

Forrester Research, Inc.
Consolidated Statements of Income

(In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
	(Unaudited)		(Unaudited)	
Revenues				
Research services	\$ 23,544	\$ 23,798	\$ 69,579	\$ 68,169
Advisory services and other	10,335	8,410	30,950	22,499
Total revenues	33,879	32,208	100,529	90,668
Operating expenses				
Cost of services and fulfillment	13,266	12,525	40,782	36,380
Selling and marketing	11,036	10,749	33,701	29,523
General and administrative	4,291	3,927	11,687	10,985
Depreciation and amortization	744	1,520	2,801	5,052
Amortization of intangible assets	1,384	2,608	5,112	6,140
Reorganization costs	-	1,230	8,751	1,230
Integration costs	-	167	-	938
Total operating expenses	30,721	32,726	102,834	90,248
Income (loss) from operations	3,158	(518)	(2,305)	420
Other income, net	680	787	2,168	2,692
Gains on sales of marketable securities	678	-	678	509
Non-marketable investment gains (impairments)	313	-	370	(572)
Income before income taxes	4,829	269	911	3,049
Income tax provision	1,618	83	305	945
Net income	\$ 3,211	\$ 186	\$ 606	\$ 2,104
Diluted earnings per share	\$ 0.14	\$ 0.01	\$ 0.03	\$ 0.09
Diluted weighted average shares outstanding	22,345	22,741	22,577	22,793
Basic earnings per share	\$ 0.15	\$ 0.01	\$ 0.03	\$ 0.09
Basic weighted average shares outstanding	21,952	22,462	22,094	22,572
Pro forma data (1):				
Income (loss) from operations	\$ 3,158	\$ (518)	\$ (2,305)	\$ 420
Amortization of intangible assets	1,384	2,608	5,112	6,140
Reorganization costs	-	1,230	8,751	1,230
Integration costs	-	167	-	938
Pro forma income from operations	4,542	3,487	11,558	8,728
Other income, net	680	787	2,168	2,692
Pro forma income before income taxes	5,222	4,274	13,726	11,420
Pro forma income tax provision	1,828	1,496	4,804	3,997
Pro forma net income	\$ 3,394	\$ 2,778	\$ 8,922	\$ 7,423
Pro forma diluted earnings per share	\$ 0.15	\$ 0.12	\$ 0.40	\$ 0.33
Diluted weighted average shares outstanding	22,345	22,741	22,577	22,793

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