

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

(Unaudited, In thousands, except per share data)

	Three months ended		Year ended	
	December 31,		December 31,	
	2011	2010	2011	2010
<b>Revenues:</b>				
Research services	\$ 50,518	\$ 45,445	\$ 191,648	\$ 168,508
Advisory services and other	24,132	21,671	91,968	82,218
<b>Total revenues</b>	<u>74,650</u>	<u>67,116</u>	<u>283,616</u>	<u>250,726</u>
<b>Operating expenses:</b>				
Cost of services and fulfillment	24,978	25,079	103,571	94,105
Selling and marketing	25,067	23,627	101,468	84,663
General and administrative	8,108	9,547	33,284	33,960
Depreciation	2,024	888	5,359	3,628
Amortization of intangible assets	664	905	2,562	3,620
Reorganization costs	375	-	375	-
<b>Total operating expenses</b>	<u>61,216</u>	<u>60,046</u>	<u>246,619</u>	<u>219,976</u>
<b>Income from operations</b>	13,434	7,070	36,997	30,750
Other income (expense), net	357	(29)	630	1,249
Gains on investments, net	370	472	1,018	2,301
<b>Income before income taxes</b>	<u>14,161</u>	<u>7,513</u>	<u>38,645</u>	<u>34,300</u>
Income tax provision	5,264	3,384	15,635	13,793
<b>Net Income</b>	<u>\$ 8,897</u>	<u>\$ 4,129</u>	<u>\$ 23,010</u>	<u>\$ 20,507</u>
Diluted income per share	<u>\$ 0.38</u>	<u>\$ 0.18</u>	<u>\$ 0.99</u>	<u>\$ 0.89</u>
Diluted weighted average shares outstanding	<u>23,118</u>	<u>23,134</u>	<u>23,164</u>	<u>23,063</u>
Basic income per share	<u>\$ 0.39</u>	<u>\$ 0.18</u>	<u>\$ 1.02</u>	<u>\$ 0.91</u>
Basic weighted average shares outstanding	<u>22,646</u>	<u>22,543</u>	<u>22,666</u>	<u>22,478</u>
<b>Pro forma data (1):</b>				
Income from operations	\$ 13,434	\$ 7,070	\$ 36,997	\$ 30,750
Amortization of intangible assets	664	905	2,562	3,620
Duplicate lease costs	-	487	3,850	875
Reorganization costs	375	-	375	-
Acquisition and integration costs (credits)	-	256	986	(70)
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	319	507	1,644	2,094
Selling and marketing	65	234	751	943
General and administrative	165	447	1,247	1,837
<b>Pro forma income from operations</b>	<u>15,022</u>	<u>9,906</u>	<u>48,412</u>	<u>40,049</u>
Other income (expense), net	357	(29)	630	1,249
<b>Pro forma income before income taxes</b>	<u>15,379</u>	<u>9,877</u>	<u>49,042</u>	<u>41,298</u>
Pro forma income tax provision	6,151	3,951	19,617	16,519
<b>Pro forma net income</b>	<u>\$ 9,228</u>	<u>\$ 5,926</u>	<u>\$ 29,425</u>	<u>\$ 24,779</u>
Pro forma diluted income per share	<u>\$ 0.40</u>	<u>\$ 0.26</u>	<u>\$ 1.27</u>	<u>\$ 1.07</u>
Diluted weighted average shares outstanding	<u>23,118</u>	<u>23,134</u>	<u>23,164</u>	<u>23,063</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 or (credits) 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)

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Balance sheet data:</b>		
Cash, cash equivalents and marketable investments	\$ 227,603	\$ 216,034
Accounts receivable, net	\$ 81,378	\$ 73,574
Deferred revenue	\$ 147,887	\$ 131,521

	<b>Year ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Cash flow data:</b>		
Net cash provided by operating activities	\$ 55,444	\$ 38,657
Cash used for acquisitions	\$ (7,531)	\$ (1,660)
Purchases of property and equipment	\$ (39,776)	\$ (13,426)
Repurchases of common stock	\$ (18,405)	\$ (21,345)
Dividend paid	\$ -	\$ (68,414)