

Forrester Research, Inc.
Consolidated Statements Of Cash Flows

(In thousands)

	Year ended December 31,	
	2002	2001
Cash flows from operations		
Net income	589	18,117
Adjustments to reconcile net income to net cash provided by operating activities –		
Depreciation and amortization	8,406	11,094
Write-downs of non-marketable investments	4,118	3,217
Non-cash gain on sale of Internet Adwatch	-	(1,664)
Loss on disposal of property and equipment	92	254
Tax benefit from stock options	2,618	8,618
Deferred income taxes	(2,243)	(2,416)
Non-cash reorganization costs	3,629	471
Increase in provision for doubtful accounts	246	885
Amortization of premiums on marketable securities	1,053	199
Changes in assets and liabilities –		
Accounts receivable	6,608	24,477
Deferred commissions	920	3,429
Prepaid expenses and other	(70)	3,893
Accounts payable	(1,194)	(1,978)
Accrued expenses	(1,476)	2,784
Deferred revenue	(17,735)	(42,510)
Net cash provided by operating activities	5,561	28,870
Cash flows from investing activities		
Purchases of property and equipment	(1,031)	(10,046)
Purchase of non-marketable investments, net of proceeds received	(4,775)	(4,681)
Decrease in other assets	61	42
Purchase of marketable securities	(261,530)	(222,667)
Proceeds from sales and maturities of marketable securities	266,324	194,151
Net cash used in investing activities	(951)	(43,201)
Cash flows from financing activities		
Proceeds from exercises of employee stock options	11,284	16,419
Acquisition of treasury shares	(20,085)	-
Structured stock repurchase	(2,000)	-
Net cash (used in) provided by financing activities	(10,801)	16,419
Effect of exchange rate changes on cash and cash equivalents	(77)	(189)
Net (decrease) increase in cash and cash equivalents	(6,268)	1,899
Cash and cash equivalents, beginning of year	17,747	15,848
Cash and cash equivalents, end of year	11,479	17,747