

Forrester Research, Inc.
Consolidated Statements Cash Flows

(In thousands)

	Six months ended June 30,	
	2004	2003
	(Unaudited)	
Cash flows from operations:		
Net (loss) income	\$ (2,605)	\$ 1,918
Adjustments to reconcile net (loss) income to net cash provided by operating activities –		
Depreciation	2,057	3,532
Amortization of intangible assets	3,728	3,532
Non-marketable investments (gains) impairments	(57)	572
Loss on disposal of property and equipment	-	-
Realized gain on sale of securities	-	(509)
Tax benefit from stock options	238	155
Deferred income taxes	(2)	793
Non-cash reorganization costs	1,844	-
Increase in provision for doubtful accounts	-	-
Accretion of premiums on marketable securities	404	413
Changes in assets and liabilities, net of acquisition –		
Accounts receivable	14,785	10,534
Deferred commissions	548	(1,260)
Prepaid expenses and other current assets	(717)	1,758
Accounts payable	279	(207)
Accrued expenses	(5,359)	(7,649)
Deferred revenue	(5,481)	(8,710)
Net cash provided by operating activities	<u>9,662</u>	<u>4,872</u>
Cash flows from investing activities:		
Acquisition of Giga Information Group, Inc., net of cash acquired	-	(56,066)
Purchases of property and equipment	(1,279)	(1,017)
Purchase of non-marketable investments	(2,163)	(2,150)
Decrease in other assets	529	75
Purchase of marketable securities	(67,735)	(126,158)
Proceeds from sales and maturities of marketable securities	91,549	188,766
Net cash provided by investing activities	<u>20,901</u>	<u>3,450</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock option plans and employee stock purchase plan	2,350	1,457
Acquisition of treasury shares	(9,178)	(5,295)
Structured stock repurchase	54	(1,892)
Net cash used in financing activities	<u>(6,774)</u>	<u>(5,730)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(106)</u>	<u>(190)</u>
Net increase in cash and cash equivalents	23,683	2,402
Cash and cash equivalents, beginning of period	<u>22,385</u>	<u>11,479</u>
Cash and cash equivalents, end of period	<u>\$ 46,068</u>	<u>\$ 13,881</u>