

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, In thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenues:				
Research services	\$ 52,604	\$ 52,322	\$ 104,462	\$ 103,115
Advisory services and events	30,207	30,625	53,536	52,903
Total revenues	<u>82,811</u>	<u>82,947</u>	<u>157,998</u>	<u>156,018</u>
Operating expenses:				
Cost of services and fulfillment	32,560	33,558	63,321	63,038
Selling and marketing	28,481	28,630	58,112	58,513
General and administrative	9,276	9,815	19,034	19,342
Depreciation	2,096	2,289	4,203	5,062
Amortization of intangible assets	224	536	445	1,075
Reorganization costs	81	1,039	3,505	1,888
Total operating expenses	<u>72,718</u>	<u>75,867</u>	<u>148,620</u>	<u>148,918</u>
Income from operations	10,093	7,080	9,378	7,100
Other income (expense), net	(99)	79	183	15
Gains (losses) on investments, net	10	43	(9)	80
Income before income taxes	<u>10,004</u>	<u>7,202</u>	<u>9,552</u>	<u>7,195</u>
Income tax provision	4,254	2,913	4,026	2,972
Net income	<u>\$ 5,750</u>	<u>\$ 4,289</u>	<u>\$ 5,526</u>	<u>\$ 4,223</u>
Diluted income per common share	<u>\$ 0.31</u>	<u>\$ 0.23</u>	<u>\$ 0.30</u>	<u>\$ 0.22</u>
Diluted weighted average shares outstanding	<u>18,268</u>	<u>19,044</u>	<u>18,314</u>	<u>19,479</u>
Basic income per common share	<u>\$ 0.32</u>	<u>\$ 0.23</u>	<u>\$ 0.31</u>	<u>\$ 0.22</u>
Basic weighted average shares outstanding	<u>18,007</u>	<u>18,757</u>	<u>18,033</u>	<u>19,184</u>
Pro forma data (1):				
Income from operations	\$ 10,093	\$ 7,080	\$ 9,378	\$ 7,100
Amortization of intangible assets	224	536	445	1,075
Reorganization costs	81	1,039	3,505	1,888
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	798	798	2,035	1,871
Selling and marketing	89	127	423	465
General and administrative	588	293	1,203	829
Pro forma income from operations	<u>11,873</u>	<u>9,873</u>	<u>16,989</u>	<u>13,228</u>
Other income (expense), net	(99)	79	183	15
Pro forma income before income taxes	<u>11,774</u>	<u>9,952</u>	<u>17,172</u>	<u>13,243</u>
Pro forma income tax provision	<u>4,474</u>	<u>3,782</u>	<u>6,525</u>	<u>5,032</u>
Pro forma net income	<u>\$ 7,300</u>	<u>\$ 6,170</u>	<u>\$ 10,647</u>	<u>\$ 8,211</u>
Pro forma diluted income per share	<u>\$ 0.40</u>	<u>\$ 0.32</u>	<u>\$ 0.58</u>	<u>\$ 0.42</u>
Pro forma diluted weighted average shares outstanding	<u>18,268</u>	<u>19,044</u>	<u>18,314</u>	<u>19,479</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)

	June 30, 2015	December 31, 2014
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 110,840	\$ 104,535
Accounts receivable, net	\$ 42,656	\$ 67,429
Deferred revenue	\$ 136,228	\$ 144,568
Six Months Ended		
	June 30,	
	2015	2014
Cash flow data:		
Net cash provided by operating activities	\$ 24,761	\$ 35,281
Purchases of property and equipment	\$ (1,678)	\$ (871)
Repurchases of common stock	\$ (11,786)	\$ (54,940)
Dividends paid	\$ (6,126)	\$ (6,128)
As of		
	June 30,	
	2015	2014
Metrics:		
Agreement value	\$ 233,400	\$ 225,500
Client retention	80%	75%
Dollar retention	90%	87%
Enrichment	97%	97%
Number of clients	2,482	2,439
As of		
	June 30,	
	2015	2014
Headcount:		
Total headcount	1,305	1,306
Research and consulting staff	487	489
Sales staff	519	500