

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, in thousands, except per share data)

	Three Months Ended	
	March 31,	
	2012	2011
Revenues:		
Research services	\$ 49,760	\$ 44,547
Advisory services and other	20,500	21,195
Total revenues	<u>70,260</u>	<u>65,742</u>
Operating expenses:		
Cost of services and fulfillment	26,938	25,498
Selling and marketing	25,133	25,465
General and administrative	9,611	8,918
Depreciation	1,993	970
Amortization of intangible assets	614	693
Reorganization costs	1,343	-
Total operating expenses	<u>65,632</u>	<u>61,544</u>
Income from operations	4,628	4,198
Other income (expense), net	409	(109)
Gains on investments, net	59	582
Income before income taxes	<u>5,096</u>	<u>4,671</u>
Income tax provision	1,915	1,760
Net Income	<u>\$ 3,181</u>	<u>\$ 2,911</u>
Diluted income per share	<u>\$ 0.14</u>	<u>\$ 0.13</u>
Diluted weighted average shares outstanding	<u>23,173</u>	<u>23,252</u>
Basic income per share	<u>\$ 0.14</u>	<u>\$ 0.13</u>
Basic weighted average shares outstanding	<u>22,738</u>	<u>22,713</u>
Pro forma data (1):		
Income from operations	\$ 4,628	\$ 4,198
Amortization of intangible assets	614	693
Duplicate lease costs	-	1,463
Reorganization costs	1,343	-
Acquisition and integration costs	-	371
Stock-based compensation included in the following expense categories:		
Cost of services and fulfillment	653	615
Selling and marketing	224	339
General and administrative	446	484
Pro forma income from operations	7,908	8,163
Other income (expense), net	409	(109)
Pro forma income before income taxes	<u>8,317</u>	<u>8,054</u>
Pro forma income tax provision	3,244	3,222
Pro forma net income	<u>\$ 5,073</u>	<u>\$ 4,832</u>
Pro forma diluted income per share	<u>\$ 0.22</u>	<u>\$ 0.21</u>
Diluted weighted average shares outstanding	<u>23,173</u>	<u>23,252</u>

(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, and are also used by Forrester in making compensation decisions. Our pro forma presentation excludes amortization of acquisition-related intangible assets, duplicate lease costs, costs associated with acquisition and integration activities, stock-based compensation, reorganization costs 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.

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

(Unaudited, in thousands)

	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 252,873	\$ 227,603
Accounts receivable, net	\$ 52,249	\$ 81,378
Deferred revenue	\$ 151,708	\$ 147,887
Three Months Ended		
	<u>March 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash flow data:		
Net cash provided by operating activities	\$ 34,886	\$ 32,161
Purchases of property and equipment	\$ (2,418)	\$ (10,711)
Repurchases of common stock	\$ (7,700)	\$ (8,567)
Dividend paid	\$ (3,195)	\$ -