

**Forrester Research, Inc.**  
**Consolidated Statements Of Cash Flows**

(In thousands)

	Three months ended March 31,	
	2004	2003
	(Unaudited)	
<b>Cash flows from operations:</b>		
Net (loss) income	\$ (257)	\$ 1,777
Adjustments to reconcile net (loss) income to net cash provided by operating activities –		
Depreciation	1,031	1,693
Amortization of intangible assets	2,344	924
Write-down of non-marketable investment	-	300
Tax benefit from stock options	90	81
Deferred income taxes	(1)	728
Realized gain on sale of marketable securities	-	(509)
Amortization of premiums on marketable securities	173	207
Changes in assets and liabilities, net of acquisition –		
Accounts receivable	15,586	5,803
Deferred commissions	200	192
Prepaid expenses and other current assets	(872)	(169)
Accounts payable	(658)	(807)
Accrued expenses	(5,862)	(5,657)
Deferred revenue	(2,295)	(925)
<b>Net cash provided by operating activities</b>	<u>9,479</u>	<u>3,638</u>
<b>Cash flows from investing activities:</b>		
Acquisition of Giga Information Group, Inc., net of cash acquired	-	(51,549)
Purchases of property and equipment	(530)	(69)
Purchases of non-marketable investments	(963)	(1,250)
Decrease in other assets	269	123
Purchase of marketable securities	(34,060)	(77,884)
Proceeds from sales and maturities of marketable securities	49,150	144,196
<b>Net cash provided by investing activities</b>	<u>13,866</u>	<u>13,567</u>
<b>Cash flows from financing activities:</b>		
Proceeds from exercises of employee stock options	512	523
Acquisition of treasury shares	(6,187)	(3,245)
Structured stock repurchases	(1,500)	(2,000)
<b>Net cash used in financing activities</b>	<u>(7,175)</u>	<u>(4,722)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(124)</u>	<u>(46)</u>
<b>Net increase in cash and cash equivalents</b>	16,046	12,437
<b>Cash and cash equivalents, beginning of period</b>	<u>22,385</u>	<u>11,479</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 38,431</u>	<u>\$ 23,916</u>