

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Cash flows from operating activities:				
Net income	\$ 9,041	\$ 8,102	\$ 19,736	\$ 17,577
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	5,755	4,477	11,131	8,440
Amortization of business partner and non-employee securities	142	362	586	1,067
Equity in net loss of unconsolidated investments	39	6	10	39
Deferred income tax expense	545	2,553	608	2,553
Tax benefit from stock option and warrant exercises	144	1,332	935	1,332
Issuance of securities under employee benefit plan	30	30	60	130
Changes in operating assets and liabilities:				
Receivable from related parties	(369)	9,261	393	4,450
Other assets	(29)	(542)	(1,479)	(1,721)
Payable to related parties	1,493	425	(2,766)	(15,704)
Accounts payable and accrued expenses	(2,254)	3,753	118	1,595
Net cash provided by operating activities	<u>14,537</u>	<u>29,759</u>	<u>29,332</u>	<u>19,758</u>
Cash flows from investing activities:				
Purchase of fixed assets	(2,104)	(1,266)	(9,330)	(1,902)
Sale of premises and equipment	-	-	-	2,752
Capitalization of software development costs	(4,551)	(3,209)	(8,447)	(6,413)
Capitalization of patent defense and registration costs	(1,923)	(2,367)	(2,800)	(2,653)
Purchase of investment	-	-	(360)	-
Net cash used in investing activities	<u>(8,578)</u>	<u>(6,842)</u>	<u>(20,937)</u>	<u>(8,216)</u>
Cash flows from financing activities:				
Repurchase of Class A common stock	-	-	-	(1,872)
Proceeds from exercises of stock options and warrants	258	616	1,753	979
Receivable from broker on stock option exercises	393	-	950	-
Net cash provided by (used in) financing activities	<u>651</u>	<u>616</u>	<u>2,703</u>	<u>(893)</u>
Net increase in cash and cash equivalents	<u>6,610</u>	<u>23,533</u>	<u>11,098</u>	<u>10,649</u>
Cash and cash equivalents at beginning of period	<u>232,988</u>	<u>175,115</u>	<u>228,500</u>	<u>187,999</u>
Cash and cash equivalents at end of period	<u>\$ 239,598</u>	<u>\$ 198,648</u>	<u>\$ 239,598</u>	<u>\$ 198,648</u>