

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Cash flows from operating activities:				
Net income	\$ 5,735	\$ 9,962	\$ 25,471	\$ 27,539
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	6,140	4,604	17,271	13,044
Amortization of business partner and non-employee securities	136	648	722	1,715
Equity in net loss of unconsolidated investments	32	41	42	80
Deferred income tax expense	414	928	1,022	3,481
Tax benefit from stock option and warrant exercises	23	1,778	958	3,110
Issuance of securities under employee benefit plan	30	30	90	160
Changes in operating assets and liabilities:				
Receivable from related parties	(93)	(1,650)	300	2,800
Other assets	32	991	(1,447)	(730)
Payable to related parties	(141)	393	(2,907)	(15,311)
Accounts payable and accrued expenses	9,514	6,289	9,632	7,884
Net cash provided by operating activities	<u>21,822</u>	<u>24,014</u>	<u>51,154</u>	<u>43,772</u>
Cash flows from investing activities:				
Purchase of fixed assets	(1,941)	(2,569)	(11,271)	(4,471)
Sale of premises and equipment	-	-	-	2,752
Capitalization of software development costs	(5,200)	(3,183)	(13,647)	(9,596)
Capitalization of patent defense and registration costs	(1,641)	(1,018)	(4,441)	(3,671)
Purchase of investment	-	-	(360)	0
Net cash used in investing activities	<u>(8,782)</u>	<u>(6,770)</u>	<u>(29,719)</u>	<u>(14,986)</u>
Cash flows from financing activities:				
Repurchase of Class A common stock	(29,752)	-	(29,752)	(1,872)
Proceeds from exercises of stock options and warrants	58	5,158	1,811	6,137
Receivable from broker on stock option exercises	123	(4,065)	1,073	(4,065)
Net cash (used in) provided by financing activities	<u>(29,571)</u>	<u>1,093</u>	<u>(26,868)</u>	<u>200</u>
Net increase in cash and cash equivalents	<u>(16,531)</u>	<u>18,337</u>	<u>(5,433)</u>	<u>28,986</u>
Cash and cash equivalents at beginning of period	<u>239,598</u>	<u>198,648</u>	<u>228,500</u>	<u>187,999</u>
Cash and cash equivalents at end of period	<u>\$ 223,067</u>	<u>\$ 216,985</u>	<u>\$ 223,067</u>	<u>\$ 216,985</u>