

Forrester Research, Inc.
Consolidated Statements Of Income

(In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003 (2)	2002
	(Unaudited)		(Unaudited)	
Revenues				
Research services	\$ 23,798	\$ 16,984	\$ 68,169	\$ 54,802
Advisory services and other	8,410	4,954	22,499	18,625
Total revenues	32,208	21,938	90,668	73,427
Operating expenses				
Cost of services and fulfillment	12,525	7,540	36,380	25,394
Selling and marketing	10,749	7,094	29,523	23,820
General and administrative	3,927	2,889	10,985	9,590
Depreciation and amortization	1,520	1,947	5,052	6,001
Amortization of intangible assets	2,608	82	6,140	246
Integration costs	167	-	938	-
Reorganization costs	1,230	3,082	1,230	12,170
Total operating expenses	32,726	22,634	90,248	77,221
(Loss) income from operations	(518)	(696)	420	(3,794)
Other income, net	787	1,221	3,201	4,262
Impairments of non-marketable investments	-	(859)	(572)	(3,593)
Income (loss) before income taxes	269	(334)	3,049	(3,125)
Income tax provision (benefit)	83	(27)	945	(250)
Net income (loss)	\$ 186	\$ (307)	\$ 2,104	\$ (2,875)
Diluted earnings (loss) per share	\$ 0.01	\$ (0.01)	\$ 0.09	\$ (0.12)
Diluted weighted average shares outstanding	22,741	23,263	22,793	23,254
Basic earnings (loss) per share	\$ 0.01	\$ (0.01)	\$ 0.09	\$ (0.12)
Basic weighted average shares outstanding	22,462	23,263	22,572	23,254
Pro forma data (1):				
(Loss) income from operations	(518)	(696)	420	(3,794)
Amortization of intangible assets	2,608	82	6,140	246
Integration costs	167	-	938	-
Reorganization costs	1,230	3,082	1,230	12,170
Pro forma income from operations	3,487	2,468	8,728	8,622
Other income, net	787	1,221	3,201	4,262
Pro forma income before income taxes	4,274	3,689	11,929	12,884
Pro forma income tax provision	1,496	1,107	4,175	3,865
Pro forma net income	\$ 2,778	\$ 2,582	\$ 7,754	\$ 9,019
Pro forma diluted earnings per share	\$ 0.12	\$ 0.11	\$ 0.34	\$ 0.38
Diluted weighted average shares outstanding	22,741	23,562	22,793	23,801

- (1) The pro forma data 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. Due to the significance of these items, management believes that the pro forma presentation aids in the comparability of results.
- (2) Results for the nine months ended September 30, 2003 reflect a \$1.1 million reclassification related to the fair value assessment of deferred revenue with regard to our purchase of Giga Information Group, Inc., that reduces research services revenues and reduces selling and marketing expenses in order to be consistent with the presentation for the three months ended September 30, 2003.