

Forrester Research, Inc.
Consolidated Statements of Income

(In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
	(Unaudited)		(Unaudited)	
Revenues				
Core research	\$ 15,958	\$ 29,546	\$ 52,465	\$ 97,861
Advisory services and other	5,980	4,864	20,962	26,608
Total revenues	21,938	34,410	73,427	124,469
Operating expenses				
Cost of services and fulfillment	7,540	10,428	25,394	37,864
Selling and marketing	7,094	12,558	23,820	47,212
General and administrative	2,889	3,361	9,590	13,127
Depreciation and amortization	2,029	2,850	6,247	8,349
Reorganization costs	3,082	3,108	12,170	3,108
Total operating expenses	22,634	32,305	77,221	109,660
Income (loss) from operations	(696)	2,105	(3,794)	14,809
Other income, net	1,221	2,277	4,262	6,182
Impairments of non-marketable investments	(859)	(1,830)	(3,593)	(1,830)
Gain on sale of Internet Adwatch	-	1,664	-	1,664
Income (loss) before income taxes	(334)	4,216	(3,125)	20,825
Income tax provision (benefit)	(27)	1,539	(250)	7,601
Net income (loss)	\$ (307)	\$ 2,677	\$ (2,875)	\$ 13,224
Diluted earnings (loss) per share	<u>\$ (0.01)</u>	<u>\$ 0.11</u>	<u>\$ (0.12)</u>	<u>\$ 0.55</u>
Diluted weighted average shares outstanding	<u>23,263</u>	<u>23,600</u>	<u>23,254</u>	<u>23,997</u>
Basic earnings (loss) per share	<u>\$ (0.01)</u>	<u>\$ 0.12</u>	<u>\$ (0.12)</u>	<u>\$ 0.59</u>
Basic weighted average shares outstanding	<u>23,263</u>	<u>22,714</u>	<u>23,254</u>	<u>22,406</u>
Pro forma data (1):				
Income (loss) from operations	(696)	2,105	(3,794)	14,809
Reorganization costs	3,082	3,108	12,170	3,108
Pro forma income from operations	2,386	5,213	8,376	17,917
Other income, net	1,221	2,277	4,262	6,182
Pro forma income before income taxes	3,607	7,490	12,638	24,099
Pro forma income tax provision	1,082	2,734	3,791	8,796
Pro forma net income	\$ 2,525	\$ 4,756	\$ 8,847	\$ 15,303
Pro forma diluted earnings per share	<u>\$ 0.11</u>	<u>\$ 0.20</u>	<u>\$ 0.37</u>	<u>\$ 0.64</u>
Diluted weighted average shares outstanding	<u>23,562</u>	<u>23,600</u>	<u>23,801</u>	<u>23,997</u>

- (1) The pro forma data excludes reorganization costs, impairments of non-marketable investments, and the gain on the sale of Internet Adwatch, as well as their related tax effects. This does not purport to be prepared in accordance with Generally Accepted Accounting Principles.