

Forrester Research, Inc.
Consolidated Statements Of Cash Flows

(In thousands)

	Year ended December 31,	
	2003	2002
Cash flows from operations:		
Net income	2,191	589
Adjustments to reconcile net income to net cash provided by operating activities –		
Depreciation and amortization	6,256	8,078
Amortization of intangible assets	8,778	328
Impairments of non-marketable investments	2,354	4,118
Realized gain on sales of marketable securities	(509)	-
Tax benefit from exercises of employee stock options	527	2,618
Deferred income taxes	(128)	(2,243)
Non-cash reorganization costs	-	3,629
Increase in provision for doubtful accounts	-	246
Loss on disposals of property and equipment	-	92
Amortization of premiums on marketable securities	832	1,053
Changes in assets and liabilities, net of acquisitions –		
Accounts receivable	(11,044)	6,608
Deferred commissions	(2,426)	920
Prepaid expenses and other current assets	559	(70)
Accounts payable	(530)	(1,194)
Accrued expenses	(1,741)	(1,476)
Deferred revenue	(1,004)	(17,735)
Net cash provided by operating activities	<u>4,115</u>	<u>5,561</u>
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	(1,441)	(1,031)
Purchases of non-marketable investments	(3,250)	(4,775)
Net (increase) decrease in other assets	(1,315)	61
Purchases of marketable securities	(184,151)	(261,530)
Proceeds from sales and maturities of marketable securities	263,093	266,324
Net cash provided by (used in) investing activities	<u>12,972</u>	<u>(951)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	3,772	11,284
Acquisition of treasury stock	(8,215)	(20,085)
Structured stock repurchases	(1,708)	(2,000)
Net cash used in financing activities	<u>(6,151)</u>	<u>(10,801)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(30)</u>	<u>(77)</u>
Net increase (decrease) in cash and cash equivalents	10,906	(6,268)
Cash and cash equivalents, beginning of year	<u>11,479</u>	<u>17,747</u>
Cash and cash equivalents, end of year	<u><u>22,385</u></u>	<u><u>11,479</u></u>