

Forrester Research, Inc.
Consolidated Statements of Cash Flows

(In thousands)

	Six months ended June 30,	
	2008	2007
	(Unaudited)	(Unaudited)
Cash flows from operations:		
Net income	\$ 13,673	\$ 6,532
Adjustments to reconcile net income to net cash provided by operating activities –		
Depreciation	1,986	1,855
Amortization of intangible assets	194	685
Non-cash stock-based compensation	2,705	4,338
Increase in provision for doubtful accounts	394	300
Deferred income taxes	1,338	2,099
(Gains) impairments from non-marketable investments, net	(55)	1,788
Gains on sales of available-for-sale securities	(2,057)	-
Amortization of premiums on available-for-sale securities	397	333
Changes in assets and liabilities –		
Accounts receivable	25,429	21,861
Deferred commissions	901	1,575
Prepaid expenses and other current assets	(909)	(4,613)
Accounts payable	(410)	363
Accrued expenses	(1,462)	(2,574)
Deferred revenue	(4,630)	(8,414)
Net cash provided by operating activities	37,494	26,128
Cash flows from investing activities:		
Purchases of property and equipment	(1,674)	(2,861)
Proceeds from non-marketable investments	225	883
Decrease in other assets	248	149
Proceeds from sale of discontinued operations	-	250
Purchases of available-for-sale securities	(678,811)	(541,494)
Proceeds from sales and maturities of available-for-sale securities	747,792	517,955
Net cash provided by (used in) investing activities	67,780	(25,118)
Cash flows from financing activities:		
Proceeds from issuance of common stock under stock option plans and employee stock purchase plan	12,811	811
Tax benefits related to stock options	3,255	-
Acquisition of treasury shares	(20,031)	-
Net cash (used in) provided by financing activities	(3,965)	811
Effect of exchange rate changes on cash and cash equivalents	843	212
Net increase in cash and cash equivalents	102,152	2,033
Cash and cash equivalents, beginning of period	53,163	39,157
Cash and cash equivalents, end of period	\$ 155,315	\$ 41,190