

Forrester Research, Inc.
Consolidated Statements Cash Flows

(In thousands)

	Nine months ended September 30,	
	2003	2002
	(Unaudited)	
Cash flows from operations		
Net income (loss)	2,104	(2,875)
Adjustments to reconcile net income (loss) to net cash provided by operating activities –		
Depreciation and amortization	5,052	6,001
Amortization of intangible assets	6,140	246
Impairments of non-marketable investments	572	3,593
Realized gain on sale of marketable securities	(509)	-
Tax benefit from stock options	239	2,179
Deferred income taxes	747	437
Non-cash reorganization costs	-	3,629
Increase in provision for doubtful accounts	-	196
Loss on disposal of property and equipment	-	92
Amortization of premiums on marketable securities	618	868
Changes in assets and liabilities, net of acquisition –		
Accounts receivable	9,088	13,541
Deferred commissions	(434)	1,642
Prepaid expenses and other	2,401	(1,923)
Accounts payable	(1,395)	(711)
Accrued expenses	(4,714)	(2,369)
Deferred revenue	(16,914)	(20,659)
Net cash provided by operating activities	<u>2,995</u>	<u>3,887</u>
Cash flows from investing activities		
Acquisition of Giga Information Group, Inc., net of cash acquired	(57,027)	-
Purchases of property and equipment	(1,122)	(1,028)
Purchase of non-marketable investment	(3,150)	(3,825)
(Decrease) Increase in other assets	(1,439)	411
Purchases of marketable securities	(164,338)	(148,237)
Proceeds from sales and maturities of marketable securities	230,641	157,722
Net cash provided by investing activities	<u>3,565</u>	<u>5,043</u>
Cash flows from financing activities		
Proceeds from exercises of employee stock options	2,070	9,293
Acquisition of treasury shares	(6,796)	(14,830)
Structured stock repurchases	(1,793)	(2,000)
Net cash used in financing activities	<u>(6,519)</u>	<u>(7,537)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(178)</u>	<u>73</u>
Net (decrease) increase in cash and cash equivalents	(137)	1,466
Cash and cash equivalents, beginning of period	<u>11,479</u>	<u>17,747</u>
Cash and cash equivalents, end of period	<u><u>11,342</u></u>	<u><u>19,213</u></u>