

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, In thousands, except per share data)

	Three months ended December 31,		Year ended December 31,	
	2012	2011	2012	2011
Revenues:				
Research services	\$ 51,866	\$ 50,518	\$ 202,998	\$ 191,648
Advisory services and other	23,200	24,132	89,932	91,968
Total revenues	75,066	74,650	292,930	283,616
Operating expenses:				
Cost of services and fulfillment	28,726	24,978	111,228	103,571
Selling and marketing	25,681	25,067	101,390	101,468
General and administrative	10,199	8,108	36,866	33,284
Depreciation	2,411	2,024	8,921	5,359
Amortization of intangible assets	666	664	2,445	2,562
Reorganization costs (credits)	(10)	375	1,421	375
Total operating expenses	67,673	61,216	262,271	246,619
Income from operations	7,393	13,434	30,659	36,997
Other income, net	404	357	1,300	630
Gains on investments, net	11	370	301	1,018
Income before income taxes	7,808	14,161	32,260	38,645
Income tax provision	3,107	5,264	6,236	15,635
Net Income	\$ 4,701	\$ 8,897	\$ 26,024	\$ 23,010
Diluted income per share	\$ 0.21	\$ 0.38	\$ 1.13	\$ 0.99
Diluted weighted average shares outstanding	22,652	23,118	22,929	23,164
Basic income per share	\$ 0.21	\$ 0.39	\$ 1.16	\$ 1.02
Basic weighted average shares outstanding	22,282	22,646	22,500	22,666
Pro forma data (1):				
Income from operations	\$ 7,393	\$ 13,434	\$ 30,659	\$ 36,997
Amortization of intangible assets	666	664	2,445	2,562
Duplicate lease costs	-	-	-	3,850
Reorganization costs (credits)	(10)	375	1,421	375
Acquisition-related and integration costs	569	-	569	986
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	872	319	3,085	1,644
Selling and marketing	256	65	894	751
General and administrative	348	165	1,418	1,247
Pro forma income from operations	10,094	15,022	40,491	48,412
Other income, net	404	357	1,300	630
Pro forma income before income taxes	10,498	15,379	41,791	49,042
Pro forma income tax provision	4,094	6,151	16,298	19,617
Pro forma net income	\$ 6,404	\$ 9,228	\$ 25,493	\$ 29,425
Pro forma diluted income per share	\$ 0.28	\$ 0.40	\$ 1.11	\$ 1.27
Diluted weighted average shares outstanding	22,652	23,118	22,929	23,164

(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 credits 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.