

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Cash flows from operating activities:				
Net income	\$ (1,458)	\$ 9,041	\$ (119)	\$ 19,736
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	7,072	5,755	14,170	11,131
Amortization of business partner and non-employee securities	144	142	261	586
Amortization of employee stock based compensation	536	-	1,072	-
Equity in net loss (income) of unconsolidated investments	(6)	39	15	10
Deferred income tax expense	(566)	545	(443)	608
Tax benefit from employee stock options and warrant exercises	46	144	84	935
Issuance of securities under employee benefit plan	63	30	125	60
Changes in operating assets and liabilities:				
Receivable from related parties	(6,060)	(369)	(4,430)	393
Other assets	525	(29)	(498)	(1,479)
Payable to related parties	2,154	1,493	(2,667)	(2,766)
Accounts payable and accrued expenses	6,206	(2,254)	2,323	118
Deferred income	(105)	-	(209)	-
Net cash provided by operating activities	<u>8,551</u>	<u>14,537</u>	<u>9,684</u>	<u>29,332</u>
Cash flows from investing activities:				
Purchase 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)
Net cash used in investing activities	<u>(8,388)</u>	<u>(8,578)</u>	<u>(18,088)</u>	<u>(20,937)</u>
Cash flows from financing activities:				
Purchase of Class A common stock	(7,827)	-	(19,437)	-
Proceeds from exercises of stock options and warrants	208	258	312	1,753
Receivable from UBS in relation to warrant exercises	-	-	-	950
Receivable from broker in relation to stock option exercises	(49)	393	-	-
Net cash (used in) provided by financing activities	<u>(7,668)</u>	<u>651</u>	<u>(19,125)</u>	<u>2,703</u>
Net (decrease) increase in cash and cash equivalents	<u>(7,505)</u>	<u>6,610</u>	<u>(27,529)</u>	<u>11,098</u>
Cash and cash equivalents at beginning of period	12,960	52,466	19,884	55,318
Reverse repurchase agreements with related parties at beginning of period	176,704	180,522	189,804	173,182
Total Cash and cash equivalents at beginning of period	<u>189,664</u>	<u>232,988</u>	<u>209,688</u>	<u>228,500</u>
Cash and cash equivalents at end of period	20,567	34,115	20,567	34,115
Reverse repurchase agreements with related parties at end of period	161,592	205,483	161,592	205,483
Total Cash and cash equivalents at end of period	<u>\$ 182,159</u>	<u>\$ 239,598</u>	<u>\$ 182,159</u>	<u>\$ 239,598</u>