

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenues:				
Research services	\$ 55,023	\$ 52,604	\$ 108,271	\$ 104,462
Advisory services and events	32,798	30,207	56,951	53,536
Total revenues	87,821	82,811	165,222	157,998
Operating expenses:				
Cost of services and fulfillment	34,417	32,560	65,540	63,321
Selling and marketing	29,335	28,481	59,739	58,112
General and administrative	10,300	9,276	20,273	19,034
Depreciation	2,076	2,096	4,041	4,203
Amortization of intangible assets	210	224	419	445
Reorganization costs	11	81	1,026	3,505
Total operating expenses	76,349	72,718	151,038	148,620
Income from operation	11,472	10,093	14,184	9,378
Other income (expense), net	473	(99)	145	183
Gains (losses) on investments, net	(54)	10	(54)	(9)
Income before income tax:	11,891	10,004	14,275	9,552
Income tax provision	4,431	4,254	5,526	4,026
Net income	\$ 7,460	\$ 5,750	\$ 8,749	\$ 5,526
Diluted income per common share	\$ 0.41	\$ 0.31	\$ 0.49	\$ 0.30
Diluted weighted average shares outstanding	18,145	18,268	18,035	18,314
Basic income per common share	\$ 0.42	\$ 0.32	\$ 0.49	\$ 0.31
Basic weighted average shares outstanding	17,863	18,007	17,812	18,033
Pro forma data (1)				
Income from operations	\$ 11,472	\$ 10,093	\$ 14,184	\$ 9,378
Amortization of intangible assets	210	224	419	445
Reorganization costs	11	81	1,026	3,505
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	870	798	2,064	2,035
Selling and marketing	109	89	423	423
General and administrative	647	588	1,274	1,203
Pro forma income from operation	13,319	11,873	19,390	16,989
Other income (expense), net	473	(99)	145	183
Pro forma income before income taxes	13,792	11,774	19,535	17,172
Pro forma income tax provision	5,517	4,474	7,814	6,525
Pro forma net income	\$ 8,275	\$ 7,300	\$ 11,721	\$ 10,647
Pro forma diluted income per share	\$ 0.46	\$ 0.40	\$ 0.65	\$ 0.58
Pro forma diluted weighted average shares outstanding	18,145	18,268	18,035	18,314

(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, 2016	December 31, 2015
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 126,529	\$ 101,106
Accounts receivable, net	\$ 42,714	\$ 67,355
Deferred revenue	\$ 138,597	\$ 140,676

	Six Months Ended June 30,	
	2016	2015
Cash flow data:		
Net cash provided by operating activities	\$ 30,622	\$ 24,761
Purchases of property and equipment	\$ (2,318)	\$ (1,678)
Repurchases of common stock	\$ -	\$ (11,786)
Dividends paid	\$ (6,428)	\$ (6,126)

	As of June 30,	
	2016	2015
Metrics:		
Agreement value	\$ 241,800	\$ 233,400
Client retention	76%	80%
Dollar retention	88%	90%
Enrichment	96%	97%
Number of clients	2,481	2,482

	As of June 30,	
	2016	2015
Headcount:		
Total headcount	1,336	1,305
Research and consulting staff	494	487
Sales staff	514	519