

Forrester Research, Inc.
Consolidated Statements of Cash Flows

(In thousands)

	Three months ended March 31,	
	2008	2007
	(Unaudited)	(Unaudited)
Cash flows from operations:		
Net income	\$ 5,028	\$ 2,030
Adjustments to reconcile net income to net cash provided by operating activities –		
Depreciation	1,036	923
Amortization of intangible assets	171	392
Non-cash stock-based compensation	1,406	2,618
Increase in provision for doubtful accounts	96	100
Deferred income taxes	605	952
Gains from non-marketable investments	(100)	(174)
Gains on sales of available-for-sale securities	(397)	-
Amortization of premiums on available-for-sale securities	187	173
Changes in assets and liabilities –		
Accounts receivable	19,802	19,457
Deferred commissions	331	521
Prepaid expenses and other current assets	1,873	(2,790)
Accounts payable	(886)	(689)
Accrued expenses	(3,819)	(2,115)
Deferred revenue	4,419	88
Net cash provided by operating activities	<u>29,752</u>	<u>21,486</u>
Cash flows from investing activities:		
Purchases of property and equipment	(954)	(1,993)
Proceeds from non-marketable investments	200	300
Decrease in other assets	202	86
Purchases of available-for-sale securities	(390,696)	(225,360)
Proceeds from sales and maturities of available-for-sale securities	442,962	204,310
Net cash provided by (used in) investing activities	<u>51,714</u>	<u>(22,657)</u>
Cash flows from financing activities:		
Proceeds from exercises of employee stock options	4,377	811
Excess tax benefits from non-cash stock-based compensation	1,175	-
Acquisition of treasury shares	(14,474)	-
Net cash (used in) provided by financing activities	<u>(8,922)</u>	<u>811</u>
Effect of exchange rate changes on cash and cash equivalents	<u>803</u>	<u>48</u>
Net increase (decrease) in cash and cash equivalents	73,347	(312)
Cash and cash equivalents, beginning of period	<u>53,163</u>	<u>39,157</u>
Cash and cash equivalents, end of period	<u>\$ 126,510</u>	<u>\$ 38,845</u>