

## Forrester Research Reports Fourth-Quarter And Full-Year Financial Results

Cambridge, Mass., February 10, 2011 . . . Forrester Research, Inc. (Nasdaq: FORR) today announced its fourth-quarter ended December 31, 2010 and full-year ended 2010 financial results.

### Fourth-Quarter Financial Performance

- Total revenues were \$67.1 million, compared with \$61.5 million for the fourth quarter of last year.
- On a GAAP-reported basis, Forrester reported net income of \$4.1 million, or \$0.18 per diluted share, compared with net income of \$5.8 million, or \$0.26 per diluted share, for the same period last year. The effective tax rate for the fourth quarter of 2010 was 45 percent compared with 41 percent for the same period last year.
- On a pro forma basis, net income was \$5.9 million, or \$0.26 per diluted share, for the fourth quarter of 2010, which reflects a pro forma effective tax rate of 40 percent. Pro forma net income excludes stock-based compensation of \$1.2 million, amortization of \$0.9 million of acquisition-related intangible assets, \$0.5 million of duplicate lease costs, \$0.3 million of acquisition costs and net investment gains of \$0.5 million. This compares with pro forma net income of \$7.9 million, or \$0.35 per diluted share, for the same period in 2009, which reflects a pro forma effective tax rate of 40 percent. Pro forma net income for the fourth quarter of 2009 excludes stock-based compensation of \$1.2 million, reorganization costs of \$2.3 million, amortization of \$0.5 million of acquisition-related intangible assets and net investment gains of \$0.7 million.

“As the economy began its slow recovery, Forrester had a solid fourth quarter and full year in 2010,” said George F. Colony, Forrester's chairman of the board and chief executive officer. “We continued to successfully execute our role-based strategy and achieved all-time highs in our client and dollar retention rates during 2010. While all of our client groups experienced healthy growth in 2010, Forrester’s differentiated offerings for marketing and strategy professionals continued to be the fastest-growing part of our business. Overall we are well positioned for 2011.”

“In 2010 we made significant investments to support our growth and will continue to do so in 2011,” said Colony. “We have expanded our available office space in key markets and will open a new corporate headquarters in Cambridge, Mass., later this year. We plan to keep hiring both

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research and sales personnel and are investing in customer-facing platforms to enhance our clients' experience with Forrester.”

### **Year Ended December 31, 2010, Financial Performance**

- Total revenues were \$250.7 million, compared with \$233.4 million for 2009.
- On a GAAP-reported basis, Forrester reported net income of \$20.5 million, or \$0.89 per diluted share for 2010, compared with net income of \$18.9 million, or \$0.82 per diluted share, for 2009. The effective tax rate for 2010 was 40 percent compared with 44 percent for 2009.
- On a pro forma basis, net income was \$24.8 million, or \$1.07 per diluted share for 2010, which reflects a pro forma effective tax rate of 40 percent. Pro forma net income excludes stock-based compensation of \$4.9 million, amortization of \$3.6 million of acquisition-related intangible assets, \$0.1 million of acquisition-related credits, \$0.9 million of duplicate lease costs and net investment gains of \$2.3 million. This compares with pro forma net income of \$29.1 million, or \$1.27 per diluted share for 2009, which reflects a pro forma effective tax rate of 40 percent. Pro forma net income for 2009 excludes stock-based compensation of \$6.1 million, amortization of \$2.3 million of acquisition-related intangible assets, \$5.4 million of reorganization costs and net investment losses of \$1.0 million.

A reconciliation of GAAP results to pro forma results may be found in the attached financial tables.

Forrester is providing first-quarter 2011 financial guidance as follows:

#### *First-Quarter 2011 (GAAP):*

- Total revenues of approximately \$63.0 million to \$65.0 million.
- Operating margin of approximately 5.5% to 7.5%.
- Other income, net of \$250,000.
- An effective tax rate of 40 percent.
- Diluted earnings per share of approximately \$0.10 to \$0.14.

#### *First-Quarter 2011 (Pro Forma):*

Pro forma financial guidance for the first quarter of 2011 excludes stock-based compensation of \$1.0 million to \$1.2 million, amortization of acquisition-related intangible assets of approximately \$0.4 million, duplicate lease costs of \$1.5 million and any investment gains or losses.

- Pro forma operating margin of approximately 10.0% to 12.0%.
- Pro forma effective tax rate of 40 percent.

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- Pro forma diluted earnings per share of approximately \$0.17 to \$0.21.

Forrester is providing full-year 2011 guidance as follows:

### *Full-Year 2011 (GAAP):*

- Total revenues of approximately \$282 million to \$288 million.
- Operating margin of approximately 12.5% to 13.5%.
- Other income of approximately \$1.0 million.
- An effective tax rate of 40 percent.
- Diluted earnings per share of approximately \$0.96 to \$1.02.

### *Full-Year 2011 (Pro Forma):*

Pro forma financial guidance for full-year 2011 excludes stock-based compensation expense of approximately \$4.6 million to \$5.0 million, amortization of acquisition-related intangible assets of approximately \$1.8 million, duplicate lease costs of approximately \$3.3 million to \$3.8 million and any investment gains or losses.

- Pro forma operating margin of approximately 16.0% to 17.0%.
- Pro forma effective tax rate of 40 percent.
- Pro forma diluted earnings per share of approximately \$1.22 to \$1.28.

## **About Forrester Research**

Forrester Research, Inc. (Nasdaq: FORR) is an independent research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. Forrester works with professionals in 19 key roles at major companies providing proprietary research, customer insight, consulting, events, and peer-to-peer executive programs. For more than 27 years, Forrester has been making IT, marketing, and technology industry leaders successful every day. For more information, visit [www.forrester.com](http://www.forrester.com).

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, Forrester's financial guidance for the first quarter of and full-year 2011. These statements are based on Forrester's current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. Important factors that could cause actual future activities and results to differ include, among others, Forrester's ability to respond to business and economic conditions, particularly in light of the global economic environment, technology

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spending, market trends, competition, industry consolidation, the ability to attract and retain professional staff, possible variations in Forrester's quarterly operating results, any cost savings related to reductions in force and associated actions, risks associated with Forrester's ability to offer new products and services, and Forrester's dependence on renewals of its membership-based research services and on key personnel. Forrester undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. For further information, please refer to Forrester's reports and filings with the Securities and Exchange Commission.

The consolidated statements of income and the table of selected balance sheet and cash flow data are attached.

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