

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

	Three Months Ended December 31,		Year Ended December 31,	
	2004	2003	2004	2003
Cash flows from operating activities:				
Net income	\$ 378	\$ 8,557	\$ 25,850	\$ 36,096
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	6,789	5,000	24,060	18,044
Amortization of business partner and non-employee securities	134	452	856	2,167
Amortization of employee stock based compensation	248	-	248	-
Asset impairment charges	6,268	-	6,268	-
Equity in net loss of unconsolidated investments	74	105	116	185
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
Issuance of securities under employee benefit plan	84	96	174	256
Changes in operating assets and liabilities:				
Receivable from related parties	(412)	948	(112)	3,748
Other assets	(4,724)	945	(6,171)	215
Payable to related parties	3,697	2,777	790	(12,534)
Accounts payable and accrued expenses	(5,892)	(8,007)	1,761	(123)
Deferred income	6,033	-	8,011	-
Net cash provided by operating activities	<u>12,992</u>	<u>13,311</u>	<u>64,146</u>	<u>57,083</u>
Cash flows used in investing activities:				
Purchase of fixed assets	(3,853)	(6,472)	(15,124)	(10,943)
Sale of premises and equipment	-	-	-	2,752
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)
Purchase of investment and acquisition, net of cash acquired	(13,635)	-	(13,995)	-
Net cash used in investing activities	<u>(24,664)</u>	<u>(10,543)</u>	<u>(54,383)</u>	<u>(25,529)</u>
Cash flows (used in) provided by financing activities:				
Repurchase of Class A common stock	(2,126)	-	(31,878)	(1,872)
Proceeds from exercises of stock options and warrants	428	5,701	2,239	11,838
Receivable from broker on stock option exercises	(9)	3,046	1,064	(1,019)
Net cash (used in) provided by financing activities	<u>(1,707)</u>	<u>8,747</u>	<u>(28,575)</u>	<u>8,947</u>
Net (decrease) increase in cash and cash equivalents	<u>(13,379)</u>	<u>11,515</u>	<u>(18,812)</u>	<u>40,501</u>
Cash and cash equivalents at beginning of period	<u>223,067</u>	<u>216,985</u>	<u>228,500</u>	<u>187,999</u>
Cash and cash equivalents at end of period	<u>\$ 209,688</u>	<u>\$ 228,500</u>	<u>\$ 209,688</u>	<u>\$ 228,500</u>