

**Forrester Research, Inc.**  
**Consolidated Statements of Income**

(Unaudited, In thousands, except per share data)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
<b>Revenues:</b>				
Research services	\$ 53,601	\$ 53,780	\$ 210,268	\$ 207,517
Advisory services and events	27,374	26,901	103,458	104,545
<b>Total revenues</b>	<b>80,975</b>	<b>80,681</b>	<b>313,726</b>	<b>312,062</b>
<b>Operating expenses:</b>				
Cost of services and fulfillment	33,718	33,056	126,261	126,199
Selling and marketing	30,509	29,563	116,081	115,753
General and administrative	10,477	9,219	39,041	38,584
Depreciation	1,941	2,089	8,192	9,325
Amortization of intangible assets	222	566	891	2,171
Reorganization costs	-	-	4,433	1,817
<b>Total operating expenses</b>	<b>76,867</b>	<b>74,493</b>	<b>294,899</b>	<b>293,849</b>
<b>Income from operations</b>	<b>4,108</b>	<b>6,188</b>	<b>18,827</b>	<b>18,213</b>
Other income, net	169	217	511	464
Losses on investments, net	(254)	(263)	(18)	(288)
<b>Income before income taxes</b>	<b>4,023</b>	<b>6,142</b>	<b>19,320</b>	<b>18,389</b>
Income tax provision	2,003	2,543	7,324	7,524
<b>Net income</b>	<b>\$ 2,020</b>	<b>\$ 3,599</b>	<b>\$ 11,996</b>	<b>\$ 10,865</b>
Diluted income per common share	\$ 0.11	\$ 0.19	\$ 0.66	\$ 0.57
Diluted weighted average shares outstanding	17,879	18,520	18,143	19,007
Basic income per common share	\$ 0.11	\$ 0.20	\$ 0.67	\$ 0.58
Basic weighted average shares outstanding	17,750	18,195	17,927	18,713
<b>Pro forma data (1):</b>				
Income from operations	\$ 4,108	\$ 6,188	\$ 18,827	\$ 18,213
Amortization of intangible assets	222	566	891	2,171
Reorganization costs	-	-	4,433	1,817
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,355	1,311	4,573	4,316
Selling and marketing	398	365	1,152	1,132
General and administrative	709	620	2,622	1,996
<b>Pro forma income from operations</b>	<b>6,792</b>	<b>9,050</b>	<b>32,498</b>	<b>29,645</b>
Other income, net	169	217	511	464
Pro forma income before income taxes	6,961	9,267	33,009	30,109
Pro forma income tax provision	2,645	3,521	12,543	11,441
<b>Pro forma net income</b>	<b>\$ 4,316</b>	<b>\$ 5,746</b>	<b>\$ 20,466</b>	<b>\$ 18,668</b>
Pro forma diluted income per share	\$ 0.24	\$ 0.31	\$ 1.13	\$ 0.98
Pro forma diluted weighted average shares outstanding	17,879	18,520	18,143	19,007

(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)

	As of December 31,	
	2015	2014
<b>Balance sheet data:</b>		
Cash, cash equivalents and marketable investments	\$ 101,106	\$ 104,535
Accounts receivable, net	\$ 67,355	\$ 67,429
Deferred revenue	\$ 140,676	\$ 144,568

	Year Ended December 31,	
	2015	2014
<b>Cash flow data:</b>		
Net cash provided by operating activities	\$ 32,466	\$ 28,795
Purchases of property and equipment	\$ (3,931)	\$ (1,503)
Repurchases of common stock	\$ (20,931)	\$ (73,166)
Dividends paid	\$ (12,179)	\$ (11,962)

	As of December 31,	
	2015	2014
<b>Metrics:</b>		
Agreement value	\$ 237,000	\$ 231,700
Client retention	77%	76%
Dollar retention	89%	88%
Enrichment	98%	97%
Number of clients	2,471	2,431

	As of December 31,	
	2015	2014
<b>Headcount:</b>		
Total headcount	1,345	1,351
Research and consulting staff	499	518
Sales staff	524	510