

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): February 9, 2004

eSpeed, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	0-28191	13-4063515
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
135 East 57th Street, New York, New York		10022
(Address of Principal Executive Offices)		(Zip Code)
	(212) 938-5000	
	(Registrant's Telephone Number, Including Area Code)	
	Not applicable	
	(Former Name or Address, if Changed Since Last Report)	

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

See Exhibit Index attached to this Current Report on Form 8-K.

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 9, 2004, eSpeed, Inc. (the "Registrant") issued a press release announcing its preliminary operating statistics for the quarter and the year ended December 31, 2003. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

In accordance with the procedural guidance in SEC Release No. 33-8216, the information in this Current Report on Form 8-K and the Exhibit attached to this Current Report on Form 8-K are being furnished under Item 12 of Form 8-K. The information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

In the press release, the Registrant uses non-GAAP financial measures of revenues, income before income tax provision, net income and earnings per share to supplement its consolidated financial statements presented in accordance with accounting principles generally accepted in the United States of America, or GAAP, and to better reflect its quarter-over-quarter and comparative year-over-year operating performance. The Registrant also provides a computation of free cash flows. These non-GAAP financial measures do not replace the presentation of GAAP financial results but are provided to enhance overall understanding of the Registrant's current financial performance and prospects for the future. Specifically, the Registrant's management believes that the non-GAAP financial results provide useful information to both management and investors regarding certain additional financial and business trends relating to its financial condition and results from operations. In addition, management uses these measures for reviewing the Registrant's financial results and evaluating its financial performance.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

eSpeed, Inc.

Date: February 9, 2004

By: /s/ Howard W. Lutnick
Howard W. Lutnick
Chairman, Chief Executive Officer and President

EXHIBIT INDEX**Exhibit**

- 99.1 Press release of eSpeed, Inc. dated February 9, 2004 containing preliminary operating statistics for the quarter and the year ended December 31, 2003.
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eSPEED REPORTS FOURTH QUARTER 2003 GAAP AND FULLY TAXED OPERATING
EPS OF \$0.15

FOURTH QUARTER PRE-TAX OPERATING EARNINGS PER SHARE OF \$0.25 INCREASE
56 PERCENT AND QUARTERLY REVENUES GROW 20 PERCENT TO \$39 MILLION YEAR
OVER YEAR

COMPANY REITERATES STRONG GUIDANCE FOR FULL YEAR 2004

NEW YORK - February 9, 2004 - eSpeed, Inc. (NASDAQ:ESPD), the leading developer of electronic trading technology, today reported results for the fourth quarter and full year ended December 31, 2003.

EARNINGS

On a Generally Accepted Accounting Principles (GAAP) basis, eSpeed reported net income of \$8.6 million, or \$0.15 per diluted share, for the fourth quarter 2003. eSpeed also reports operating income, in order to reflect earnings generated from the Company's operations. For the same period, the Company reported fully taxed operating income of \$8.8 million which was also \$0.15 per diluted share. The difference between fully taxed operating income and GAAP net income was a \$0.3 million non-cash charge for business partner securities. For comparative purposes, eSpeed reported pre-tax operating income of \$14.5 million, or \$0.25 per diluted share, in the fourth quarter 2003, a 56 percent increase over the \$0.16 per diluted share reported in the fourth quarter 2002.

On a GAAP basis, the Company reported net income of \$36.1 million, or \$0.63 per diluted share for the full year 2003, compared to \$42.0 million, or \$0.74 per diluted share for the full year 2002. The primary differences between GAAP results reported in 2003 and 2002 were a \$12.8 million gain on insurance proceeds related to September 11th included in 2002 and the fact that the Company started paying taxes in the second quarter of 2003. For the full year ended December 31, 2003, the Company reported net income from operations of \$38.1 million, or \$0.66 per diluted share, compared to \$31.4 million and \$0.55 per diluted share for the same period last year. For comparative purposes, the Company's full year 2003 pre-tax operating income of \$56.1 million, or \$0.98 per diluted share represents a 75 percent increase over the \$0.56 per diluted share reported in 2002.

REVENUES

eSpeed's total revenues for the fourth quarter 2003 were \$39.2 million, 20 percent higher than total revenues of \$32.8 million for fourth quarter 2002. Fourth quarter 2003 fully electronic revenues were \$27.7 million, up 24 percent compared to \$22.4 million in the fourth quarter 2002. Total revenues from Software Solutions in the fourth quarter 2003

were \$6.2 million versus \$5.5 million in the fourth quarter 2002, an increase of 13 percent.

eSpeed's total revenues for the year ended December 31, 2003 increased 24 percent to \$156.6 million, versus \$126.4 million in the full year 2002. Fully electronic revenues grew 25 percent to \$110.0 million for the year 2003 compared to \$88.0 million in 2002. Total revenues from Software Solutions increased 37 percent to \$24.2 million for the full year 2003 compared to \$17.7 million for the same period in 2002.

Fourth quarter 2003 pre-tax operating margins grew to 36.9 percent versus 28.5 percent in the fourth quarter 2002. Full year 2003 pre-tax operating margins grew to 35.8 percent compared to 25.3 percent in the full year 2002.

VOLUME & TRANSACTIONS

Fully electronic volume for the fourth quarter 2003 was \$7.5 trillion, an 11 percent increase over \$6.8 trillion for the fourth quarter 2002. eSpeed's total electronic volume, including fully electronic and voice-assisted transactions, for the fourth quarter 2003 was \$10.3 trillion, up 11 percent from \$9.3 trillion in the fourth quarter 2002. This growth compares to an 11 percent increase in US Treasury volume as reported by the Federal Reserve over the same period.

The Company had anticipated average daily Federal Reserve US Treasury volume for the fourth quarter 2003 in a range of \$425 - \$435 billion. Actual average daily Federal Reserve US Treasury volume was \$422 billion for the fourth quarter.

Lee Amaitis, Global Chief Operating Officer of eSpeed, commented, "We are pleased to have reported fourth quarter results at the high end of our expectations despite lower market volumes in the fourth quarter."

For the full year 2003, fully electronic volume was \$31.7 trillion, a 21 percent increase over \$26.2 trillion for the full year 2002. eSpeed's total electronic volume for 2003 was \$42.5 trillion, up 21 percent from \$35.1 trillion in 2002. This growth compares to a 17 percent increase in US Treasury volume as reported by the Federal Reserve over the same period.

FREE CASH FLOW & CASH

The Company generated free cash flow of \$28.8 million for the full year 2003. Excluding related party receivables and payables, free cash flow for the year was \$37.6 million.

As of December 31, 2003, eSpeed's cash and cash equivalents was approximately

\$228.5 million.

Howard W. Lutnick, Chairman, CEO & President of eSpeed, Inc., commented, "We are proud of our strong results in 2003, marked by 75 percent growth in our profits. Our

incremental margins of 80 percent for the year, along with the generation of free cash flow virtually on par with our income, illustrate the strengths and leverage inherent in our business model."

OUTLOOK

The Company is maintaining its previously stated guidance for the full year 2004. eSpeed continues to expect to generate revenues in excess of \$185 million and expects its pre-tax operating margins to exceed 41 percent for the full year 2004. eSpeed anticipates that its incremental margins will exceed 75 percent for the full year 2004. Operating earnings after tax for 2004 are expected to be in a range of \$0.80 to \$0.84 per diluted share. This guidance is based on the Company's expectations that average daily Federal Reserve US Treasury volume will be between \$490 and \$510 billion for the full year 2004.

For the first quarter 2004, eSpeed expects operating earnings to be in the range of \$0.18 and \$0.20 per share diluted and after-tax. This guidance is based on the Company's expectations that the average daily Federal Reserve US Treasury volume will be between \$480 and \$500 billion for the first quarter 2004.

In conclusion, Mr. Lutnick added, "For eSpeed, 2004 will be characterized by the increasing growth in the US Treasury market overall and eSpeed's leadership position in this market, the continued introduction and adoption of enhancements to our software and the initial roll out of new products to be traded and leveraged across the eSpeed platform. We are encouraged by the strong foundation we have built, as we position ourselves for further growth in the future."

NON-GAAP FINANCIAL MEASURES

To supplement eSpeed's consolidated financial statements presented in accordance with GAAP and to better reflect the Company's quarter-over-quarter and comparative year-over-year operating performance, eSpeed uses non-GAAP financial measures of revenues, income before income tax provision, net income and earnings per share, which are adjusted to exclude certain non-operating expenses and gains. In addition, the Company provides a computation of free cash flows. These non-GAAP financial measurements do not replace the presentation of eSpeed's GAAP financial results but are provided to improve overall understanding of the Company's current financial performance and its prospects for the future. Specifically, eSpeed believes the non-GAAP financial results provide useful information to both management and investors regarding certain additional financial and business trends relating to the Company's financial condition and results from operations. In addition, eSpeed's management uses these measures for reviewing the Company's financial results and evaluating eSpeed's financial performance. In the fourth quarter 2003, the difference between GAAP net income and non-GAAP net operating income was \$0.3 million. For the full year 2003, the difference between GAAP net income and non-GAAP net operating income was \$2.0 million.

ABOUT eSPEED, INC.

eSpeed, Inc., is the leader in developing and deploying electronic marketplaces and related trading technology that offers traders access to the most liquid, efficient and neutral financial markets in the world. eSpeed operates multiple buyer, multiple seller real-time electronic marketplaces for the global capital markets, including the world's largest government bond markets and other fixed income and financial marketplaces. eSpeed's suite of marketplace tools provides end-to-end transaction solutions for the purchase and sale of financial and non-financial products over eSpeed's global private network or via the Internet. eSpeed's neutral platform, reliable network, straight-through processing and superior products make it the trusted source for electronic trading at the world's largest fixed income and foreign exchange trading firms, major exchanges and leading natural gas and electricity trading firms. To learn more, please visit www.espeed.com.

Statements contained in this Press Release, which are not historical facts, are forward-looking statements, as the term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors, which include, but are not limited to: the effects of the attacks on the World Trade Center, market volatility, the limited operating history of eSpeed, Inc., and its ability to enter into marketing and strategic alliances, to effectively manage its growth, to expand the use of its electronic systems and to induce clients to use its marketplaces and services, and other factors that are discussed in eSpeed's Annual Report on Form 10-K, filed with the Securities and Exchange Commission.

CONTACTS:

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CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
Revenues:				
Transaction revenues with related parties				
Fully electronic transactions	\$ 27,667	\$ 22,430	\$ 110,015	\$ 88,039
Voice-assisted brokerage transactions	4,546	4,073	19,505	17,552
Screen-assisted open outcry transactions	118	56	538	190
	-----	-----	-----	-----
Total transaction revenues with related parties	32,331	26,559	130,058	105,781
Software Solutions fees from related parties	3,773	3,460	15,124	13,207
Software Solutions and licensing fees from unrelated parties	2,463	2,075	9,125	4,512
Interest income	656	683	2,308	2,905
	-----	-----	-----	-----
Total revenues	39,223	32,777	156,615	126,405
	-----	-----	-----	-----
Expenses:				
Compensation and employee benefits	8,241	8,751	36,114	36,499
Occupancy and equipment	8,383	6,815	31,322	24,863
Professional and consulting fees	592	1,394	3,519	5,658
Communications and client networks	1,690	1,819	6,714	6,335
Marketing	339	263	1,454	4,778
Administrative fees to related parties	2,695	2,555	10,442	9,134
Other	2,792	1,844	10,960	7,217
	-----	-----	-----	-----
Total operating expenses	24,732	23,441	100,525	94,484
	-----	-----	-----	-----
Pre-tax operating income	14,491	9,336	56,090	31,921
Income tax provision	5,659	128	17,982	479
	-----	-----	-----	-----
Net operating income	8,832	9,208	38,108	31,442
	-----	-----	-----	-----
Non-operating (loss) income:				
Amortization of business partner and non-employee securities, net of tax	(275)	(705)	(1,592)	(2,059)
Loss on unconsolidated investments	--	(950)	--	(950)
Provision for September 11 Events	--	1,200	--	1,200
Charitable contribution Re: 9/11, net of tax	--	--	(420)	(500)
Business interruption insurance proceeds from parent	--	--	--	12,833
	-----	-----	-----	-----
Total non-operating (loss) income	(275)	(455)	(2,012)	10,524
	-----	-----	-----	-----
GAAP net income	\$ 8,557	\$ 8,753	\$ 36,096	\$ 41,966
	=====	=====	=====	=====
Per share data:				
Basic pre-tax operating income per share	\$ 0.26	\$ 0.17	\$ 1.01	\$ 0.58
Basic tax provision per share	\$ (0.10)	\$ (0.00)	\$ (0.32)	\$ (0.01)
	-----	-----	-----	-----
Basic net operating income per share	\$ 0.16	\$ 0.17	\$ 0.69	\$ 0.57
Basic non-operating (loss) income per share	\$ (0.00)	\$ (0.01)	\$ (0.04)	\$ 0.19
	-----	-----	-----	-----
Basic GAAP earnings per share	\$ 0.15	\$ 0.16	\$ 0.65	\$ 0.76
	=====	=====	=====	=====
Diluted pre-tax operating income per share	\$ 0.25	\$ 0.16	\$ 0.98	\$ 0.56
Diluted tax provision per share	\$ (0.10)	\$ (0.00)	\$ (0.31)	\$ (0.01)
	-----	-----	-----	-----
Diluted net operating income per share	\$ 0.15	\$ 0.16	\$ 0.66	\$ 0.55
Diluted non-operating (loss) earnings per share	\$ (0.00)	\$ (0.01)	\$ (0.03)	\$ 0.19
	-----	-----	-----	-----
Diluted GAAP earnings per share	\$ 0.15	\$ 0.15	\$ 0.63	\$ 0.74
	=====	=====	=====	=====
Basic weighted average shares of common stock outstanding	55,759	55,028	55,345	54,991
	=====	=====	=====	=====
Diluted weighted average shares of common stock outstanding	58,908	57,309	57,499	56,784
	=====	=====	=====	=====
Additional data:				
Pre-tax operating margin	36.9%	28.5%	35.8%	25.3%
	=====	=====	=====	=====

CONSOLIDATED STATEMENTS OF INCOME IN ACCORDANCE WITH GAAP
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
	(unaudited)		(unaudited)	
Revenues:				
Transaction revenues with related parties				
Fully electronic transactions	\$ 27,667	\$ 22,430	\$ 110,015	\$ 88,039
Voice-assisted brokerage transactions	4,546	4,073	19,505	17,552
Screen-assisted open outcry transactions	118	56	538	190
	-----	-----	-----	-----
Total transaction revenues with related parties	32,331	26,559	130,058	105,781
Software Solutions fees from related parties	3,773	3,460	15,124	13,207
Software Solutions and licensing fees from unrelated parties	2,463	2,075	9,125	4,512
Business interruption insurance proceeds from parent	--	--	--	12,833
Interest income	656	683	2,308	2,905
	-----	-----	-----	-----
Total revenues	39,223	32,777	156,615	139,238
	-----	-----	-----	-----
Expenses:				
Compensation and employee benefits	8,241	8,751	36,114	36,499
Occupancy and equipment	8,383	6,815	31,322	24,863
Professional and consulting fees	592	1,394	3,519	5,658
Communications and client networks	1,690	1,819	6,714	6,335
Marketing	339	263	1,454	4,778
Administrative fees to related parties	2,695	2,555	10,442	9,134
Amortization of business partner and non-employee securities	452	705	2,167	2,059
Loss on unconsolidated investments	--	950	--	950
Provision for September 11 Events	--	(1,200)	--	(1,200)
Other	2,792	1,844	11,647	7,717
	-----	-----	-----	-----
Total expenses	25,184	23,896	103,379	96,793
	-----	-----	-----	-----
Income before income tax provision	14,039	8,881	53,236	42,445
Income tax provision	5,482	128	17,140	479
	-----	-----	-----	-----
Net income	\$ 8,557	\$ 8,753	\$ 36,096	\$ 41,966
	=====	=====	=====	=====
Per share data:				
Basic earnings per share	\$ 0.15	\$ 0.16	\$ 0.65	\$ 0.76
	=====	=====	=====	=====
Diluted earnings per share	\$ 0.15	\$ 0.15	\$ 0.63	\$ 0.74
	=====	=====	=====	=====
Basic weighted average shares of common stock outstanding	55,759	55,028	55,345	54,991
	=====	=====	=====	=====
Diluted weighted average shares of common stock outstanding	58,908	57,309	57,499	56,784
	=====	=====	=====	=====

eSPEED, INC. AND SUBSIDIARIES

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP (UNAUDITED)
(IN THOUSANDS)

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
	-----		-----	
Revenues	\$ 39,223	\$ 32,777	\$ 156,615	\$ 126,405
Business interruption insurance proceeds from parent [a]	--	--	--	12,833
	-----	-----	-----	-----
GAAP revenues	\$ 39,223	\$ 32,777	\$ 156,615	\$ 139,238
	-----	-----	-----	-----
Operating expenses	\$ 24,732	\$ 23,441	\$ 100,525	\$ 94,484
Amortization of business partner and non-employee securities [b]	452	705	2,167	2,059
Loss on unconsolidated investments [c]	--	950	--	950
Provision for September 11 Events [d]	--	(1,200)	--	(1,200)
Charitable contribution Re: 9/11 [e]	--	--	687	500
	-----	-----	-----	-----
GAAP expenses	\$ 25,184	\$ 23,896	\$ 103,379	\$ 96,793
	-----	-----	-----	-----
Pre-tax operating income	\$ 14,491	\$ 9,336	\$ 56,090	\$ 31,921
Sum of reconciling items = [a] - [b] - [c] - [d] - [e]	(452)	(455)	(2,854)	10,524
	-----	-----	-----	-----
GAAP income before income tax provision	\$ 14,039	\$ 8,881	\$ 53,236	\$ 42,445
	-----	-----	-----	-----

Income tax provision	\$ 5,659	\$ 128	\$ 17,982	\$ 479
Income tax benefit on non-operating loss [f]	(177)	--	(842)	--
	-----	-----	-----	-----
GAAP income tax provision	\$ 5,482	\$ 128	\$ 17,140	\$ 479
	-----	-----	-----	-----
Net operating income	\$ 8,832	\$ 9,208	\$ 38,108	\$ 31,442
Sum of reconciling items = [a] + [b] + [c] + [d] + [e] + [f]	(275)	(455)	(2,012)	10,524
	-----	-----	-----	-----
GAAP net income	\$ 8,557	\$ 8,753	\$ 36,096	\$ 41,966
	=====	=====	=====	=====

eSPEED, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(IN THOUSANDS, EXCEPT SHARE DATA)

	December 31,	
	2003	2002
	-----	-----
	(unaudited)	
Assets		
Cash and cash equivalents	\$ 228,500	\$ 187,999
Fixed assets, net	34,467	26,383
Investments	11,449	11,175
Intangible assets, net	18,927	19,528
Receivable from related parties	1,518	5,266
Other assets	2,707	2,360
	-----	-----
Total assets	\$ 297,568	\$ 252,711
	-----	-----
Liabilities and Stockholders' Equity		
Liabilities:		
Payable to related parties	\$ 6,323	\$ 18,857
Accounts payable and accrued liabilities	19,560	15,399
	-----	-----
Total liabilities	25,883	34,256
	-----	-----
Stockholders' Equity:		
Preferred stock, par value \$0.01 per share; 50,000,000 shares authorized, 8,000,750 shares issued and outstanding	80	80
Class A common stock, par value \$0.01 per share; 200,000,000 shares authorized; 30,953,867 and 29,783,682 shares issued	310	298
Class B common stock, par value \$0.01 per share; 100,000,000 shares authorized; 25,139,270 and 25,388,814 shares issued and outstanding	251	254
Additional paid-in capital	287,593	270,656
Unamortized expense of business partner and non-employee securities	(1,192)	(3,252)
Treasury stock, at cost; 186,399 and 24,600 shares of Class A common stock	(2,094)	(222)
Accumulated deficit	(13,263)	(49,359)
	-----	-----
Total stockholders' equity	271,685	218,455
	-----	-----
Total liabilities and stockholders' equity	\$ 297,568	\$ 252,711
	=====	=====

eSPEED, INC. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
	-----	-----	-----	-----
	(unaudited)		(unaudited)	
Cash flows from operating activities:				
Net income	\$ 8,557	\$ 8,753	\$ 36,096	\$ 41,966
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	5,000	4,154	18,044	14,191
Amortization of business partner and non-employee securities	452	705	2,167	2,059
Loss on unconsolidated investments	--	950	--	950
Provision for September 11 Events	--	(1,200)	--	(1,200)
Equity in net (income) loss of unconsolidated investments	105	(12)	185	190
Deferred income tax expense	988	--	4,469	--

Tax benefit from stock option and warrant exercises	1,760	--	4,870	--
Issuance of securities under employee benefit plan	96	--	256	52
Changes in operating assets and liabilities:				
Receivable from related parties	948	1,327	3,748	3,021
Other assets	945	(46)	215	313
Payable to related parties	2,777	4,565	(12,534)	3,701
Accounts payable and accrued liabilities	(8,317)	(17,403)	(433)	(6,495)
	-----	-----	-----	-----
Net cash provided by operating activities	13,311	1,793	57,083	58,748
	-----	-----	-----	-----
Cash flows from investing activities:				
Purchase of fixed assets	(6,472)	(3,370)	(10,943)	(9,770)
Sale of fixed assets	--	--	2,752	--
Capitalization of software development costs	(3,032)	(2,369)	(12,628)	(8,332)
Capitalization of patents and related legal costs	(1,039)	(3,510)	(4,710)	(13,741)
	-----	-----	-----	-----
Net cash used in investing activities	(10,543)	(9,249)	(25,529)	(31,843)
	-----	-----	-----	-----
Cash flows from financing activities:				
Repurchase of Class A common stock	--	--	(1,872)	--
Proceeds from exercises of stock options and warrants	5,701	1,161	11,838	1,195
Receivable from broker on stock option exercises	3,046	--	(1,019)	--
	-----	-----	-----	-----
Net cash provided by financing activities	8,747	1,161	8,947	1,195
	-----	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	11,515	(6,295)	40,501	28,100
	-----	-----	-----	-----
Cash and cash equivalents, beginning of period	216,985	194,294	187,999	159,899
	-----	-----	-----	-----
Cash and cash equivalents, end of period	\$ 228,500	\$ 187,999	\$ 228,500	\$ 187,999
	=====	=====	=====	=====

Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

eSPEED, INC. & SUBSIDIARIES

COMPUTATION OF CONSOLIDATED FREE CASH FLOWS (UNAUDITED)
(IN THOUSANDS)

	Three Months Ended December 31,		Year Ended December 31,	
	2003	2002	2003	2002
	-----	-----	-----	-----
Pre-tax operating income	\$ 14,491	\$ 9,336	\$ 56,090	\$ 31,921
Depreciation and amortization	5,000	4,154	18,044	14,191
Other non-cash items	201	(12)	441	242
	-----	-----	-----	-----
Pre-tax operating income adjusted for depreciation, amortization and other	19,692	13,478	74,575	46,354
	-----	-----	-----	-----
Income tax provision on operating income	(5,659)	(128)	(17,982)	(479)
Income tax benefit on non-operating loss	177	--	842	--
Deferred income tax expense	988	--	4,469	--
Tax benefit from stock option and warrant exercises	1,760	--	4,870	--
Income taxes paid	3,807	--	7,167	--
	-----	-----	-----	-----
Decrease (increase) in current income tax payable	1,073	(128)	(634)	(479)
Changes in related party receivable and payable, net	3,725	5,892	(8,786)	6,722
Changes in other operating assets and liabilities, net	(11,179)	(17,449)	(7,385)	(6,182)
Charitable contribution Re: 9/11	--	--	(687)	(500)
Insurance claim receivable from parent	--	--	--	12,833
	-----	-----	-----	-----
Net cash provided by operating activities	13,311	1,793	57,083	58,748
	-----	-----	-----	-----
Purchase of fixed assets	(6,472)	(3,370)	(10,943)	(9,770)
Capitalization of software development costs	(3,032)	(2,369)	(12,628)	(8,332)
Capitalization of patents and related legal costs	(1,039)	(3,510)	(4,710)	(13,741)
	-----	-----	-----	-----
Free cash flows	2,768	(7,456)	28,802	26,905
	-----	-----	-----	-----
Related party receivable and payable, net	(3,725)	(5,892)	8,786	(6,722)
Insurance claim receivable from parent	--	--	--	(12,833)
	-----	-----	-----	-----
Free cash flows, net of related party activity	\$ (957)	\$ (13,348)	\$ 37,588	\$ 7,350
	=====	=====	=====	=====

eSPEED, INC. & SUBSIDIARIES

QUARTERLY MARKET ACTIVITY REPORT (UNAUDITED)
TREND

						% Change	% Change
	4Q02	1Q03	2Q03	3Q03	4Q03	4Q03 vs 3Q03	4Q03 vs 4Q02

VOLUME (IN BILLIONS)							
Fully Electronic Volume	6,796	6,778	7,781	9,610	7,537	(21.6%)	10.9%
Voice-Assisted Volume	2,495	2,592	2,662	2,825	2,756	(2.4%)	10.5%

Total Electronic Volume	9,291	9,369	10,443	12,435	10,294	(17.2%)	10.8%
=====							
ELECTRONIC TRANSACTION COUNT							
Fully Electronic Transactions	1,060,814	1,079,595	1,194,625	1,465,263	1,209,469	(17.5%)	14.0%
Voice-Assisted Transactions	128,648	151,770	148,223	157,901	149,181	(5.5%)	16.0%

Total Transactions	1,189,462	1,231,365	1,342,848	1,623,164	1,358,650	(16.3%)	14.2%
=====							
Trading Days	62	61	63	64	62		
Global Interest Rate Futures Volume (1)							
CBOT - US Treasury Contracts	55,710,144	60,743,312	71,290,686	83,851,953	72,558,944	(13.5%)	30.2%
CME - Euro \$ Contracts	42,085,021	44,124,452	55,958,592	56,273,797	52,414,323	(6.9%)	24.5%
EUREX - Bund Contracts	45,319,604	65,864,492	63,455,364	63,377,019	51,717,399	(18.4%)	14.1%
Fed UST Volume (in billions) (2)							
UST Volume	23,637	23,740	28,319	30,590	26,189	(14.4%)	10.8%
Average Daily UST Volume	381	389	450	478	422	(11.6%)	10.8%
NYSE - Volume (shares traded) -							
in millions (3)	93,353	86,585	92,981	87,303	85,529	(2.0%)	(8.4%)
Transaction Value - in millions	2,410,169	2,173,033	2,497,359	2,475,689	2,546,235	2.8%	5.6%
NASDAQ - Volume (shares traded) -							
in millions (4)	105,200	88,636	112,524	110,672	112,636	1.8%	7.1%
Transaction Value - in millions	1,583,382	1,390,364	1,739,506	1,896,887	2,030,335	7.0%	28.2%

	% Change		
	2002	2003	2003 vs 2002

VOLUME (IN BILLIONS)			
Fully Electronic Volume	26,239	31,706	20.8%
Voice-Assisted Volume	8,818	10,835	22.9%

Total Electronic Volume	35,057	42,541	21.3%
=====			
ELECTRONIC TRANSACTION COUNT			
Fully Electronic Transactions	3,955,363	4,948,952	25.1%
Voice-Assisted Transactions	597,140	607,075	1.7%

Total Transactions	4,552,503	5,556,027	22.0%
=====			
Trading Days	250	250	
Global Interest Rate Futures Volume (1)			
CBOT - US Treasury Contracts	205,594,628	288,444,895	40.3%
CME - Euro \$ Contracts	202,080,832	208,771,164	3.3%
EUREX - Bund Contracts	191,263,413	244,414,274	27.8%
Fed UST Volume (in billions) (2)			
UST Volume	92,861	108,838	17.2%
Average Daily UST Volume	371	435	17.2%
NYSE - Volume (shares traded) -			
in millions (3)	363,135	352,398	(3.0%)
Transaction Value - in millions	10,311,156	9,692,316	(6.0%)
NASDAQ - Volume (shares traded) -			
in millions (4)	441,701	424,468	(3.9%)
Transaction Value - in millions	7,254,595	7,057,092	(2.7%)

Sources: (1) Futures Industry Association - Monthly Volume Report - (www.cbots.com, www.cme.com, www.eurexchange.com)
(2) www.ny.frb.org/pihome/statistics/dealer - Federal Reserve Bank
(3) NYSE - www.nyse.com
(4) NASDAQ - www.marketdata.nasdaq.com

Fiscal Year 2002	Jan'02	Feb'02	Mar'02	Apr'02	May'02	Jun'02
Volume Data (in billions)						
Fully Electronic	1,992	1,811	2,158	1,953	2,169	2,119
Voice	731	677	642	622	608	601
Total	2,723	2,488	2,800	2,575	2,777	2,720
Transaction Count						
Fully Electronic	311,319	269,697	305,905	289,150	305,115	321,257
Voice	53,828	50,038	47,803	54,733	59,580	43,436
Total	365,147	319,735	353,708	343,883	364,695	364,693
Trading Days	21	19	20	22	22	20

Fiscal Year 2003	Jan'03	Feb'03	Mar'03	Apr'03	May'03	Jun'03
Volume Data (in billions)						
Fully Electronic	2,309	1,906	2,564	2,070	2,871	2,840
Voice	864	810	917	761	956	944
Total	3,173	2,716	3,481	2,831	3,827	3,784
Transaction Count						
Fully Electronic	370,992	305,296	403,307	338,281	425,213	431,131
Voice	49,801	48,449	53,520	44,767	49,946	53,510
Total	420,793	353,745	456,827	383,048	475,159	484,641
Trading Days	21	19	21	21	21	21

Fiscal Year 2002	Jul'02	Aug'02	Sep'02	Oct'02	Nov'02	Dec'02
Volume Data (in billions)						
Fully Electronic	2,630	2,482	2,129	2,958	2,190	1,648
Voice	800	737	904	952	854	690
Total	3,430	3,219	3,033	3,910	3,044	2,338
Transaction Count						
Fully Electronic	390,803	364,202	337,101	458,419	332,631	269,764
Voice	56,216	50,863	51,995	45,559	50,593	32,496
Total	447,019	415,065	389,096	503,978	383,224	302,260
Trading Days	22	22	20	22	19	21

Fiscal Year 2003	Jul'03	Aug'03	Sep'03	Oct'03	Nov'03	Dec'03
Volume Data (in billions)						
Fully Electronic	3,428	2,952	3,230	3,019	2,233	2,285
Voice	992	733	1,100	1,034	941	781
Total	4,419	3,686	4,330	4,053	3,174	3,067
Transaction Count						
Fully Electronic	512,447	453,324	499,492	485,177	354,283	370,009
Voice	55,258	44,804	57,839	58,222	49,382	41,577
Total	567,705	498,128	557,331	543,399	403,665	411,586
Trading Days	22	21	21	22	18	22

Trading Days			
2004			
Q1	Q2	Q3	Q4
--	--	--	--
62	63	64	62
2003			
Q1	Q2	Q3	Q4
--	--	--	--
61	63	64	62

2002			
Q1	Q2	Q3	Q4
--	--	--	--
60	64	64	62
