

Forrester Research, Inc.
Consolidated Statements of Income

(In thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
	(Unaudited)		(Unaudited)	
Revenues				
Research services	\$ 28,323	\$ 23,847	\$ 55,526	\$ 47,216
Advisory services and other	20,161	15,399	34,155	25,812
Total revenues	48,484	39,246	89,681	73,028
Operating expenses				
Cost of services and fulfillment	20,282	16,673	37,909	30,450
Selling and marketing	15,442	13,065	29,987	24,967
General and administrative	5,526	4,484	11,126	8,518
Depreciation	916	882	1,800	1,756
Amortization of intangible assets	472	833	1,124	1,956
Total operating expenses	42,638	35,937	81,946	67,647
Income from operations	5,846	3,309	7,735	5,381
Other income, net	1,326	754	2,277	1,504
Realized gains on sales of securities and non-marketable investments, net	8	112	207	1,780
Income before income taxes	7,180	4,175	10,219	8,665
Income tax provision	3,330	1,718	4,856	3,469
Net income	\$ 3,850	\$ 2,457	\$ 5,363	\$ 5,196
Diluted income per share	\$ 0.17	\$ 0.11	\$ 0.24	\$ 0.24
Diluted weighted average shares outstanding	22,844	21,847	22,317	21,843
Basic income per share	\$ 0.18	\$ 0.11	\$ 0.25	\$ 0.24
Basic weighted average shares outstanding	21,988	21,511	21,587	21,561
Pro forma data (1):				
Income from operations	\$ 5,846	\$ 3,309	\$ 7,735	\$ 5,381
Amortization of intangible assets	472	833	1,124	1,956
Non-cash stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	828	159	1,574	159
Selling and marketing	524	63	987	63
General and administrative	436	68	963	68
Pro forma income from operations	8,106	4,432	12,383	7,627
Other income, net	1,326	754	2,277	1,504
Pro forma income before income taxes	9,432	5,186	14,660	9,131
Pro forma income tax provision	3,490	1,815	5,424	3,196
Pro forma net income	\$ 5,942	\$ 3,371	\$ 9,236	\$ 5,935
Pro forma diluted earnings per share	\$ 0.26	\$ 0.15	\$ 0.41	\$ 0.27
Diluted weighted average shares outstanding	22,844	21,847	22,317	21,843

- (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, non-cash stock-based compensation expense and gains or impairments of non-marketable securities and gains from sales of marketable securities as well as their related tax effects. This does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States.