

**Forrester Research, Inc.**  
**Consolidated Statements of Income**

(Unaudited; in thousands, except per share data)

	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
<b>Revenues:</b>				
Research services	\$ 40,758	\$ 41,203	\$ 157,726	\$ 155,339
Advisory services and other	20,728	21,718	75,626	85,536
<b>Total revenues</b>	<b>61,486</b>	<b>62,921</b>	<b>233,352</b>	<b>240,875</b>
<b>Operating expenses:</b>				
Cost of services and fulfillment	20,960	21,954	84,266	87,802
Selling and marketing	19,558	19,825	76,094	79,944
General and administrative	7,993	6,778	28,461	29,723
Depreciation	1,069	1,009	4,380	4,007
Reorganization costs	2,300	-	5,441	-
Amortization of intangible assets	539	959	2,290	1,435
<b>Total operating expenses</b>	<b>52,419</b>	<b>50,525</b>	<b>200,932</b>	<b>202,911</b>
<b>Income from operations</b>	<b>9,067</b>	<b>12,396</b>	<b>32,420</b>	<b>37,964</b>
Other income, net	115	152	2,297	5,373
Gains (losses) from investments, net	701	(663)	(982)	1,473
<b>Income before income taxes</b>	<b>9,883</b>	<b>11,885</b>	<b>33,735</b>	<b>44,810</b>
Income tax provision	3,196	2,731	13,965	15,595
<b>Net Income</b>	<b>\$ 6,687</b>	<b>\$ 9,154</b>	<b>\$ 19,770</b>	<b>\$ 29,215</b>
Diluted income per share	\$ 0.29	\$ 0.39	\$ 0.86	\$ 1.24
Diluted weighted average shares outstanding	22,677	23,377	22,884	23,585
Basic income per share	\$ 0.30	\$ 0.40	\$ 0.87	\$ 1.27
Basic weighted average shares outstanding	22,372	23,079	22,645	23,062
<b>Pro forma data (1):</b>				
Income from operations	\$ 9,067	\$ 12,396	\$ 32,420	\$ 37,964
Amortization of intangible assets	539	959	2,290	1,435
Reorganization costs	2,300	-	5,441	-
Investigation related expenses	-	(208)	-	877
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	480	682	2,961	2,776
Selling and marketing	239	266	1,123	988
General and administrative	471	438	2,027	1,594
<b>Pro forma income from operations</b>	<b>13,096</b>	<b>14,533</b>	<b>46,262</b>	<b>45,634</b>
Other income, net	115	152	2,297	5,373
Pro forma income before income taxes	13,211	14,685	48,559	51,007
Pro forma income tax provision	5,284	5,727	19,424	19,893
<b>Pro forma net income</b>	<b>\$ 7,927</b>	<b>\$ 8,958</b>	<b>\$ 29,135</b>	<b>\$ 31,114</b>
Pro forma diluted income per share	\$ 0.35	\$ 0.38	\$ 1.27	\$ 1.32
Diluted weighted average shares outstanding	22,677	23,377	22,884	23,585

(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 reorganization costs, amortization of intangible assets, stock-based compensation, net gains or losses from marketable and non-marketable investments and costs associated with the historical stock option investigation, 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.

**Forrester Research, Inc.**  
**Selected Balance Sheet and Cash Flow Data**

(Unaudited, in thousands)

	December 31,	
	2009	2008
<b>Balance sheet data:</b>		
Cash, cash equivalents and marketable investments	\$ 259,792	\$ 259,929
Accounts receivable, net	\$ 67,436	\$ 64,226
Deferred revenue	\$ 117,888	\$ 113,844
	Year ended December 31,	
	2009	2008
<b>Cash flow data:</b>		
Net cash provided by operating activities	\$ 43,022	\$ 43,652
Cash used for acquisitions	\$ (5,592)	\$ (22,406)
Purchases of property and equipment	\$ (4,284)	\$ (3,698)
Repurchases of common stock	\$ (20,399)	\$ (30,423)