

Forrester Research, Inc.
Consolidated Statements Of Cash Flows

(In thousands)

	Six months ended June 30,	
	2003	2002
Cash flows from operations:		
Net income (loss)	\$ 1,918	\$ (2,568)
Adjustments to reconcile net income (loss) to net cash provided by operating activities –		
Depreciation	3,532	4,054
Amortization of intangible assets	3,532	164
Write-downs of non-marketable investments	572	2,734
Loss on disposal of property and equipment	-	92
Realized gain on sale of securities	(509)	-
Tax benefit from stock options	155	1,996
Deferred income taxes	793	(2,222)
Non-cash reorganization costs	-	2,772
Increase in provision for doubtful accounts	-	196
Accretion of premiums on marketable securities	413	376
Changes in assets and liabilities, net of acquisition –		
Accounts receivable	10,534	12,176
Deferred commissions	(1,260)	1,023
Prepaid expenses and other	1,758	(932)
Accounts payable	(207)	(433)
Accrued expenses	(7,649)	(2,911)
Deferred revenue	(8,710)	(14,206)
Net cash provided by operating activities	<u>4,872</u>	<u>2,311</u>
Cash flows from investing activities:		
Acquisition of Giga Information Group, Inc., net of cash acquired	(56,066)	-
Purchases of property and equipment	(1,017)	(966)
Purchase of non-marketable investments	(2,150)	(2,625)
Decrease in other assets	75	259
Purchase of marketable securities	(126,158)	(92,995)
Proceeds from sales and maturities of marketable securities	188,766	94,017
Net cash provided by (used in) investing activities	<u>3,450</u>	<u>(2,310)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock option plans and employee stock purchase plan	1,457	7,912
Acquisition of treasury shares	(5,295)	(7,920)
Structured stock repurchase	(1,892)	-
Net cash used in financing activities	<u>(5,730)</u>	<u>(8)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(190)</u>	<u>(37)</u>
Net increase (decrease) in cash and cash equivalents	2,402	(44)
Cash and cash equivalents, beginning of period	<u>11,479</u>	<u>17,747</u>
Cash and cash equivalents, end of period	<u>\$ 13,881</u>	<u>\$ 17,703</u>