

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited; in thousands, except per share data)

	Three months ended		Year ended	
	December 31,		December 31,	
	2014	2013	2014	2013
Revenues:				
Research services	\$ 53,780	\$ 51,398	\$ 207,517	\$ 202,843
Advisory services and events	26,901	26,123	104,545	94,807
Total revenues	80,681	77,521	312,062	297,650
Operating expenses:				
Cost of services and fulfillment	33,056	31,664	126,199	117,061
Selling and marketing	29,563	27,456	115,753	107,073
General and administrative	9,219	11,063	38,584	38,280
Depreciation	2,089	2,314	9,325	9,268
Amortization of intangible assets	566	560	2,171	2,230
Reorganization costs	-	-	1,817	1,905
Total operating expenses	74,493	73,057	293,849	275,817
Income from operations	6,188	4,464	18,213	21,833
Other income, net	217	32	464	592
Losses on investments, net	(263)	(2,349)	(288)	(2,433)
Income before income taxes	6,142	2,147	18,389	19,992
Income tax provision (benefit)	2,543	(14)	7,524	6,968
Net Income	\$ 3,599	\$ 2,161	\$ 10,865	\$ 13,024
Diluted income per share	\$ 0.19	\$ 0.11	\$ 0.57	\$ 0.61
Diluted weighted average shares outstanding	18,520	20,341	19,007	21,353
Basic income per share	\$ 0.20	\$ 0.11	\$ 0.58	\$ 0.62
Basic weighted average shares outstanding	18,195	19,764	18,713	20,861
Pro forma data (1):				
Income from operations	\$ 6,188	\$ 4,464	\$ 18,213	\$ 21,833
Amortization of intangible assets	566	560	2,171	2,230
Reorganization costs	-	-	1,817	1,905
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,311	877	4,316	3,585
Selling and marketing	365	243	1,132	1,136
General and administrative	620	343	1,996	1,330
Pro forma income from operations	9,050	6,487	29,645	32,019
Other income, net	217	32	464	592
Pro forma income before income taxes	9,267	6,519	30,109	32,611
Pro forma income tax provision	3,521	2,542	11,441	12,718
Pro forma net income	\$ 5,746	\$ 3,977	\$ 18,668	\$ 19,893
Pro forma diluted income per share	\$ 0.31	\$ 0.20	\$ 0.98	\$ 0.93
Diluted weighted average shares outstanding	18,520	20,341	19,007	21,353

(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 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.