used by Alltel to transmit television to wireless users over cellular networks and the simultaneous transmission of analog and digital signals within the same bandwidth.

Wibiki. During 2005, our technology resources and experience in wireless broadband enabled us to conceive a new software-based wireless network that leverages existing Wi-Fi infrastructures to reduce cost, complexity and risk for users when accessing the Internet wirelessly. We named that network Wibiki. Wibiki offers free beta software designed to improve access to free Wi-Fi, including streamlining registration and security configuration of Wi-Fi clients and routers. Wibiki software for laptops and routers can be downloaded from www.wibiki.com. Wibiki's business model will employ a user opt-in advertising service we call AdChooser to generate revenues that keep Wibiki services free to users.

Local Multipoint Distribution Service (LMDS) 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. Renewal of the license has been applied for and is currently pending. 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 will not commence a full marketing effort using our LMDS technology until new LMDS equipment becomes commercially available with cost and performance that allow implementation of an economically viable business model. We cannot determine when this will occur and this equipment may never be available to us on this basis.

Other. We have invested a portion of our assets in a portfolio of marketable securities consisting of publicly traded equity securities. We have also invested a portion of our assets in equity and debt instruments of non-publicly held companies. We have in the past and may in the future sell 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 1 to our consolidated financial statements included in this Form 10-Q and Note 2 to our consolidated financial statements included in our 2005 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, United States treasury bills and marketable securities and may include 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.

We have also invested in equity and debt instruments of non-publicly held companies and account for them under the cost method since we do not have the ability to exercise significant influence over operations. We monitor these investments for other than temporary impairment by considering current factors including economic environment, market conditions, operational performance and other specific factors relating to the business underlying the investment, and record reductions in carrying values when necessary.

Long-lived assets. Long-lived assets, including fixed assets 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, included in intangible assets, which had a carrying value of \$0.2 million at June 30, 2006 and currently do not generate significant revenues or cash flows. However, as of December 31, 2005, we estimated that, based upon our review of historical transactions and other factors, the fair value of certain patents that have no carrying value on our books would generate sufficient cash to fully realize our assets described above as of December 31, 2005. 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.

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.

Three and Six Months Ended June 30, 2006 Compared to Three and Six Months Ended June 30, 2005

Revenues decreased \$82,000 from \$510,000 for the six months ended June 30, 2005 to \$428,000 for the six months ended June 30, 2006 and decreased \$74,000 from \$283,000 for the three months ended June 30, 2005 to \$209,000 for the three months ended June 30, 2006. These decreases are primarily a result of a reduction in menu prices at the Company's first store and the temporary closing of the second store for renovations.

Selling, general and administrative expenses increased \$523,000 from \$1,940,000 for the six months ended June 30, 2005 to \$2,463,000 for the six months ended June 30, 2006 and increased \$634,000 from \$965,000 for the three months ended June 30, 2005 to \$1,599,000 for the three months ended June 30, 2006. These increases are primarily a result of increases in stock based compensation.

Research and development expenses increased \$206,000 from \$696,000 for the six months ended June 30, 2005 to \$902,000 for the six months ended June 30, 2006 and increased \$75,000 from \$370,000 for the three months ended June 30, 2005 to \$445,000 for the three months ended June 30, 2006. This increase is primarily a result of new wireless initiatives by the Company.

Depreciation and amortization decreased \$20,000 from \$463,000 for the six ended June 30, 2005 to \$443,000 for the six months ended June 30, 2006 and decreased \$28,000 from \$233,000 for the three months ended June 30, 2005 to \$205,000 for the three months ended June 30, 2006. These decreases are primarily a result of a decrease in amortization of medical technology from the completion of amortization of early tranches of medical technology resulting from the Zargis acquisition, net of an increase as a result of renovation to one of the F&B Restaurant stores.

Investment income decreased \$245,000 from a net gain of \$281,000 for the six months ended June 30, 2005 to a net gain of \$36,000 for the six months ended June 30, 2006 and investment loss increased \$77,000 from a net loss of \$1,000 for the three months ended June 30, 2005 to a net loss of \$78,000 for the three months ended June 30, 2006. Realized gains increased \$255,000 from net losses of \$155,000 for the six months ended June 30, 2005 to net gains of \$100,000 for the six months ended June 30, 2006 and increased \$195,000 from net losses of \$195,000 for the three months ended June 30, 2005. There were no sales of marketable securities during the three months ended June 30, 2006. Unrealized gains decreased \$659,000 from net gains of \$226,000 for the six

months ended June 30, 2005 to net losses of \$433,000 for the six months ended June 30, 2006 and decreased \$331,000 from net gains of \$69,000 for the three months ended June 30, 2005 to net losses of \$262,000 for the three months ended June 30, 2006. Interest income increased \$159,000 from \$210,000 for the six months ended June 30, 2005 to \$369,000 for the six months ended June 30, 2006 and increased \$58,000 from \$125,000 for the three months ended June 30, 2005 to \$183,000 for the three months ended June 30, 2006. These increases in interest income, net of decreases as a result of a lesser amount of funds available for short-term investment, are primarily the result of increased interest rates. These investment income amounts will fluctuate based upon changes in the market value of the underlying investments, overall market conditions and the amount of funds available for short-term investment and are not necessarily indicative of the results that may be expected for any future periods.

Minority interest represents the interest of minority stockholders in the losses of F&B Gdtfood and Zargis Medical since the dates of acquisition of a majority interest. Through the three and six months ended June 30, 2006, F&B Gdtfood and Zargis Medical continued to generate losses which, during 2005, reduced the minority interest balance to zero. As result, the Company is consolidating 100% of the losses for these entities and continues to fund their operations with intercompany loans or additional investment, which are eliminated in consolidation.

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 \$1,920,000 for the six months ended June 30, 2006 compared to net cash used in operating activities of \$3,016,000 for the six months ended June 30, 2005. This net decrease in cash used in operating activities is primarily the result of the sale of marketable securities, net of an increase in cash used to fund an increase in net loss.

Net cash used in investing activities was \$5,327,000 for the six months ended June 30, 2006 compared to net cash provided by investing activities of \$1,099,000 for the six months ended June 30, 2005. This net increase in cash used in investing activities is primarily the result of a \$6,000,000 decrease in maturities of United States Treasury bills and an increase in property and equipment additions in the amount of \$324,000 during the six months ended June 30, 2006.

Net cash used in financing activities was \$124,000 for the six months ended June 30, 2006 compared to net cash used in financing activities of \$30,000 for the six months ended June 30, 2005. This net increase in cash used in financing activities is primarily a result of an increase in repurchases of treasury stock and a decrease in the proceeds received from the exercise of stock options.

At June 30, 2006, the Company's future minimum lease payments due under non-cancelable leases aggregated \$1,519,000. \$164,000 of this amount is due during the remainder of 2006. \$276,000, \$284,000, \$233,000 and \$138,000 of this amount is due during the years ending December 31, 2007, 2008, 2009 and 2010, respectively, and the balance is payable thereafter. In addition, in connection with a license agreement to which the Company is a party, a termination payment will be payable by the Company in the amount of \$500,000, \$300,000 or \$200,000 if the license agreement is terminated by the Company before September 2007, September 2009 or September 2011, respectively.

The Company believes that it has sufficient liquidity to finance its current level of operations and expected capital requirements through the next twelve months. 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 in the past and may in the future also sell 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.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109". FIN 48 clarifies the accounting for uncertainty in income taxes recognized in

an enterprise's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes" and prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken. Tax positions that meet the more-likely-than-not recognition threshold should be measured in order to determine the tax benefit to be recognized in the financial statements. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact of FIN 48 on its consolidated results of operations and financial condition.

In February 2006, the Financial Accounting Standards Board issued FASB No. 155, "Accounting for Certain Hybrid Financial Instruments – an amendment of FASB Statements No. 133 and 140". FASB No. 155 allows companies to elect to measure at fair value entire financial instruments containing embedded derivatives that would otherwise have to be accounted for separately. It also requires companies to identify interests in securitized financial assets that are freestanding derivatives or contain embedded derivatives that would have to be accounted for separately, clarifies which interest only and principal only strips are subject to FASB No. 133, and amends FASB No. 140 to revise the conditions of a qualifying special purpose entity due to the new requirement to identify whether interests in securitized financial assets are freestanding derivatives or contain embedded derivatives. FASB No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event for the first fiscal year beginning after September 15, 2006. The Company does not expect adoption of FASB No. 155 to have a material effect on its results of operations or financial position.

In March 2006, the Financial Accounting Standards Board issued FASB No. 156, "Accounting for Servicing of Financial Assets – an amendment of FASB Statement No. 140". FASB No. 156 requires the recognition of a servicing asset or liability each time a company undertakes an obligation to service a financial asset in certain situations. It requires all separately recognized servicing assets and liabilities to be initially measured at fair value, if practical. FASB No. 156 is effective for the first fiscal year beginning after September 15, 2006. The Company does not expect adoption of FASB No. 156 to have a material effect on its consolidated results of operations or financial position.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's financial instruments at June 30, 2006 consist primarily of cash equivalents, which are subject to interest rate risk, and marketable securities and United States Treasury bills, which are subject to 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 have in the past and may in the future 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 and United States Treasury bills approximates market value since these highly liquid, interest earning investments are invested in money market funds and short-term government securities, respectively. 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 4. CONTROLS AND PROCEDURES

Management of the Company, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2006 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Note 4 to the accompanying consolidated financial statements is incorporated herein by reference.

ITEM 1A. RISK FACTORS

No material changes.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Stock repurchase program:

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)
April 1, 2006 - April 30, 2006	6,725	\$ 1.17	6,725	\$ 574,121
May 1, 2006 - May 31, 2006	29,966	\$ 1.31	29,966	\$ 534,962
June 1, 2006 - June 30, 2006	31,164	\$ 1.40	31,164	\$ 491,388
Total	67,855	\$ 1.34	67,855	\$ 491,388

(1) On November 21, 2000, the Company announced that its Board of Directors had approved a stock repurchase program for the repurchase of up to \$1,000,000 of Company stock through open market as well as privately negotiated transactions. Thereafter, the Board of Directors approved increases to the program in the aggregate amount of \$5,500,000.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

- Exhibit number 10.1 Employment Agreement, dated as of April 1, 2006, between Speedus Corp. and Shant S. Hovnanian
- Exhibit number 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.
- Exhibit number 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.
- Exhibit number 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
- Exhibit number 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SPEEDUS CORP.

Date: August 14, 2006

By: /s/ Shant S. Hovnanian
Shant S. Hovnanian
Chairman of the Board, President and Chief Executive Officer

Date: August 14, 2006

By: /s/ Thomas M. Finn
Thomas M. Finn
Treasurer and Chief Financial and Accounting Officer

EXHIBIT INDEX

<u>Exhibit number</u>	<u>Description</u>
10.1	Employment Agreement, dated as of April 1, 2006, between Speedus Corp. and Shant S. Hovnanian.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

EMPLOYMENT AGREEMENT

This Employment Agreement is dated as of April 1, 2006, and is entered into between Speedus Corp., a corporation organized under the laws of the State of Delaware (the "Company"), and Shant S. Hovnanian ("Executive").

WHEREAS, Executive has been serving as Chief Executive Officer of the Company under the terms of an Employment Agreement dated as of April 25, 2002 (the "Prior Agreement"), which agreement expired by its terms on April 25, 2005, and

WHEREAS, Executive and the Company desire to embody in this Agreement mutually acceptable terms and conditions for Executive's continued employment by the Company.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I

Employment, Duties and Responsibilities

1.01. Employment. The Company shall continue to employ Executive as President and Chief Executive Officer of the Company and Executive hereby accepts such employment. Executive agrees to devote his full working time to the Company's affairs, provided that he shall be free to pursue other activities that are not inconsistent with his role as full-time Chief Executive Officer of the Company or with the provisions of Article V below.

1.02. Duties and Responsibilities. Executive shall have such duties and responsibilities as are consistent with his position as Chief Executive Officer of the Company and such other duties and responsibilities as shall be defined from time to time by the Board of Directors of the Company (the "Board").

ARTICLE II

Term

2.01. Term. The term of this Agreement (the "Term") shall commence on the date hereof (the "Effective Date") and shall continue in effect for a period of three years thereafter or until earlier terminated by the Executive or the Company pursuant to Article VI hereof.

ARTICLE III

[Reserved]

ARTICLE IV

Compensation and Expenses

4.01. Salary, Bonuses and Benefits. As compensation and in consideration for the performance by Executive of his obligations under this Agreement, Executive shall be entitled to the following (subject, in each case, to the provisions of ARTICLE VI hereof):

(a) Salary. The Company shall pay Executive a base salary during the Term, payable in accordance with the normal payment procedures of the Company and subject to such withholdings and other normal employee deductions as may be required by law, at the annual rate of \$275,000.

(b) Benefits. Executive shall participate during the Term in such pension, life insurance, health, disability, dental and major medical insurance plans, and in such other employee benefit plans and programs, for the benefit of the employees of the Company, as may be maintained from time to time during the Term, in each case to the extent and in the manner available to other officers of the Company and subject to the terms and provisions of such plans or programs.

(c) Stock Awards.

(i) Grant of Company Option. Executive shall be eligible to participate in the Company's 2005 Stock Incentive Plan, as amended from time to time (the "Plan"), to the extent the Board or the Compensation Committee of the Board determines to grant Executive a discretionary award under the Plan. Without limiting the foregoing, the Board shall grant to Executive, as of the Effective Date, an option (the "Option") pursuant to the Plan to purchase 400,000 shares of the Company's Common Stock with an exercise price equal to the fair market value of the share of the Company's Common Stock on the Effective Date as determined by the Board. The Option shall have such terms and conditions consistent with the Plan, as shall be set forth in an Option Agreement between the Company and the Executive.

(ii) Transfer of Options Upon Death of Executive. Notwithstanding any provisions of the Plan to the contrary, should the Executive die or become disabled prior to the end of the Option Period (as defined in the Plan) and while still in the employ or service of the Company, a Subsidiary or Affiliate (as such terms are defined in the Plan), any and all options held by Executive for purchase of securities in the Company or its subsidiaries shall remain exercisable, and shall also be exercisable by the person or persons to whom the Executive's rights under such options pass by will or the applicable laws of descent and distribution until expiration thereof, but only to the extent such options were exercisable by the Executive at the time of death. The option instruments representing all options held by the Executive shall be deemed to be amended by the provisions of this Section 4.01(c)(ii).

(d) Bonuses. Subject to Executive's continued employment pursuant to the terms hereof, the Executive shall be eligible for annual bonuses as determined by the Board, in the Board's discretion, on the basis of the performance of the Company as well as Executive's individual performance and contribution. Such annual bonus shall be targeted at 50% or more of Executive's base salary, determined as of the end of each fiscal year of the Company during the Term and, to the extent earned, payable as promptly as practical thereafter in such form as the Board (or the Compensation Committee) shall determine; provided, however, that such percentages shall be a guideline, and the Board (or the Compensation Committee) shall make the final determination of Executive's bonus subject to a review of all relevant facts and circumstances at the time.

(e) Other Matters. In addition to the foregoing, Executive shall be entitled to the payments and/or reimbursements set forth on Schedule I.

4.02. Expenses. The Company will reimburse Executive for reasonable business related expenses incurred by him in connection with the performance of his duties hereunder during the Term, subject, however, to the Company's policies relating to business related expenses as in effect from time to time during the Term.

ARTICLE V

Exclusivity, Etc.

5.01. Exclusivity. Executive agree to perform his duties, responsibilities and obligations hereunder efficiently and to the best of his ability. Executive also agrees that so long as he is employed by the Company he will not engage in any other business activities, pursued for gain, profit or other pecuniary advantage that are competitive with the activities of the Company, except as permitted in Section 5.02 below. Executive agrees that all of his activities as an employee of the Company shall be in conformity with all policies, rules and regulations and directions of the Company not inconsistent with this Agreement.

5.02. Other Business Ventures. Executive agrees that, so long as he is employed by the Company, and for a period of two (2) years thereafter, he will not own, directly or indirectly, any controlling or substantial stock or other beneficial interest in any business enterprise which is engaged in, or competitive with, any business engaged in by the Company and he will not engage in any business activities, pursued for gain, profit or other pecuniary advantage, that are competitive with the activities of the Company, except that he may devote such working time and efforts to closely-held family investments that are not competitive with the Company and do not interfere with Executive's obligations hereunder. Notwithstanding the foregoing, Executive may own, directly or indirectly, up to 5% of the outstanding capital stock of any business having a class of capital stock which is traded on any national stock exchange or in the over-the-counter market.

5.03. Confidentiality. Executive agrees that he will not, at any time during or after the Term, make use of or divulge to any other person, firm or corporation any trade or business secret, process, method or means, or any other confidential information concerning the business or policies of the Company, which he may have learned in connection with

his employment. For purposes of this Agreement, a “trade or business secret, process, method or means, or any other confidential information” shall mean and include written information treated as confidential or as a trade secret by the Company. Executive’s obligation under this Section 5.03 shall not apply to any information which (i) is known publicly or (ii) is in the public domain or hereafter enters the public domain without the fault of Executive. Executive agrees not to remove from the premises of the Company, except as an employee of the Company in pursuit of the business of the Company or except as specifically permitted in writing by the Company, any document or other object containing or reflecting any such confidential information. Executive recognizes that all such documents and objects, whether developed by him or by someone else, will be the sole exclusive property of the Company. Upon termination of his employment hereunder, Executive shall forthwith deliver to the Company all such confidential information, including without limitation all lists of customers, correspondence, accounts, records and any other documents or property made or held by him or under his control in relation to the business or affairs of the Company, and no copy of any such confidential information shall be retained by him.

ARTICLE VI

Termination

6.01. Termination by the Company.

(a) The Company shall have the right to terminate the Executive’s employment at any time, with or without “Cause.” For purposes of this Agreement, “Cause” shall mean (i) substantial and continued failure by the Executive to perform his duties hereunder, (ii) conduct grossly insubordinate or disloyal to the Company, or (iii) Executive’s conviction of, or pleading no contest to a charge of, a felony.

(b) In the event that the Company shall terminate Executive’s employment hereunder for Cause, the Company shall promptly submit a written statement to the full Board setting forth in reasonable detail the relevant facts and circumstances relating to such determination.

(c) Upon the occurrence of a Change of Control (as defined below), Executive may elect, by written notice to the Company within 30 days thereof, that such Change of Control be treated as a termination of Executive’s employment by the Company other than for Cause for the purposes of this Agreement (a “Change of Control Termination”). As used herein, a “Change of Control” shall be deemed to have occurred if (i) any person or entity (other than persons currently holding in excess of 20% of the outstanding capital stock of the Company) becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the voting power of the then outstanding securities of the Company, or (ii) the consummation of (x) a merger or consolidation of the Company with another corporation where the shareholders of the Company immediately prior to such merger or consolidation, will not own, immediately after such merger or consolidation, shares entitling such shareholders to more than 50% of all votes to which all shareholders of the surviving corporation would be entitled in the election of directors (without considering the rights of any class of stock to elect directors by a separate class vote), (y) a sale or other disposition of all or substantially all of the assets of the Company or (z) a liquidation or dissolution of the Company.

6.02 Termination by the Executive.

(a) The Executive shall have the right to terminate his employment at any time for any reason, or for good reason in the event of (i) a material and continuing breach by the Company of its obligations to the Executive hereunder or (ii) the long-term assignment of the Executive by the Company to duties not commensurate with the Executive’s position, title and abilities (either such event in (i) or (ii), “Good Reason”). Notwithstanding the forgoing, the election by Executive to terminate for Good Reason shall not constitute a waiver of Executive’s rights, or have the effect of diminishing such rights, in the event that the Company is determined to have breached this Agreement or defaulted on its obligations hereunder.

(b) In the event that the Executive shall terminate his employment hereunder for Good Reason, the Executive shall promptly submit a written statement to the full Board setting forth in reasonable detail the relevant facts and circumstances relating to such determination.

6.03. Death or Disability.

(a) In the event Executive dies during the Term, this Agreement shall automatically terminate, such termination to be effective on the date of Executive’s death.

(b) In the event that Executive shall suffer a disability which shall have prevented him from performing satisfactorily his obligations hereunder for a period of at least 90 consecutive days, or 180 non-consecutive days within any 365 day period, the Company shall have the right to terminate this Agreement, such termination to be effective upon the giving of notice thereof to Executive in accordance with Section 7.02 hereof.

6.04. Effect of Termination.

(a) In the event of termination of Executive's employment for any reason, the Company shall pay Executive (or his beneficiary in the event of his death) any base salary or other compensation earned but not paid to Executive prior to the effective date of such termination.

(b) In the event that the Executive shall terminate his employment hereunder for Good Reason, the Executive shall be entitled to six months base salary beyond the effective date of such termination (or base salary for such shorter period as shall remain in the Term as if not so terminated).

(c) In the event of termination of Executive's employment (i) by the Company for Cause, (ii) by Executive for any reason other than Good Reason, or (iii) because of Executive's death or disability, neither the Executive nor any beneficiary shall be entitled to any further compensation other than the amounts described in Section 6.04(a) hereof.

(d) In the event of termination of Executive's employment by the Company other than for Cause (including a Change of Control Termination), the Company shall pay Executive, in addition to the amounts described in Section 6.04(a) hereof, an amount equal to the value of the continued payment of Executive's base salary for a period of two years as if Executive's employment continued for such time notwithstanding the remaining Term. In addition, upon termination of the Executive's employment by the Company other than for Cause (including a Change of Control Termination), the Company shall pay to Executive upon such termination an amount, determined by the Board in its reasonable discretion, equivalent to the value of the benefits that Executive was receiving at the time of termination, including without limitation those benefits referred to in Section 4.01(b) hereof and Schedule I hereto, for a period of two years as if Executive's employment continued for such time notwithstanding the remaining Term. All amounts due under this Section 6.04(d) shall be payable, at the discretion of the Company, either (i) in a lump sum, or (ii) in equal monthly installments over such two-year period as if the Agreement were not terminated.

ARTICLE VII

Miscellaneous

7.01. Benefit of Agreement; Assignment; Beneficiary.

(a) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns, including, without limitation, any corporation or person which may acquire all or substantially all of the Company's assets or business, or with or into which the Company may be consolidated or merged. This Agreement shall also inure to the benefit of, and be enforceable by, the Executive and his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to the Executive hereunder if he had continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's beneficiary, devisee, legatee or other designee, or if there is no such designee, to the Executive's estate.

(b) Executive may assign this contract to an entity which he controls, provided that (i) the personal services of Executive contemplated to be provided under this Agreement continue to be so provided after such assignment and (ii) such assignment is approved in advance by the Compensation Committee of the Board, which approval shall not be unreasonably withheld.

(c) The Company shall require any successor (whether direct or indirect, by operation of law, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

7.02. Notices. Any notice required or permitted hereunder shall be in writing and shall be sufficiently given if personally delivered or if sent by facsimile (receipt confirmed), telegram or telex or by registered or certified mail, postage prepaid, with return receipt requested, addressed: (a) in the case of the Company, to Speedus Corp., 9 Desbrosses St., Ste. 402, New York, NY 10013, Attention: General Counsel, or to such other address and/or to the attention of such other person as the Company shall designate by written notice to Executive; and (b) in the case of Executive, to Speedus Corp., 9 Desbrosses St., Ste. 402, New York, NY 10013, or to such other address as Executive shall designate by written notice to the Company. Any notice given hereunder shall be deemed to have been given at the time of receipt thereof by the person to whom such notice is given.

7.03. Entire Agreement; Amendment. This Agreement contains the entire agreement of the parties hereto with respect to the terms and conditions of Executive's employment during the term and supersedes any and all prior agreements and understandings, whether written or oral, between the parties hereto with respect to compensation due for services rendered hereunder. This Agreement may not be changed or modified except by an instrument in writing signed by both of the parties hereto.

7.04. Waiver. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

7.05. Headings. The Article and Section headings herein are for convenience of reference only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

7.06. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York without reference to the principles of conflict of laws.

7.07. Agreement to Take Actions. Each party hereto shall execute and deliver such documents, certificates, agreements and other instruments, and shall take such other actions, as may be reasonably necessary or desirable in order to perform his or its obligations under this Agreement or to effectuate the purposes hereof.

7.08. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

7.09. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision or provisions of this Agreement, which shall remain in full force and effect. If any provision of this Agreement is held to be invalid, void or unenforceable in any jurisdiction, any court or arbitrator so holding shall substitute a valid and enforceable provision that preserves to the maximum lawful extent the terms and intent of such provisions of this Agreement. If any of the provisions of, or covenants contained in, this Agreement are hereafter construed to be invalid or unenforceable in any jurisdiction, the same shall not affect the remainder of the provisions or the enforceability thereof in any other jurisdiction, which shall be given full effect without regard to the invalidity or unenforceability in such other jurisdiction. Any such holding shall affect such provision of this Agreement solely as to that jurisdiction, without rendering that or any other provisions of this Agreement invalid, illegal or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal or unenforceable because its scope is considered excessive, such covenant will be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable.

7.10. Remedies. Executive acknowledges the Company's remedy at law for a breach by Executive of the provisions of Sections 5.02 and 5.03 will be inadequate. Executive further acknowledges that Executive's agreement to abide by the provisions of Section 5.02 and 5.03 is a material condition to the Company's willingness to employ Executive and enter into this Agreement. Accordingly, in the event of a breach or threatened breach by Executive of any provision of Section 5.02 and 5.03, the Company shall be entitled to injunctive relief in addition to any other remedy it may have.

7.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement effective as of the date first above written.

SPEEDUS CORP.

By: /s/ Thomas M. Finn
Name: Thomas M. Finn
Title: Treasurer

/s/ Shant S. Hovnanian
Shant S. Hovnanian

SCHEDULE I

Employment Agreement Between Speedus Corp. (the “Company”) and Shant S. Hovnanian (“Executive”)

Additional Payments and/or Reimbursements to the Executive During the Term

1. Executive shall be entitled to the use of a corporate apartment in Manhattan commencing on the Effective Date and continuing through the Term. The amounts expended by the Company for the rental and maintenance of such apartment shall be subject to the approval of the Compensation Committee of the Board of Directors.
2. During the Term, the Company shall pay for the membership of Executive in a country club in the New York metropolitan area and membership of Executive in up to two relevant “social clubs” in New York City acceptable to the Company (the National Arts Club and the Penn Club being two that are acceptable).
3. During the Term, the Company shall pay, or reimburse Executive, for the premium payments for up to a \$2,000,000 term life insurance policy with the beneficiary designated by Executive.
4. During the Term, Executive shall be entitled to the use of, or reimbursement for the lease of, a “company car” plus insurance, repairs and maintenance and garage costs.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Shant S. Hovnanian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Speedus Corp.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2006

By: /s/ Shant S. Hovnanian

Name: Shant S. Hovnanian

Title: Chairman of the Board, President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas M. Finn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Speedus Corp.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2006

By: /s/ Thomas M. Finn

Name: Thomas M. Finn

Title: Treasurer and Chief Financial and Accounting Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Speedus Corp. (the "Company") on Form 10-Q for the period ending June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shant S. Hovnanian, Chairman of the Board, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange of 1934, amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2006

By: /s/ Shant S. Hovnanian

Name: Shant S. Hovnanian

Title: Chairman of the Board, President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Speedus Corp. (the "Company") on Form 10-Q for the period ending June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas M. Finn, Treasurer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange of 1934, amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2006

By: /s/ Thomas M. Finn

Name: Thomas M. Finn

Title: Treasurer and Chief Financial and Accounting Officer