

Forrester Research, Inc.
Consolidated Statements Of Income

(In thousands, except per share data)

	Three months ended March 31,	
	2004	2003 (2)
	(Unaudited)	
Revenues		
Research services	\$ 22,989	\$ 18,506
Advisory services and other	8,740	5,976
Total revenues	31,729	24,482
Operating expenses		
Cost of services and fulfillment	13,139	9,525
Selling and marketing	11,060	7,752
General and administrative	3,411	3,308
Depreciation	1,031	1,693
Amortization of intangible assets	2,344	924
Reorganization costs	1,957	-
Total operating expenses	32,942	23,202
(Loss) income from operations	(1,213)	1,280
Other income, net	826	1,595
Impairments of non-marketable investments	-	(300)
(Loss) income before income taxes	(387)	2,575
Income tax (benefit) provision	(130)	798
Net (loss) income	\$ (257)	\$ 1,777
Diluted (loss) income per share	\$ (0.01)	\$ 0.08
Diluted weighted average shares outstanding	22,255	22,920
Basic (loss) income per share	\$ (0.01)	\$ 0.08
Basic weighted average shares outstanding	22,255	22,739
Pro forma data (1):		
(Loss) income from operations	\$ (1,213)	\$ 1,280
Amortization of intangible assets	2,344	924
Reorganization costs	1,957	-
Pro forma income from operations	3,088	2,204
Other income, net	826	1,595
Pro forma income before income taxes	3,914	3,799
Pro forma income tax provision	1,370	1,330
Pro forma net income	\$ 2,544	\$ 2,469
Pro forma diluted earnings per share	\$ 0.11	\$ 0.11
Diluted weighted average shares outstanding	22,771	22,920

- (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. Our pro forma presentation excludes amortization of intangibles and other integration costs related to acquisitions, reorganization costs, and impairments of non-marketable investments, as well as their related tax effects. This does not purport to be prepared in accordance with Generally Accepted Accounting Principles.
- (2) Results for the three months ended March 31, 2003 reflect a \$315,000 reclassification related to the fair value assessment of deferred revenue with regard to our purchase of Giga Information Group, Inc., which reduces research services revenues and reduces selling and marketing expenses in order to be consistent with the presentation for the year ended December 31, 2003.