

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

	<u>Three Months Ended</u> <u>December 31,</u>		<u>Twelve Months Ended</u> <u>December 31,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Pre-tax operating income	\$ 7,833	\$ 14,491	\$ 50,720	\$ 56,090
Depreciation and amortization	6,789	5,000	24,060	18,044
Other non-cash items	(544)	201	(412)	441
Pre-tax operating income adjusted for depreciation, amortization and other	<u>14,078</u>	<u>19,692</u>	<u>74,368</u>	<u>74,575</u>
Income tax provision on operating income	(2,871)	(5,659)	(19,638)	(17,982)
Income tax benefit on non-operating loss	2,767	177	3,181	842
Deferred income tax expense	236	678	1,258	4,159
Tax benefit from stock option and warrant exercises	79	1,760	1,037	4,870
Income taxes paid	<u>3,805</u>	<u>3,807</u>	<u>16,655</u>	<u>7,167</u>
Decrease (increase) in current income tax payable	4,016	763	2,493	(944)
Changes in related party receivable and payable, net	3,286	3,725	679	(8,786)
Changes in other operating assets and liabilities, net	(8,389)	(10,869)	(13,054)	(7,075)
Charitable contribution Re: 9/11	-	-	(340)	(687)
Net cash provided by operating activities	<u>12,992</u>	<u>13,311</u>	<u>64,146</u>	<u>57,083</u>
Purchase of fixed assets	(3,853)	(6,472)	(15,124)	(10,943)
Capitalization of software development costs	(5,928)	(3,032)	(19,575)	(12,628)
Capitalization of patent defense and registration costs	(1,248)	(1,039)	(5,689)	(4,710)
Free cash flows	<u>1,963</u>	<u>2,768</u>	<u>23,759</u>	<u>28,802</u>
Related party receivable and payable, net	(3,286)	(3,725)	(679)	8,786
Free cash flows, net of related party activity	<u>\$ (1,323)</u>	<u>\$ (957)</u>	<u>\$ 23,079</u>	<u>\$ 37,588</u>