

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

(Unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
<b>Revenues:</b>				
Research services	\$ 50,512	\$ 51,072	\$ 100,890	\$ 100,832
Advisory services and other	27,652	28,021	48,773	48,521
<b>Total revenues</b>	<u>78,164</u>	<u>79,093</u>	<u>149,663</u>	<u>149,353</u>
<b>Operating expenses:</b>				
Cost of services and fulfillment	30,786	29,828	57,813	56,766
Selling and marketing	26,789	26,267	53,846	51,400
General and administrative	8,420	8,645	17,907	18,256
Depreciation	2,302	2,255	4,662	4,248
Amortization of intangible assets	554	586	1,113	1,200
Reorganization costs	314	51	1,905	1,394
<b>Total operating expenses</b>	<u>69,165</u>	<u>67,632</u>	<u>137,246</u>	<u>133,264</u>
<b>Income from operations</b>	8,999	11,461	12,417	16,089
Other income, net	255	130	631	539
Gains (losses) on investments, net	(51)	84	(102)	143
<b>Income before income taxes</b>	<u>9,203</u>	<u>11,675</u>	<u>12,946</u>	<u>16,771</u>
Income tax provision	3,581	3,906	4,983	5,821
<b>Net Income</b>	<u>\$ 5,622</u>	<u>\$ 7,769</u>	<u>\$ 7,963</u>	<u>\$ 10,950</u>
Diluted income per share	<u>\$ 0.26</u>	<u>\$ 0.34</u>	<u>\$ 0.36</u>	<u>\$ 0.47</u>
Diluted weighted average shares outstanding	<u>21,747</u>	<u>23,023</u>	<u>22,202</u>	<u>23,098</u>
Basic income per share	<u>\$ 0.26</u>	<u>\$ 0.34</u>	<u>\$ 0.37</u>	<u>\$ 0.48</u>
Basic weighted average shares outstanding	<u>21,256</u>	<u>22,583</u>	<u>21,781</u>	<u>22,660</u>
<b>Pro forma data (1):</b>				
Income from operations	\$ 8,999	\$ 11,461	\$ 12,417	\$ 16,089
Amortization of intangible assets	554	586	1,113	1,200
Reorganization costs	314	51	1,905	1,394
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	743	725	1,647	1,378
Selling and marketing	150	207	572	431
General and administrative	(25)	257	509	703
<b>Pro forma income from operations</b>	10,735	13,287	18,163	21,195
Other income, net	255	130	631	539
Pro forma income before income taxes	<u>10,990</u>	<u>13,417</u>	<u>18,794</u>	<u>21,734</u>
Pro forma income tax provision	<u>4,286</u>	<u>5,233</u>	<u>7,330</u>	<u>8,477</u>
<b>Pro forma net income</b>	<u>\$ 6,704</u>	<u>\$ 8,184</u>	<u>\$ 11,464</u>	<u>\$ 13,257</u>
Pro forma diluted income per share	<u>\$ 0.31</u>	<u>\$ 0.36</u>	<u>\$ 0.52</u>	<u>\$ 0.57</u>
Diluted weighted average shares outstanding	<u>21,747</u>	<u>23,023</u>	<u>22,202</u>	<u>23,098</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, 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.**  
**Key Financial Data**

(Unaudited, dollars in thousands)

	<u>June 30, 2013</u>	<u>December 31, 2012</u>
<b>Balance sheet data:</b>		
Cash, cash equivalents and marketable investments	\$ 187,553	\$ 242,656
Accounts receivable, net	\$ 39,785	\$ 74,623
Deferred revenue	\$ 136,803	\$ 150,479

	<u>Six Months Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>
<b>Cash flow data:</b>		
Net cash provided by operating activities	\$ 37,231	\$ 39,399
Purchases of property and equipment	\$ (1,267)	\$ (3,245)
Repurchases of common stock	\$ (92,083)	\$ (17,052)
Dividends paid	\$ (6,414)	\$ (6,356)

	<u>As of June 30,</u>	
	<u>2013</u>	<u>2012</u>
<b>Metrics:</b>		
Agreement value	\$ 211,025	\$ 221,555
Client retention	76%	79%
Dollar retention	89%	91%
Enrichment	95%	98%
Number of clients	2,451	2,546

	<u>As of June 30,</u>	
	<u>2013</u>	<u>2012</u>
<b>Headcount:</b>		
Total headcount	1,235	1,206
Research staff	442	440
Sales staff	469	437