

Forrester Research, Inc.
Consolidated Statements of Cash Flows

(In thousands)

	Nine months ended September 30,	
	2008	2007
	(Unaudited)	(Unaudited)
Cash flows from operations:		
Net income	\$ 20,061	\$ 13,329
Adjustments to reconcile net income to net cash provided by operating activities –		
Depreciation	2,998	2,881
Amortization of intangible assets	476	978
Non-cash stock-based compensation	3,973	5,763
Increase in provision for doubtful accounts	494	380
Deferred income taxes	2,961	3,991
(Gains) impairments from non-marketable investments, net	(79)	1,690
Gains on sales of available-for-sale securities	(2,057)	-
Amortization of premiums on available-for-sale securities	626	473
Changes in assets and liabilities, net of acquisition –		
Accounts receivable	34,518	24,147
Deferred commissions	2,134	2,216
Prepaid expenses and other current assets	2,290	(4,146)
Accounts payable	(1,056)	(338)
Accrued expenses	(10,035)	(6,116)
Deferred revenue	(16,951)	(16,053)
Net cash provided by operating activities	<u>40,353</u>	<u>29,195</u>
Cash flows from investing activities:		
Acquisition of Jupiter	(23,398)	-
Purchases of property and equipment	(2,730)	(3,826)
Proceeds from non-marketable investments	250	1,058
Decrease in other assets	344	26
Proceeds from sale of discontinued operations	-	250
Purchases of available-for-sale securities	(966,671)	(872,420)
Proceeds from sales and maturities of available-for-sale securities	1,028,902	845,631
Net cash provided by (used in) investing activities	<u>36,697</u>	<u>(29,281)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock under stock option plans and employee stock purchase plan	17,246	811
Tax benefits related to stock options	5,314	-
Acquisition of treasury shares	(26,086)	-
Net cash (used in) provided by financing activities	<u>(3,526)</u>	<u>811</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,818)</u>	<u>938</u>
Net increase in cash and cash equivalents	71,706	1,663
Cash and cash equivalents, beginning of period	<u>53,163</u>	<u>39,157</u>
Cash and cash equivalents, end of period	<u>\$ 124,869</u>	<u>\$ 40,820</u>