

Forrester Research, Inc.
Consolidated Statements Cash Flows

(In thousands)

	Year ended December 31,	
	2004	2003
Cash flows from operations:		
Net income	\$ 4,132.00	\$ 2,191.00
Adjustments to reconcile net income to net cash provided by operating activities —		
Depreciation and amortization	3,691	6,256
Amortization of intangible assets	6,461	8,778
(Gains) impairments of non-marketable investments	(281)	2,354
Realized gain on sales of marketable securities	(1,072)	(509)
Tax benefit from issuances of common stock	411	527
Deferred income taxes	(158)	(128)
Non-cash reorganization costs	1,844	-
Provision for doubtful accounts	309	-
Amortization of premiums on marketable securities	924	832
Changes in assets and liabilities, net of acquisitions —		
Accounts receivable	1,283	(11,044)
Deferred commissions	(835)	(2,426)
Prepaid expenses and other current assets	1,763	559
Accounts payable	1,152	(530)
Accrued expenses	(3,850)	(1,741)
Deferred revenue	2,232	(1,004)
Net cash provided by operating activities	18,006	4,115
Cash flows from investing activities:		
Acquisition of Giga Information Group, Inc., net of cash acquired	-	(57,027)
Acquisition of GigaGroup, S.A., net of cash acquired	-	(2,937)
Purchases of property and equipment	(3,664)	(1,441)
Purchases of non-marketable investments	(3,613)	(3,250)
Net decrease (increase) in other assets	1,081	(1,315)
Purchases of equity and debt securities	(161,344)	(184,151)
Proceeds from sales and maturities of marketable securities	176,509	263,093
Net cash provided by investing activities	8,969	12,972
Cash flows from financing activities:		
Proceeds from issuance of common stock	5,279	3,772
Acquisition of treasury stock	(17,756)	(8,215)
Structured stock repurchases	54	(1,708)
Net cash used in financing activities	(12,423)	(6,151)
Effect of exchange rate changes on cash and cash equivalents	391	(30)
Net increase in cash and cash equivalents	14,943	10,906
Cash and cash equivalents, beginning of year	\$ 22,385.00	\$ 11,479.00
Cash and cash equivalents, end of year	\$ 37,328.00	\$ 22,385.00