

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues:				
Research services	\$ 51,072	\$ 47,341	\$ 100,832	\$ 91,888
Advisory services and other	28,021	26,109	48,521	47,304
Total revenues	79,093	73,450	149,353	139,192
Operating expenses:				
Cost of services and fulfillment	29,828	28,024	56,766	53,522
Selling and marketing	26,267	26,009	51,400	51,474
General and administrative	8,645	8,330	18,256	17,248
Depreciation	2,255	945	4,248	1,915
Amortization of intangible assets	586	526	1,200	1,219
Reorganization costs	51	-	1,394	-
Total operating expenses	67,632	63,834	133,264	125,378
Income from operations	11,461	9,616	16,089	13,814
Other income (expense), net	130	4	539	(105)
Gains on investments, net	84	58	143	640
Income before income taxes	11,675	9,678	16,771	14,349
Income tax provision	3,906	4,208	5,821	5,968
Net income	\$ 7,769	\$ 5,470	\$ 10,950	\$ 8,381
Diluted income per share	<u>\$ 0.34</u>	<u>\$ 0.24</u>	<u>\$ 0.47</u>	<u>\$ 0.36</u>
Diluted weighted average shares outstanding	<u>23,023</u>	<u>23,203</u>	<u>23,098</u>	<u>23,227</u>
Basic income per share	<u>\$ 0.34</u>	<u>\$ 0.24</u>	<u>\$ 0.48</u>	<u>\$ 0.37</u>
Basic weighted average shares outstanding	<u>22,583</u>	<u>22,684</u>	<u>22,660</u>	<u>22,698</u>
Pro forma data (1):				
Income from operations	\$ 11,461	\$ 9,616	\$ 16,089	\$ 13,814
Amortization of intangible assets	586	526	1,200	1,219
Duplicate lease costs	-	1,523	-	2,986
Reorganization costs	51	-	1,394	-
Acquisition and integration costs	-	528	-	899
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	725	32	1,378	647
Selling and marketing	207	53	431	392
General and administrative	257	158	703	642
Pro forma income from operations	13,287	12,436	21,195	20,599
Other income (expense), net	130	4	539	(105)
Pro forma income before income taxes	13,417	12,440	21,734	20,494
Pro forma income tax provision	5,233	4,976	8,477	8,198
Pro forma net income	\$ 8,184	\$ 7,464	\$ 13,257	\$ 12,296
Pro forma diluted income per share	<u>\$ 0.36</u>	<u>\$ 0.32</u>	<u>\$ 0.57</u>	<u>\$ 0.53</u>
Diluted weighted average shares outstanding	<u>23,023</u>	<u>23,203</u>	<u>23,098</u>	<u>23,227</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>June 30, 2012</u>	<u>December 31, 2011</u>
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 246,126	\$ 227,603
Accounts receivable, net	\$ 47,545	\$ 81,378
Deferred revenue	\$ 134,550	\$ 147,887

	<u>Six Months Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Cash flow data:		
Net cash provided by operating activities	\$ 39,399	\$ 38,143
Cash used for acquisitions	\$ -	\$ (7,031)
Purchases of property and equipment	\$ (3,245)	\$ (26,100)
Repurchases of common stock	\$ (17,052)	\$ (13,395)
Dividends paid	\$ (6,356)	\$ -