

Forrester Research, Inc.
Consolidated Balance Sheet and Cash Flow Data

(Unaudited, In thousands)

	December 31,	
	2010	2009
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 216,034	\$ 259,792
Accounts receivable, net	\$ 73,574	\$ 67,436
Deferred revenue	\$ 131,521	\$ 117,888

	Year ended December 31,	
	2010	2009
Cash flow data:		
Net cash provided by operating activities	\$ 38,657	\$ 43,099
Cash used for acquisitions	\$ (1,660)	\$ (5,592)
Purchases of property and equipment	\$ (13,426)	\$ (4,284)
Repurchases of common stock	\$ (21,345)	\$ (20,399)
Dividend paid on common stock	\$ (68,414)	\$ -

Forrester Research, Inc.
Consolidated Statements of Income

(In thousands, except per share data)

	Three months ended December 31,		Year ended December 31,	
	2010	2009	2010	2009
Revenues:				
Research services	\$ 45,445	\$ 40,758	\$ 168,508	\$ 157,726
Advisory services and other	21,671	20,728	82,218	75,626
Total revenues	67,116	61,486	250,726	233,352
Operating expenses:				
Cost of services and fulfillment	25,079	18,442	94,105	84,266
Selling and marketing	23,627	22,076	84,663	76,094
General and administrative	9,547	7,993	33,960	28,461
Depreciation	888	1,069	3,628	4,380
Amortization of intangible assets	905	539	3,620	2,290
Reorganization costs	-	2,300	-	5,441
Total operating expenses	60,046	52,419	219,976	200,932
Income from operations	7,070	9,067	30,750	32,420
Other income (loss), net	(29)	115	1,249	2,297
Gains (losses) on investments, net	472	701	2,301	(982)
Income before income taxes	7,513	9,883	34,300	33,735
Income tax provision	3,384	4,100	13,793	14,869
Net Income	\$ 4,129	\$ 5,783	\$ 20,507	\$ 18,866
Diluted income per share	\$ 0.18	\$ 0.26	\$ 0.89	\$ 0.82
Diluted weighted average shares outstanding	23,134	22,678	23,063	22,884
Basic income per share	\$ 0.18	\$ 0.26	\$ 0.91	\$ 0.83
Basic weighted average shares outstanding	22,543	22,372	22,478	22,645
Pro forma data (1):				
Income from operations	\$ 7,070	\$ 9,067	\$ 30,750	\$ 32,420
Amortization of intangible assets	905	539	3,620	2,290
Duplicate lease costs	487	-	875	-
Reorganization costs	-	2,300	-	5,441
Acquisitions costs (credits)	256	-	(70)	-
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	507	480	2,094	2,961
Selling and marketing	234	239	943	1,123
General and administrative	447	471	1,837	2,027
Pro forma income from operations	9,906	13,096	40,049	46,262
Other income (loss), net	(29)	115	1,249	2,297
Pro forma income before income taxes	9,877	13,211	41,298	48,559
Pro forma income tax provision	3,951	5,284	16,519	19,424
Pro forma net income	\$ 5,926	\$ 7,927	\$ 24,779	\$ 29,135
Pro forma diluted income per share	\$ 0.26	\$ 0.35	\$ 1.07	\$ 1.27
Diluted weighted average shares outstanding	23,134	22,678	23,063	22,884

(1) Forrester believes that pro forma financial results provide investors with consistent and comparable information to aid in the understanding of Forrester's ongoing business. Our pro forma presentation excludes amortization of acquisition-related intangible assets, duplicate lease costs, reorganization costs, costs or (credits) associated with acquisition activities, stock-based compensation and net gains or losses from investments, as well as their related tax effects. The pro forma data does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States.