

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, in thousands, except per-share data)

	Three Months Ended	
	March 31,	
	2015	2014
Revenues:		
Research services	\$ 51,858	\$ 50,793
Advisory services and events	23,329	22,278
Total revenues	<u>75,187</u>	<u>73,071</u>
Operating expenses:		
Cost of services and fulfillment	30,761	29,480
Selling and marketing	29,631	29,883
General and administrative	9,758	9,527
Depreciation	2,107	2,773
Amortization of intangible assets	221	539
Reorganization costs	3,424	849
Total operating expenses	<u>75,902</u>	<u>73,051</u>
Income (loss) from operations	(715)	20
Other income (expense), net	282	(64)
Gains (losses) on investments, net	(19)	37
Loss before income taxes	<u>(452)</u>	<u>(7)</u>
Income tax provision (benefit)	(228)	59
Net loss	<u>\$ (224)</u>	<u>\$ (66)</u>
Diluted loss per common share	<u>\$ (0.01)</u>	<u>\$ -</u>
Diluted weighted average shares outstanding	<u>18,058</u>	<u>19,613</u>
Basic loss per common share	<u>\$ (0.01)</u>	<u>\$ -</u>
Basic weighted average shares outstanding	<u>18,058</u>	<u>19,613</u>
Pro forma data (1):		
Income (loss) from operations	\$ (715)	\$ 20
Amortization of intangible assets	221	539
Reorganization costs	3,424	849
Stock-based compensation included in the following expense categories:		
Cost of services and fulfillment	1,237	1,073
Selling and marketing	334	338
General and administrative	615	536
Pro forma income from operations	5,116	3,355
Other income (expense), net	282	(64)
Pro forma income before income taxes	<u>5,398</u>	<u>3,291</u>
Pro forma income tax provision	<u>2,051</u>	<u>1,251</u>
Pro forma net income	<u>\$ 3,347</u>	<u>\$ 2,040</u>
Pro forma diluted income per share	<u>\$ 0.18</u>	<u>\$ 0.10</u>
Pro forma diluted weighted average shares outstanding	<u>18,360</u>	<u>20,154</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>March 31, 2015</u>	<u>December 31, 2014</u>
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 111,000	\$ 104,535
Accounts receivable, net	\$ 50,000	\$ 67,429
Deferred revenue	\$ 150,417	\$ 144,568

	<u>Three Months Ended March 31,</u>	
	<u>2015</u>	<u>2014</u>
Cash flow data:		
Net cash provided by operating activities	\$ 16,282	\$ 33,004
Purchases of property and equipment	\$ (948)	\$ (680)
Repurchases of common stock	\$ (5,723)	\$ (29,712)
Dividends paid	\$ (3,069)	\$ (3,135)

	<u>As of March 31,</u>	
	<u>2015</u>	<u>2014</u>
Metrics:		
Agreement value	\$ 232,900	\$ 223,300
Client retention	79%	74%
Dollar retention	90%	87%
Enrichment	97%	97%
Number of clients	2,464	2,461

	<u>As of March 31,</u>	
	<u>2015</u>	<u>2014</u>
Headcount:		
Total headcount	1,305	1,304
Research and consulting staff	485	492
Sales staff	508	491