

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Revenues:				
Research services	\$ 52,727	\$ 52,205	\$ 160,998	\$ 156,667
Advisory services and events	24,700	22,548	81,651	76,084
Total revenues	77,427	74,753	242,649	232,751
Operating expenses:				
Cost of services and fulfillment	29,889	29,222	95,429	92,543
Selling and marketing	27,751	27,460	87,490	85,572
General and administrative	10,086	9,530	30,359	28,564
Depreciation	1,941	2,048	5,982	6,251
Amortization of intangible assets	208	224	627	669
Reorganization costs	-	928	1,026	4,433
Total operating expenses	69,875	69,412	220,913	218,032
Income from operation	7,552	5,341	21,736	14,719
Other income, net	229	159	374	342
Gains (losses) on investments, net	(1,085)	245	(1,139)	236
Income before income tax:	6,696	5,745	20,971	15,297
Income tax provision	3,584	1,295	9,110	5,321
Net income	\$ 3,112	\$ 4,450	\$ 11,861	\$ 9,976
Diluted income per common share	\$ 0.17	\$ 0.25	\$ 0.65	\$ 0.55
Diluted weighted average shares outstanding	18,435	18,065	18,168	18,231
Basic income per common share	\$ 0.17	\$ 0.25	\$ 0.66	\$ 0.55
Basic weighted average shares outstanding	18,062	17,892	17,896	17,986
Pro forma data (1)				
Income from operations	\$ 7,552	\$ 5,341	\$ 21,736	\$ 14,719
Amortization of intangible assets	208	224	627	669
Reorganization costs	-	928	1,026	4,433
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,077	1,183	3,141	3,218
Selling and marketing	272	331	695	754
General and administrative	622	710	1,895	1,913
Pro forma income from operation	9,731	8,717	29,120	25,706
Other income, net	229	159	374	342
Pro forma income before income taxes	9,960	8,876	29,494	26,048
Pro forma income tax provision	3,984	3,373	11,798	9,898
Pro forma net income	\$ 5,976	\$ 5,503	\$ 17,696	\$ 16,150
Pro forma diluted income per share	\$ 0.32	\$ 0.30	\$ 0.97	\$ 0.89
Pro forma diluted weighted average shares outstanding	18,435	18,065	18,168	18,231

(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)

	September 30, 2016	December 31, 2015
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 133,240	\$ 101,106
Accounts receivable, net	\$ 36,024	\$ 67,355
Deferred revenue	\$ 126,178	\$ 140,676

	Nine Months Ended September 30,	
	2016	2015
Cash flow data:		
Net cash provided by operating activities	\$ 35,891	\$ 28,218
Purchases of property and equipment	\$ (3,334)	\$ (2,316)
Repurchases of common stock	\$ -	\$ (18,639)
Dividends paid	\$ (9,696)	\$ (9,163)

	As of September 30,	
	2016	2015
Metrics:		
Agreement value	\$ 241,100	\$ 233,300
Client retention	76%	80%
Dollar retention	88%	91%
Enrichment	95%	97%
Number of clients	2,482	2,482

	As of September 30,	
	2016	2015
Headcount:		
Total headcount	1,332	1,321
Research and consulting staff	488	491
Sales staff	514	513