Forrester

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

February 9, 2012

Board Of Directors Initiates Quarterly Dividend

CAMBRIDGE, Mass.--(BUSINESS WIRE)--Feb. 9, 2012-- Forrester Research, Inc. (Nasdaq: FORR) today announced its 2011 fourth-quarter and full-year financial results. The company also announced that it has instituted a new quarterly dividend, with the first dividend of \$0.14 per share to be payable March 21, 2012, to shareholders of record on March 7, 2012.

Fourth-Quarter Financial Performance

- Total revenues were \$74.7 million for the fourth quarter of 2011, compared with \$67.1 million for the fourth quarter of last year.
- On a GAAP basis, net income was \$8.9 million, or \$0.38 per diluted share, for the fourth quarter of 2011, compared with net income of \$4.1 million, or \$0.18 per diluted share, for the same period last year.
- On a pro forma basis, net income was \$9.2 million, or \$0.40 per diluted share, for the fourth quarter of 2011, which reflects a pro forma effective tax rate of 40%. Pro forma net income excludes stock-based compensation of \$0.5 million, amortization of \$0.7 million of acquisition-related intangible assets, \$0.4 million of reorganization costs, and net investment gains of \$0.4 million. This compares with pro forma net income of \$5.9 million, or \$0.26 per diluted share, for the same period in 2010, which reflects a pro forma tax rate of 40%. Pro forma net income for the fourth quarter of 2010 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.

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

"Revenue increased 11% in the quarter, which was in line with expectations, while operating margin and earnings per share exceeded guidance," said George F. Colony, Forrester's chairman and chief executive officer. "For the full year, we achieved revenue growth exceeding 13% and earningsper-share growth of over 18%."

"For 2012, we have realigned our sales force to simplify the sales process for our customers and to increase our sales productivity," said Colony. "We will continue to invest in client-facing and sales support systems. Our 2012 operating margin guidance reflects the incremental costs of facility and technology investments in 2011 and 2012."

Quarterly Dividend

Forrester also announced today that its Board of Directors has approved a quarterly dividend of \$0.14 per share payable March 21, 2012, to shareholders of record on March 7, 2012. "We believe the decision to institute a regular quarterly dividend provides an appropriate return to our shareholders," said Michael A. Doyle, Forrester's chief financial officer. "Our strong balance sheet and cash flow allow us to implement this regular quarterly dividend while at the same time leave us well positioned to continue to invest for innovation and growth."

Year Ended December 31, 2011, Financial Performance

- Total revenues were \$283.6 million for 2011, compared with \$250.7 million for 2010.
- On a GAAP basis, net income was \$23.0 million, or \$0.99 per diluted share, for 2011, compared with net income of \$20.5 million, or \$0.89 per diluted share, for 2010.
- On a pro forma basis, net income was \$29.4 million, or \$1.27 per diluted share, for 2011, which reflects a pro forma effective tax rate of 40%. Pro forma net income excludes stock-based compensation of \$3.6 million, amortization of \$2.6 million of acquisition-related intangible assets, \$3.9 million of duplicate lease costs, \$1.0 million. This compares with pro forma net income of \$24.8 million, or \$1.07 per diluted share for 2010, which reflects a pro forma tax rate of 40%. Pro forma net income for 2010 excludes stock-based compensation of \$4.9 million, amortization of \$3.6 million of acquisition-related intangible assets, \$0.9 million of \$4.9 million, amortization of \$3.6 million of acquisition-related intangible assets, \$0.1 million of acquisition-related credits, and net investment gains of \$2.3 million.

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

Forrester is providing first-quarter 2012 financial guidance as follows:

First-Quarter 2012 (GAAP):

- Total revenues of approximately \$68.5 million to \$71.5 million.
- Operating margin of approximately 3.5% to 5.5%.
- Other income, net of approximately \$0.2 million.
- An effective tax rate of 39%.
- Diluted earnings per share of approximately \$0.07 to \$0.11.

First-Quarter 2012 (Pro Forma):

Pro forma financial guidance for the first quarter of 2012 excludes stock-based compensation expense of \$1.1 million to \$1.3 million, amortization of acquisition-related intangible assets of approximately \$0.6 million, reorganization costs of \$1.3 million to \$1.5 million, and any investment gains or losses.

- Pro forma operating margin of approximately 8.0% to 10.0%.
- Pro forma effective tax rate of 39%.
- Pro forma diluted earnings per share of approximately \$0.15 to \$0.19.

Our full-year 2012 guidance is as follows:

Full-Year 2012 (GAAP):

- Total revenues of approximately \$308.0 million to \$316.0 million.
- Operating margin of approximately 11.0% to 12.0%.
- Other income, net of approximately \$0.8 million.
- An effective tax rate of 39%.
- Diluted earnings per share of approximately \$0.94 to \$1.00.

Full-Year 2012 (Pro Forma):

Pro forma financial guidance for full-year 2012 excludes stock-based compensation expense of \$4.5 million to \$5.0 million, amortization of acquisitionrelated intangible assets of approximately \$2.4 million, reorganization costs of \$1.3 million to \$1.5 million, and any investment gains or losses.

- Pro forma operating margin of approximately 14.0% to 15.0%.
- Pro forma effective tax rate of 39%.
- Pro forma diluted earnings per share of approximately \$1.16 to \$1.22.

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 roles at major companies providing proprietary research, customer insight, consulting, events, and peer-to-peer executive programs. For more than 28 years, Forrester has been making IT, marketing, and technology industry leaders successful every day. For more information, visit <u>www.forrester.com</u>.

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 2012 and future quarterly dividends. 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 retain and enrich memberships for its research products and services, technology spending, Forrester's ability to respond to business and economic conditions and market trends, the risks and challenges inherent in international business activities, competition and industry consolidation, the ability to attract and retain professional staff, Forrester's dependence on key personnel, and possible variations in Forrester's quarterly operating results. 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.

Forrester Research, Inc. Consolidated Statements of Income

(Unaudited, In thousands, except per share data)

2011 2010 2011 2010 Revenues: Research services \$ 50,518 \$ 45,445 \$ 191,648 \$ 198,668 $42,218$ Total revenues 24,132 21,671 91,968 $42,218$ 20,728 Operating expenses: 24,978 25,079 103,571 94,105 Cost of services and dufilitment 24,978 25,079 103,571 94,105 Selling and marketing 2,067 23,627 101,468 \$ 46,633 General and administrative 2,024 888 5,359 3,262 Amortization orbits 375 - 375 - Total operating expenses 61,216 60,046 246,619 219,976 Income from operations 13,434 7,070 36,997 30,750 Other income (expense), net 3577 (29) 630 1,249 Gains on investments, net 370 472 1,018 2,301 Income tax provision 5,264 3,384 5,0.99 2,063		Three months ended December 31,		Year ended December 31,	
Revenues: Research services Advisory services and other \$ 50,518 \$ 45,456 \$ 191,648 \$ 166,508 Operating expenses: Cost of services and fulfiment 24,132 21,671 91,968 62,218 Coperating expenses: Cost of services and fulfilment 24,978 25,077 103,571 94,105 General and administrative 8,008 9,647 33,284 33,360 Depreciation 2,024 888 5,369 3,628 Amorization of intangible assets 664 905 2,562 3,620 Reorganization costs 376 - - - - Total operating expenses 61,216 60,046 246,619 219,376 Income from operations 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 2,3010 Income before income taxs 14,161 7,513 38,45 34,300 Diluted income per share \$ 0.38 0.18					
Research services Advisory services and other \$ 50,518 \$ 45,445 \$ 191,648 \$ 168,508 Cost of services and fulfillment 24,132 21,671 91,868 82,218 Cost of services and fulfillment 24,078 25,079 103,571 94,105 Selling and marketing 25,067 23,627 101,468 84,663 General and administrative 8,108 9,547 33,244 33,960 Depreciation 2,024 888 5,559 3,628 Amordization of intangible assets 664 906 2,466,19 219,976 Income from operations 13,434 7,070 36,997 30,750 Other income (expense), net Gains on investments, net 357 (29) 630 1,249 Income before income taxes 14,161 7,513 3,8645 34,300 Diluted income per share \$ 0.38 \$ 0.18 \$ 0.99 0.89 Basic income per share \$ 0.39 \$ 0.48 \$ 1.02 \$ 0.91 Basic weighted average shares outstanding 22,646 22,643 </th <th></th> <th></th> <th></th> <th></th> <th></th>					
Advisory services and other Total revenues 24,132 74,650 21,671 67,116 91,968 223,616 82,218 250,726 Operating expenses: Cost of services and fulfilment Selling and marketing General and administrative Depresidion 24,978 25,067 25,079 23,627 103,571 101,468 94,663 94,663 General and administrative Depresidion 8,108 9,547 95,477 33,284 33,860 3,262 Amorization of intangible assets Total operating expenses 61,216 60,046 246,619 219,976 Income from operations 13,434 7,070 36,997 30,750 Other income (expense), net Gains on investments, net Income tax provision 5,284 5,8897 3,384 5,4129 15,635 5,20,507 Diluted income per share \$0,38 5,0,18 \$0,18 5,20,507 \$0,290 5,0,89 \$0,89 Diluted weighted average shares outstanding 22,3,118 23,134 23,164 23,063 23,063 Basic income per share \$0,39 5,0,39 \$0,897 5,0,70 \$3,0,700 5,3,0,97 \$3,0,700 Nortization and integration costs \$13,434 \$7,070 \$3,697 7,70 \$3,0,700 Basic income per share \$0,39 5,0,38 \$0,18 5,3,72 \$1,02 5,0,9	Revenues:				
Total revenues $74,650$ $67,116$ $283,616$ $250,726$ Operating expenses: Cost of services and fulfilment Selling and marketing General and administrative B,108 $24,978$ $25,079$ $103,571$ $94,105$ General and administrative B,108 $9,647$ $33,284$ $33,960$ Depreciation $2,024$ 888 $5,559$ $3,528$ Amortization of intangible assets Reorganization costs 375 -375 -375 -375 Total operating expenses $61,216$ $60,046$ $246,618$ $219,976$ Income from operations $13,434$ $7,070$ $36,997$ $30,750$ Other income (expense), net Gains on investments, net 357 (29) 630 $1,249$ Income tax provision Net Income before income taxes $52,644$ $3,384$ $15,635$ $13,793$ Net Income Par share $$0.38$ $$0.18$ $$0.99$ $$0.89$ Diluted weighted average shares outstanding $23,118$ $23,144$ $23,010$ $$$0,2507$ Basic income per share $$0.39$ $$0.18$	Research services	\$ 50,518	\$ 45,445	\$ 191,648	\$ 168,508
Operating expense: 24,978 25,079 103,571 94,105 Selling and marketing 25,067 23,627 101,468 84,663 General and administrative 8,108 9,647 33,284 33,660 Depreciation 2,024 888 5,359 3,628 Amontization of intangible assets 664 905 2,662 3,820 Reorganization costs 375 - 375 - Total operating expenses 61,216 60,046 246,619 219,976 Income from operations 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 Income before income taxes 14,161 7,513 38,645 34,300 Income tax provision 5.264 3,384 15,635 13,793 Net Income \$ 0,38 0.18 \$ 0.099 0.089 Diluted weighted average	Advisory services and other	24,132	21,671	91,968	82,218
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 Amoritzation costs 275 - 375 - Total operating expenses 61,216 60,046 246,619 219,976 Income from operations 13,434 7,070 36,997 30,750 Other income (expense), net 370 472 1,018 2,301 Income tax provision 5,264 3,384 15,635 13,793 Net Income \$ 0.38 \$ 0.18 \$ 0.99 \$ 0.89 Diluted weighted average shares outstanding 23,118 23,134 23,164 23,063 Basic weighted average shares outstanding 22,646 22,543 22,666 22,478 Pro forma data (1): Income from operations \$ 13,434	Total revenues	74,650	67,116	283,616	250,726
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 Amoritzation costs 275 - 375 - Total operating expenses 61,216 60,046 246,619 219,976 Income from operations 13,434 7,070 36,997 30,750 Other income (expense), net 370 472 1,018 2,301 Income tax provision 5,264 3,384 15,635 13,793 Net Income \$ 0.38 \$ 0.18 \$ 0.99 \$ 0.89 Diluted weighted average shares outstanding 23,118 23,134 23,164 23,063 Basic weighted average shares outstanding 22,646 22,543 22,666 22,478 Pro forma data (1): Income from operations \$ 13,434	Operating expenses:				
Selling and marketing 25,067 23,627 101,468 84,663 General and administrative 8,108 9,547 33,224 33,960 Depreciation 2,024 888 5,359 3,620 Reorganization costs 375 375 375 Total operating expenses 61,216 60,046 246,619 219,976 Income from operations 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 2,3010 \$ 20,507 Diluted income per share \$ 0,38 \$ 0.18 \$ 0.99 \$ 0.89 0.89 Diluted income per share \$ 0.38 \$ 0.18 \$ 1.02 \$ 0.91 8 3.60 Basic income per share \$ 0.39 \$ 0.18 \$ 1.02 \$ 0.91 8 3.620 Diluted income per share \$ 0.39 \$ 0.18 \$ 1.02 \$ 0.91 8 3.620 Basic weighted average shares outstanding 22.646 22.543		24.978	25.079	103.571	94,105
General and administrative 8,108 9,547 33,284 33,860 Depreciation 2,024 888 5,359 3,628 Amonization costs 375 - 375 - Total operating expenses 61,216 60,046 246,619 219,976 Income from operations 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 Income tax provision 5,264 3,384 15,635 13,793 Net Income \$ 0,38 \$ 0.18 \$ 0.99 \$ 0.89 Diluted income per share \$ 0.38 \$ 0.18 \$ 0.99 \$ 0.89 Diluted weighted average shares outstanding 22,646 22,543 22,666 22,478 Pro forma data (1): Income from operations \$ 13,434 \$ 7,070 \$ 36,997 \$ 3,750 Amonization oni intangible assets 0 \$ 13,434 \$ 7,070 \$ 36,997 \$ 3,620			,	-	,
Depreciation 2,024 888 5,359 3,628 Amortization of intangible assets 664 905 2,562 3,620 Reorganization costs 375 - 375 - 375 - 1219,976 Income from operations 13,434 7,070 36,997 30,750 0 Other income (expense), net 357 (29) 630 1,249 6 Gains on investments, net 370 472 1,018 2,301 \$ 2,057 Diluted income per share \$ 0.38 \$ 0.18 \$ 0.99 \$ 0.89 Diluted weighted average shares outstanding 23,118 23,144 23,063 \$ 0.99 \$ 0.89 Diluted weighted average shares outstanding 22,646 22,543 22,666 22,478 Pro forma data (1): Income from operations \$ 13,434 \$ 7,070 \$ 36,997 \$ 30,750 Amortization costs - 375 -	0 0		-	-	
Amortization of intangible assets 664 905 $2,562$ $3,620$ Reorganization costs 375 $ 216,619$ $219,976$ Income from operations $13,434$ $7,070$ $36,997$ $30,750$ Other income (expense), net 357 (29) 630 1.249 Gains on investments, net 357 (29) 630 1.249 Income before income taxes $114,161$ $7,513$ $38,645$ $34,300$ Income tax provision 5.264 $3,384$ 5.039 5.045 Net Income 5.038 5.018 $5.0.99$ 5.089 Diluted income per share 5.038 5.018 $5.0.99$ 5.089 Diluted weighted average shares outstanding $22,646$ $22,543$ $22,666$ $22,478$ Pro forma data (1): Income from operations $513,434$ $7,070$ $36,997$ $30,750$ Amortization costs 375 $ 375$ $ 375$ $-$ Income from operations $513,434$ $7,070$ $36,997$ $30,750$ 5		-	,	,	
Reorganization costs 375 $ 375$ $ 375$ $-$ Total operating expenses $61,216$ $60,046$ $246,619$ $219,976$ Income from operations $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$ Income before income taxes $14,161$ $7,513$ $38,645$ $34,300$ Income tax provision $5,264$ $3,384$ $15,635$ $13,793$ Net Income \$ 0.38 \$ 0.18 \$ 0.99 \$ 0.89 Diluted income per share \$ 0.38 \$ 0.18 \$ 0.99 \$ 0.89 Diluted weighted average shares outstanding $22,148$ $22,646$ $22,543$ $22,666$ $22,478$ Pro forma data (1): Income from operations \$ 13,434 \$ 7,070 \$ 36,997 \$ 30,750 Amortization costs 375 - 375 - 355 - Reorganization costs 375 - 357 -	•	-		-	
Total operating expenses $\overline{61.216}$ $\overline{60.046}$ $\overline{246,619}$ $\overline{219.976}$ Income from operations 13,434 7,070 36,997 30,750 Other income (expense), net 357 (29) 630 1.249 Gains on investments, net 3770 472 1,018 2.301 Income before income taxes 14,161 7,513 38,645 34,300 Income tax provision $5,264$ 3,384 15,635 13,793 Net Income \$ 0.38 0.18 \$ 0.99 0.89 Diluted income per share \$ 0.38 \$ 0.18 \$ 0.99 \$ 0.89 Diluted weighted average shares outstanding 22,646 22,543 22,666 22,476 Pro forma data (1): Income from operations \$ 13,434 \$ 7,070 \$ 36,997 \$ 30,750 Amortization of intangible assets 64 905 2,562 3,820 Dupicate lease costs 375 - 375 - Acquisition and integration costs (credits) - 256 986	-		-		
Income from operations $13,434$ $7,070$ $36,997$ $30,750$ Other income (expense), net Gains on investments, net Income before income taxes 357 (29) 630 $1,249$ Income before income taxes $14,161$ $7,513$ $38,645$ $34,300$ Income tax provision Net Income $5,264$ $3,384$ $15,635$ $13,793$ Diluted income per share $\$$ 0.38 $\$$ 0.18 $$0.999$ 0.89 Diluted weighted average shares outstanding $23,118$ $23,134$ $23,164$ $23,063$ Basic income per share $\$$ 0.39 $\$$ 0.18 $$1.02$ $$0.91$ Basic weighted average shares outstanding $22,646$ $22,543$ $22,666$ $22,478$ Pro forma data (1): Income from operations $\$$ $13,434$ $\$$ $7,070$ $\$$ $36,997$ $$30,750$ Acquisition and integration costs -375 -375 -375 -375 -375 -375 -375 -375 -375 -375 -375 -375 -375 -375 -375 $-$	-		60.046		219 976
Other income (expense), net Gains on investments, net Income before income taxes 357 (29) 630 $1,249$ Income before income taxes 370 472 $1,018$ $2,301$ Income before income taxes $5,264$ $3,384$ $15,635$ $13,793$ Net Income $$2,0507$ $$1,129$ $$2,0101$ $$2,0507$ Diluted income per share $$0.38$ $$0.18$ $$0.99$ $$0.89$ Diluted weighted average shares outstanding $23,118$ $23,134$ $23,164$ $23,063$ Basic income per share $$0.39$ $$0.18$ $$1.02$ $$0.91$ Basic weighted average shares outstanding $22,646$ $22,543$ $22,666$ $22,478$ Pro forma data (1): Income from operations Amortization of intangible assets 664 905 $2,622$ $3,620$ Duplicate lease costs 375 -375		01,210	00,040	240,013	215,570
Gains on investments, net Income before income taxes 370 472 $1,018$ $2,301$ Income before income taxes $14,161$ $7,513$ $38,645$ $34,300$ Income tax provision $5,264$ $3,384$ $15,635$ $13,793$ Net Income $\$$ 0.38 $\$$ 0.18 $\$$ 0.99 $\$$ 0.89 Diluted income per share $\$$ 0.38 $\$$ 0.18 $\$$ 0.99 $\$$ 0.89 Diluted weighted average shares outstanding $23,118$ $23,134$ $23,164$ $23,063$ Basic income per share $\$$ 0.39 $\$$ 0.18 $\$$ 1.02 $\$$ 0.91 Basic weighted average shares outstanding $22,646$ $22,543$ $22,666$ $22,478$ Pro forma data (1): Income from operations $\$$ $13,434$ $\$$ $7,070$ $\$$ $36,997$ $\$$ $30,750$ Amortization of intangible assets -664 905 $2,562$ $3,620$ $7(7)$ </td <td>Income from operations</td> <td>13,434</td> <td>7,070</td> <td>36,997</td> <td>30,750</td>	Income from operations	13,434	7,070	36,997	30,750
Income before income taxes $14,161$ $7,513$ $38,645$ $34,300$ Income tax provision $5,264$ $3,384$ $15,635$ $13,793$ Net Income $$5,264$ $3,384$ $15,635$ $13,793$ Diluted income per share $$5,038$ $$0.18$ $$0.99$ $$0.89$ Diluted weighted average shares outstanding $23,118$ $23,134$ $23,164$ $23,063$ Basic income per share $$5,0.39$ $$0.18$ $$1.02$ $$0.91$ Basic weighted average shares outstanding $22,646$ $22,543$ $22,666$ $22,478$ Pro forma data (1): Income from operations $$13,434$ $$7,070$ $$36,997$ $$30,750$ Duplicate lease costs -487 $3,850$ 875 -375 <td></td> <td>357</td> <td>()</td> <td>630</td> <td>-</td>		357	()	630	-
Income tax provision $5,264$ $3,384$ $15,635$ $13,793$ Net Income\$ 8,897\$ 4,129\$ 23,010\$ 20,507Diluted income per share\$ 0.38\$ 0.18\$ 0.99\$ 0.89Diluted weighted average shares outstanding $23,118$ $23,134$ $23,164$ $23,063$ Basic income per share\$ 0.39\$ 0.18\$ 1.02\$ 0.91Basic weighted average shares outstanding $22,646$ $22,543$ $22,666$ $22,478$ Pro forma data (1): $22,646$ $22,543$ $22,666$ $22,478$ Income from operations Amortization of intangible assets\$ 13,434\$ 7,070\$ 36,997\$ 30,750Dulicate lease costs -487 $3,850$ 875 Reorganization costs -375 -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 General and administrative 165 447 $1,247$ $1,837$ Pro forma income from operations $15,022$ $9,906$ $48,412$ $40,049$ Other income tax provision $6,151$ $3,951$ $19,617$ $16,519$ Pro forma net income\$ 9,228\$ 5,926\$ 29,425\$ 24,779Pro forma at income per share\$ 0.40\$ 0.26\$ 1.27\$ 1.07	Gains on investments, net	370	472	1,018	2,301
Net Income \$ 8,897 \$ 4,129 \$ 23,010 \$ 20,507 Diluted income per share \$ 0.38 \$ 0.18 \$ 0.99 \$ 0.89 Diluted weighted average shares outstanding 23,118 23,134 23,164 23,063 Basic income per share \$ 0.39 \$ 0.18 \$ 1.02 \$ 0.91 Basic weighted average shares outstanding 22,646 22,543 22,666 22,478 Pro forma data (1): Income from operations \$ 13,434 \$ 7,070 \$ 36,997 \$ 30,750 Amortization of intangible assets 664 905 2,562 3,620 Duplicate lease costs 375 - 375 - Acquisition and integration costs (credits) - 256 986 (70) Stock-based compensation included in the following expense categories: - 165 447 1,247 1,837 Pro forma income from operations 15,022 9,906 48,412 40,049 0 Other income (expense), net 357 (29) 630 1,249 41,298	Income before income taxes	14,161	7,513	38,645	34,300
Diluted income per share $$ 0.38$ $$ 0.18$ $$ 0.99$ $$ 0.89$ Diluted weighted average shares outstanding $23,118$ $23,134$ $23,164$ $23,063$ Basic income per share $$ 0.39$ $$ 0.18$ $$ 1.02$ $$ 0.91$ Basic weighted average shares outstanding $22,646$ $22,543$ $22,666$ $22,478$ Pro forma data (1):Income from operations $$ 13,434$ $$ 7,070$ $$ 36,997$ $$ 30,750$ Amortization of intangible assets 664 905 $2,562$ $3,620$ Duplicate lease costs 375 $ 375$ $-$ Acquisition and integration costs (credits) $ 256$ 986 (70)Stock-based compensation included in the following expense categories: $ 256$ 986 (70)Cost of services and fulfillment 319 507 $1,644$ $2,094$ Selling and marketing 65 234 751 943 General and administrative $15,022$ $9,906$ $48,412$ $40,049$ Other income from operations $15,022$ $9,906$ $48,412$ $40,049$ Other income tax provision $6,151$ $3,951$ $19,617$ $16,519$ Pro forma income tax provision $6,151$ $3,926$ $$ 29,425$ $$ 24,779$ Pro forma diluted income per share $$ 0.40$ $$ 0.26$ $$ 1.27$ $$ 1.07$	Income tax provision	5,264	3,384	15,635	13,793
Diluted weighted average shares outstanding $23,118$ $23,134$ $23,164$ $23,063$ Basic income per share\$ 0.39\$ 0.18\$ 1.02\$ 0.91Basic weighted average shares outstanding $22,646$ $22,543$ $22,666$ $22,478$ Pro forma data (1):Income from operations\$ 13,434\$ 7,070\$ 36,997\$ 30,750Amortization of intangible assets 664 905 $2,562$ $3,620$ Duplicate lease costs -487 $3,850$ 875 Reorganization costs -375 -375 -375 Acquisition and integration costs (credits) -256 986 (70)Stock-based compensation included in the following expense categories: -23447 $-1,247$ $-1,837$ Pro forma income from operations $15,022$ $9,906$ $48,412$ $40,049$ Other income (expense), net -357 (29) 630 $-1,249$ Pro forma income tax provision $6,151$ $3,951$ $19,617$ $16,519$ Pro forma income tax provision $6,151$ $3,951$ $19,617$ $16,519$ Pro forma net income\$ 9,228\$ 5,926\$ 29,425\$ 24,779Pro forma diluted income per share\$ 0.40\$ 0.26\$ 1.27\$ 1.07	Net Income	\$ 8,897	\$ 4,129	\$ 23,010	\$ 20,507
Basic income per share\$ 0.39\$ 0.18\$ 1.02\$ 0.91Basic weighted average shares outstanding $22,646$ $22,543$ $22,666$ $22,478$ Pro forma data (1):Income from operations\$ 13,434\$ 7,070\$ 36,997\$ 30,750Amortization of intangible assets 664 905 $2,562$ $3,620$ Duplicate lease costs -487 $3,850$ 875 Reorganization costs 375 -375 -375 Acquisition and integration costs (credits) -256 986 (70) Stock-based compensation included in the following expense categories: 234 751 943 General and administrative 165 447 $1,247$ $1,837$ Pro forma income from operations $15,022$ $9,906$ $48,412$ $40,049$ Other income (expense), net 357 (29) 630 $1,249$ Pro forma income tax provision $6,151$ $3,951$ $19,617$ $16,519$ Pro forma net income\$ 9,228\$ 5,926\$ 29,425\$ 24,779Pro forma diluted income per share\$ 0.40\$ 0.26\$ 1.27\$ 1.07	Diluted income per share	\$ 0.38	\$ 0.18	\$ 0.99	\$ 0.89
Basic weighted average shares outstanding 22,646 22,543 22,666 22,478 Pro forma data (1): 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: - 256 986 (70) Selling and marketing 65 234 751 943 General and administrative 165 447 1,247 1,837 Pro forma income from operations 15,022 9,906 48,412 40,049 Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma ante income \$ 9,228 <td>Diluted weighted average shares outstanding</td> <td>23,118</td> <td>23,134</td> <td>23,164</td> <td>23,063</td>	Diluted weighted average shares outstanding	23,118	23,134	23,164	23,063
Pro forma data (1):Income from operations\$ 13,434\$ 7,070\$ 36,997\$ 30,750Amortization 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: $ 256$ 986 (70) Cost of services and fulfilment 319 507 $1,644$ $2,094$ Selling and marketing 65 234 751 943 General and administrative 165 447 $1,247$ $1,837$ Pro forma income from operations $15,022$ $9,906$ $48,412$ $40,049$ Other income (expense), net 357 (29) 630 $1,249$ Pro forma income before income taxes $15,379$ $9,877$ $49,042$ $41,298$ Pro forma income tax provision $6,151$ $3,951$ $19,617$ $16,519$ Pro forma net income $$ 9,228$ $$ 5,926$ $$ 29,425$ $$ 24,779$ Pro forma diluted income per share $$ 0.40$ $$ 0.26$ $$ 1.27$ $$ 1.07$	Basic income per share	\$ 0.39	\$ 0.18	\$ 1.02	\$ 0.91
Income from operations\$ 13,434\$ 7,070\$ 36,997\$ 30,750Amortization 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: $ 256$ 986 (70) Cost of services and fulfillment 319 507 $1,644$ $2,094$ Selling and marketing 65 234 751 943 General and administrative 165 447 $1,247$ $1,837$ Pro forma income from operations $15,022$ $9,906$ $48,412$ $40,049$ Other income (expense), net 357 (29) 630 $1,249$ Pro forma income tax provision $6,151$ $3,951$ $19,617$ $16,519$ Pro forma net income $$ 9,228$ $$ 5,926$ $$ 29,425$ $$ 24,779$ Pro forma diluted income per share $$ 0.40$ $$ 0.26$ $$ 1.27$ $$ 1.07$	Basic weighted average shares outstanding	22,646	22,543	22,666	22,478
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: - 256 234 751 943 General and marketing 65 234 751 943 165 447 1,247 1,837 Pro forma income from operations 15,022 9,906 48,412 40,049 Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07	Pro forma data (1):				
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: - 256 234 751 943 General and marketing 65 234 751 943 165 447 1,247 1,837 Pro forma income from operations 15,022 9,906 48,412 40,049 Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07	Income from operations	\$ 13 434	\$ 7 070	\$ 36 997	\$ 30 750
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: - 256 986 (70) Stock-based compensation included in the following expense categories: - 256 234 751 943 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 Pro forma income from operations 15,022 9,906 48,412 40,049 Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0					
Reorganization costs 375 - 375 - Acquisition and integration costs (credits) - 256 986 (70) Stock-based compensation included in the following expense categories: - 257 1,644 2,094 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 Pro forma income from operations 15,022 9,906 48,412 40,049 Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07	-	-			-
Acquisition and integration costs (credits) - 256 986 (70) Stock-based compensation included in the following expense categories: 319 507 1,644 2,094 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 Pro forma income from operations 15,022 9,906 48,412 40,049 Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07		375	-	-	-
Stock-based compensation included in the following expense categories: 319 507 1,644 2,094 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 Pro forma income from operations 15,022 9,906 48,412 40,049 Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07	-	-	256		(70)
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 Pro forma income from operations 15,022 9,906 48,412 40,049 Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07	Stock-based compensation included in the		200		(10)
Selling and marketing 65 234 751 943 General and administrative 165 447 1,247 1,837 Pro forma income from operations 15,022 9,906 48,412 40,049 Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07		310	507	1 644	2 094
General and administrative 165 447 1,247 1,837 Pro forma income from operations 15,022 9,906 48,412 40,049 Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07					
Other income (expense), net 357 (29) 630 1,249 Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07					
Pro forma income before income taxes 15,379 9,877 49,042 41,298 Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07	Pro forma income from operations	15,022	9,906	48,412	40,049
Pro forma income tax provision 6,151 3,951 19,617 16,519 Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07	Other income (expense), net	357	(29)	630	1,249
Pro forma net income \$ 9,228 \$ 5,926 \$ 29,425 \$ 24,779 Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07					
Pro forma diluted income per share \$ 0.40 \$ 0.26 \$ 1.27 \$ 1.07	Pro forma income tax provision	6,151	3,951	19,617	16,519
	Pro forma net income	\$ 9,228	\$ 5,926	\$ 29,425	\$ 24,779
Diluted weighted average shares outstanding 23,118 23,134 23,164 23,063	Pro forma diluted income per share	<u>\$0.40</u>	\$ 0.26	<u>\$ 1.27</u>	<u>\$ 1.07</u>
	Diluted weighted average shares outstanding	23,118	23,134	23,164	23,063

(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.

\$147,887

\$131,521

Forrester Research, Inc.

Consolidated Balance Sheet and Cash Flow Data

(Unaudited, In thousands)

Deferred revenue

	December 31,		
	2011	2010	
Balance sheet data:			
Cash, cash equivalents and marketable investments	\$227,603	\$216,034	
Accounts receivable, net	\$81,378	\$ 73,574	

	Year ended December 31,		
	2011	2010	
Cash flow data:			
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)	

© 2012, Forrester Research, Inc. All rights reserved. Forrester is a trademark of Forrester Research, Inc.

Source: Forrester Research, Inc.

Forrester Research, Inc. Michael Doyle, +1 617-613-6000 Chief Financial Officer mdoyle@forrester.com or Forrester Research, Inc. Jon Symons, +1 617-613-6104 Director, Media Relations press@forrester.com