

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, In thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Revenues:				
Research services	\$ 47,341	\$ 40,752	\$ 91,888	\$ 80,168
Advisory services and other	26,109	23,901	47,304	43,665
Total revenues	<u>73,450</u>	<u>64,653</u>	<u>139,192</u>	<u>123,833</u>
Operating expenses:				
Cost of services and fulfillment	28,024	24,300	53,522	46,627
Selling and marketing	26,009	20,720	51,474	40,808
General and administrative	8,330	7,720	17,248	14,924
Depreciation	945	879	1,915	1,797
Amortization of intangible assets	526	905	1,219	1,810
Total operating expenses	<u>63,834</u>	<u>54,524</u>	<u>125,378</u>	<u>105,966</u>
Income from operations	9,616	10,129	13,814	17,867
Other income (expense), net	4	1,148	(105)	2,223
Gains from investments, net	58	27	640	452
Income before income taxes	9,678	11,304	14,349	20,542
Income tax provision	4,208	4,402	5,968	7,868
Net Income	<u>\$ 5,470</u>	<u>\$ 6,902</u>	<u>\$ 8,381</u>	<u>\$ 12,674</u>
Diluted income per share	<u>\$ 0.24</u>	<u>\$ 0.30</u>	<u>\$ 0.36</u>	<u>\$ 0.55</u>
Diluted weighted average shares outstanding	<u>23,203</u>	<u>23,135</u>	<u>23,227</u>	<u>23,006</u>
Basic income per share	<u>\$ 0.24</u>	<u>\$ 0.31</u>	<u>\$ 0.37</u>	<u>\$ 0.56</u>
Basic weighted average shares outstanding	<u>22,684</u>	<u>22,517</u>	<u>22,698</u>	<u>22,453</u>
Pro forma data (1):				
Income from operations	\$ 9,616	\$ 10,129	\$ 13,814	\$ 17,867
Amortization of intangible assets	526	905	1,219	1,810
Duplicate lease costs	1,523	-	2,986	-
Acquisition and integration costs (credits)	528	-	899	(326)
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	32	607	647	1,056
Selling and marketing	53	227	392	471
General and administrative	158	589	642	1,002
Pro forma income from operations	12,436	12,457	20,599	21,880
Other income (expense), net	4	1,148	(105)	2,223
Pro forma income before income taxes	12,440	13,605	20,494	24,103
Pro forma income tax provision	4,976	5,442	8,198	9,641
Pro forma net income	<u>\$ 7,464</u>	<u>\$ 8,163</u>	<u>\$ 12,296</u>	<u>\$ 14,462</u>
Pro forma diluted income per share	<u>\$ 0.32</u>	<u>\$ 0.35</u>	<u>\$ 0.53</u>	<u>\$ 0.63</u>
Diluted weighted average shares outstanding	<u>23,203</u>	<u>23,135</u>	<u>23,227</u>	<u>23,006</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. Our pro forma presentation excludes amortization of acquisition-related intangible assets, duplicate lease costs, costs or (credits) associated with acquisition activities, stock-based compensation 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.