

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

(Unaudited, in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
<b>Revenues:</b>				
Research services	\$ 50,622	\$ 49,855	\$ 153,737	\$ 151,445
Advisory services and events	24,741	19,960	77,644	68,684
<b>Total revenues</b>	<u>75,363</u>	<u>69,815</u>	<u>231,381</u>	<u>220,129</u>
<b>Operating expenses:</b>				
Cost of services and fulfillment	30,105	27,584	93,143	85,397
Selling and marketing	27,677	25,771	86,190	79,617
General and administrative	10,023	9,310	29,365	27,217
Depreciation	2,174	2,292	7,236	6,954
Amortization of intangible assets	530	557	1,605	1,670
Reorganization costs (credits)	(71)	-	1,817	1,905
<b>Total operating expenses</b>	<u>70,438</u>	<u>65,514</u>	<u>219,356</u>	<u>202,760</u>
<b>Income from operations</b>	4,925	4,301	12,025	17,369
Other income (expense), net	232	(71)	247	560
Gains (losses) on investments, net	(105)	18	(25)	(84)
<b>Income before income taxes</b>	<u>5,052</u>	<u>4,248</u>	<u>12,247</u>	<u>17,845</u>
Income tax provision	2,009	1,739	4,981	6,982
<b>Net Income</b>	<u>\$ 3,043</u>	<u>\$ 2,509</u>	<u>\$ 7,266</u>	<u>\$ 10,863</u>
Diluted income per share	<u>\$ 0.16</u>	<u>\$ 0.12</u>	<u>\$ 0.38</u>	<u>\$ 0.50</u>
Diluted weighted average shares outstanding	<u>18,549</u>	<u>20,665</u>	<u>19,169</u>	<u>21,690</u>
Basic income per share	<u>\$ 0.17</u>	<u>\$ 0.12</u>	<u>\$ 0.38</u>	<u>\$ 0.51</u>
Basic weighted average shares outstanding	<u>18,287</u>	<u>20,117</u>	<u>18,886</u>	<u>21,226</u>
<b>Pro forma data (1):</b>				
Income from operations	\$ 4,925	\$ 4,301	\$ 12,025	\$ 17,369
Amortization of intangible assets	530	557	1,605	1,670
Reorganization costs (credits)	(71)	-	1,817	1,905
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,134	1,061	3,005	2,708
Selling and marketing	302	321	767	893
General and administrative	547	478	1,376	987
<b>Pro forma income from operations</b>	<u>7,367</u>	<u>6,718</u>	<u>20,595</u>	<u>25,532</u>
Other income (expense), net	232	(71)	247	560
Pro forma income before income taxes	<u>7,599</u>	<u>6,647</u>	<u>20,842</u>	<u>26,092</u>
Pro forma income tax provision	<u>2,888</u>	<u>2,592</u>	<u>7,920</u>	<u>10,176</u>
<b>Pro forma net income</b>	<u>\$ 4,711</u>	<u>\$ 4,055</u>	<u>\$ 12,922</u>	<u>\$ 15,916</u>
Pro forma diluted income per share	<u>\$ 0.25</u>	<u>\$ 0.20</u>	<u>\$ 0.67</u>	<u>\$ 0.73</u>
Diluted weighted average shares outstanding	<u>18,549</u>	<u>20,665</u>	<u>19,169</u>	<u>21,690</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 (credits) 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>September 30, 2014</u>	<u>December 31, 2013</u>
<b>Balance sheet data:</b>		
Cash, cash equivalents and marketable investments	\$ 112,429	\$ 155,145
Accounts receivable, net	\$ 39,041	\$ 77,543
Deferred revenue	\$ 129,390	\$ 152,903

	<u>Nine Months Ended September 30,</u>	
	<u>2014</u>	<u>2013</u>
<b>Cash flow data:</b>		
Net cash provided by operating activities	\$ 27,851	\$ 32,352
Purchases of property and equipment	\$ (1,110)	\$ (2,049)
Repurchases of common stock	\$ (66,557)	\$ (109,193)
Dividends paid	\$ (9,053)	\$ (9,425)

	<u>As of September 30,</u>	
	<u>2014</u>	<u>2013</u>
<b>Metrics:</b>		
Agreement value	\$ 226,915	\$ 210,744
Client retention	76%	76%
Dollar retention	89%	89%
Enrichment	97%	95%
Number of clients	2,452	2,482

	<u>As of September 30,</u>	
	<u>2014</u>	<u>2013</u>
<b>Headcount:</b>		
Total headcount	1,316	1,263
Research and consulting staff	511	466
Sales staff	494	474