

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Pre-tax operating income	\$ 2,896	\$ 14,988	\$ 7,098	\$ 32,993
Depreciation and amortization	7,072	5,755	14,170	11,131
Other non-cash and non-operating items	(4,566)	69	(5,929)	70
Pre-tax operating income adjusted for depreciation, amortization and other	<u>5,402</u>	<u>20,812</u>	<u>15,339</u>	<u>44,194</u>
Income tax (provision) benefit on operating income	(1,026)	(5,860)	(2,552)	(12,899)
Income tax benefit on non-operating loss	1,976	55	2,738	228
Deferred income tax expense	(566)	545	(443)	608
Tax benefit from stock option and warrant exercises	46	144	84	935
Income taxes paid	-	9,585	-	11,186
(Increase) decrease in current income tax payable	430	4,469	(173)	58
Changes in related party receivable and payable, net	(3,907)	1,124	(7,098)	(2,373)
Changes in other operating assets and liabilities, net	6,626	(11,868)	1,616	(12,547)
Net cash provided by operating activities	<u>8,551</u>	<u>14,537</u>	<u>9,684</u>	<u>29,332</u>
Purchases of fixed assets	(3,853)	(2,104)	(7,466)	(9,330)
Capitalization of software development costs	(3,944)	(4,551)	(9,523)	(8,447)
Capitalization of patents and related defense costs	(591)	(1,923)	(1,099)	(2,800)
Purchase of investment	-	-	-	(360)
Free cash flows	<u>163</u>	<u>5,959</u>	<u>(8,404)</u>	<u>8,395</u>
Related party receivable and payable, net	3,907	(1,124)	7,098	2,373
Free cash flows, net of related party activity	<u>4,070</u>	<u>\$ 4,835</u>	<u>(1,306)</u>	<u>\$ 10,768</u>