

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, in thousands, except per share data)

	Three Months Ended	
	March 31,	
	2014	2013
Revenues:		
Research services	\$ 50,793	\$ 50,278
Advisory services and other	22,278	21,083
Total revenues	<u>73,071</u>	<u>71,361</u>
Operating expenses:		
Cost of services and fulfillment	29,480	27,027
Selling and marketing	29,883	27,057
General and administrative	9,527	9,487
Depreciation	2,773	2,360
Amortization of intangible assets	539	559
Reorganization costs	849	1,591
Total operating expenses	<u>73,051</u>	<u>68,081</u>
Income from operations	20	3,280
Other income (loss), net	(64)	376
Gains (losses) on investments, net	37	(200)
Income (loss) before income taxes	<u>(7)</u>	<u>3,456</u>
Income tax provision	59	1,287
Net income (loss)	<u>\$ (66)</u>	<u>\$ 2,169</u>
Diluted income per share	<u>\$ -</u>	<u>\$ 0.10</u>
Diluted weighted average shares outstanding	<u>19,613</u>	<u>22,658</u>
Basic income per share	<u>\$ -</u>	<u>\$ 0.10</u>
Basic weighted average shares outstanding	<u>19,613</u>	<u>22,306</u>
Pro forma data (1):		
Income from operations	\$ 20	\$ 3,280
Amortization of intangible assets	539	559
Reorganization costs	849	1,591
Stock-based compensation included in the following expense categories:		
Cost of services and fulfillment	1,073	904
Selling and marketing	338	422
General and administrative	536	534
Pro forma income from operations	3,355	7,290
Other income (loss), net	(64)	376
Pro forma income before income taxes	3,291	7,666
Pro forma income tax provision	1,251	2,990
Pro forma net income	<u>\$ 2,040</u>	<u>\$ 4,676</u>
Pro forma diluted income per share	<u>\$ 0.10</u>	<u>\$ 0.21</u>
Pro forma diluted weighted average shares outstanding	<u>20,154</u>	<u>22,658</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.
Consolidated Balance Sheet and Cash Flow Data

(Unaudited, in thousands, except headcount data)

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 157,241	\$ 155,145
Accounts receivable, net	\$ 49,105	\$ 77,543
Deferred revenue	\$ 159,778	\$ 152,903
Three Months Ended March 31,		
	<u>2014</u>	<u>2013</u>
Cash flow data:		
Net cash provided by operating activities	\$ 33,004	\$ 35,453
Purchases of property and equipment	\$ (680)	\$ (939)
Repurchases of common stock	\$ (29,712)	\$ -
Dividend paid	\$ (3,135)	\$ (3,350)
As of March 31,		
	<u>2014</u>	<u>2013</u>
Metrics:		
Agreement value	\$ 223,345	\$ 218,619
Client retention	74%	77%
Dollar retention	87%	90%
Enrichment	97%	95%
Number of clients	2,461	2,442
As of March 31,		
	<u>2014</u>	<u>2013</u>
Headcount:		
Total headcount	1,304	1,222
Research and consulting staff	492	441
Sales staff	491	460