

Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, In thousands, except per share data)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Revenues:				
Research services	\$ 54,218	\$ 53,601	\$ 215,216	\$ 210,268
Advisory services and events	29,228	27,374	110,879	103,458
Total revenues	83,446	80,975	326,095	313,726
Operating expenses:				
Cost of services and fulfillment	32,746	33,718	128,175	126,261
Selling and marketing	29,408	30,509	116,898	116,081
General and administrative	10,220	10,477	40,579	39,041
Depreciation	1,830	1,941	7,812	8,192
Amortization of intangible assets	204	222	831	891
Reorganization costs	-	-	1,026	4,433
Total operating expenses	74,408	76,867	295,321	294,899
Income from operations	9,038	4,108	30,774	18,827
Other income, net	366	169	740	511
Gains (losses) on investments, net	334	(254)	(805)	(18)
Income before income taxes	9,738	4,023	30,709	19,320
Income tax provision	3,948	2,003	13,058	7,324
Net income	\$ 5,790	\$ 2,020	\$ 17,651	\$ 11,996
Diluted income per common share	\$ 0.31	\$ 0.11	\$ 0.97	\$ 0.66
Diluted weighted average shares outstanding	18,572	17,879	18,269	18,143
Basic income per common share	\$ 0.32	\$ 0.11	\$ 0.98	\$ 0.67
Basic weighted average shares outstanding	18,248	17,750	17,984	17,927
Pro forma data (1):				
Income from operations	\$ 9,038	\$ 4,108	\$ 30,774	\$ 18,827
Amortization of intangible assets	204	222	831	891
Reorganization costs	-	-	1,026	4,433
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,290	1,355	4,431	4,573
Selling and marketing	359	398	1,054	1,152
General and administrative	596	709	2,491	2,622
Pro forma income from operations	11,487	6,792	40,607	32,498
Other income, net	366	169	740	511
Pro forma income before income taxes	11,853	6,961	41,347	33,009
Pro forma income tax provision	4,741	2,645	16,539	12,543
Pro forma net income	\$ 7,112	\$ 4,316	\$ 24,808	\$ 20,466
Pro forma diluted income per share	\$ 0.38	\$ 0.24	\$ 1.36	\$ 1.13
Pro forma diluted weighted average shares outstanding	18,572	17,879	18,269	18,143

(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)

	December 31, 2016	December 31, 2015
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 138,105	\$ 101,106
Accounts receivable, net	\$ 58,812	\$ 67,355
Deferred revenue	\$ 134,265	\$ 140,676

	Year Ended December 31,	
	2016	2015
Cash flow data:		
Net cash provided by operating activities	\$ 41,858	\$ 32,466
Purchases of property and equipment	\$ (4,140)	\$ (3,931)
Repurchases of common stock	\$ (1,791)	\$ (20,931)
Dividends paid	\$ (12,987)	\$ (12,179)

	As of December 31,	
	2016	2015
Metrics:		
Agreement value	\$ 238,400	\$ 237,000
Client retention	75%	77%
Dollar retention	87%	89%
Enrichment	93%	98%
Number of clients	2,432	2,471

	As of December 31,	
	2016	2015
Headcount:		
Total headcount	1,378	1,345
Research and consulting staff	520	499
Sales staff	523	524