

Forrester Research, Inc.
Consolidated Statements of Income

(In thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
	(Unaudited)		(Unaudited)	
Revenues				
Research services	\$ 23,046	\$ 25,865	\$ 46,035	\$ 44,371
Advisory services and other	11,875	8,113	20,615	14,089
Total revenues	34,921	33,978	66,650	58,460
Operating expenses				
Cost of services and fulfillment	14,377	14,330	27,516	23,855
Selling and marketing	11,605	11,022	22,665	18,774
General and administrative	3,985	3,781	7,396	7,058
Depreciation and amortization	1,026	1,839	2,057	3,532
Amortization of intangible assets	1,384	2,608	3,728	3,532
Reorganization costs	6,794	-	8,751	-
Integration costs	-	740	-	771
Total operating expenses	39,171	34,320	72,113	57,522
(Loss) income from operations	(4,250)	(342)	(5,463)	938
Other income, net	662	819	1,488	2,414
Non-marketable investment gains (impairments)	57	(272)	57	(572)
(Loss) income before income taxes	(3,531)	205	(3,918)	2,780
Income tax (benefit) provision	(1,183)	64	(1,313)	862
Net (loss) income	\$ (2,348)	\$ 141	\$ (2,605)	\$ 1,918
Diluted (loss) earnings per share	\$ (0.11)	\$ 0.01	\$ (0.12)	\$ 0.08
Diluted weighted average shares outstanding	22,074	22,718	22,165	22,819
Basic (loss) earnings per share	\$ (0.11)	\$ 0.01	\$ (0.12)	\$ 0.08
Basic weighted average shares outstanding	22,074	22,515	22,165	22,627
Pro forma data (1):				
(Loss) income from operations	\$ (4,250)	\$ (342)	\$ (5,463)	\$ 938
Amortization of intangible assets	1,384	2,608	3,728	3,532
Reorganization costs	6,794	-	8,751	-
Integration costs	-	740	-	771
Pro forma income from operations	3,928	3,006	7,016	5,241
Other income, net	662	819	1,488	2,414
Pro forma income before income taxes	4,590	3,825	8,504	7,655
Pro forma income tax provision	1,607	1,339	2,977	2,679
Pro forma net income	\$ 2,983	\$ 2,486	\$ 5,527	\$ 4,976
Pro forma diluted earnings per share	\$ 0.13	\$ 0.11	\$ 0.24	\$ 0.22
Diluted weighted average shares outstanding	22,614	22,718	22,693	22,819

(1) The pro forma data excludes amortization of intangibles and other integration costs related to acquisitions, reorganization costs and gains and impairments related to non-marketable investments, as well as their related tax effects. This does not purport to be prepared in accordance with Generally Accepted Accounting Principles.