

**Forrester Research, Inc.**  
**Consolidated Statements of Income**

(In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
	(Unaudited)		(Unaudited)	
<b>Revenues</b>				
Research services	\$ 29,690	\$ 24,586	\$ 84,280	\$ 71,058
Advisory services and other	14,384	14,008	48,245	39,629
<b>Total revenues</b>	<b>44,074</b>	<b>38,594</b>	<b>132,525</b>	<b>110,687</b>
<b>Operating expenses</b>				
Cost of services and fulfillment	17,444	15,231	54,691	44,442
Selling and marketing	14,509	12,675	44,348	37,556
General and administrative	5,764	4,843	16,890	13,361
Depreciation	947	859	2,747	2,615
Amortization of intangible assets	474	786	1,598	2,742
<b>Total operating expenses</b>	<b>39,138</b>	<b>34,394</b>	<b>120,274</b>	<b>100,716</b>
<b>Income from continuing operations</b>	<b>4,936</b>	<b>4,200</b>	<b>12,251</b>	<b>9,971</b>
Other income, net	1,652	722	3,936	2,226
Realized gains on sales of securities and non-marketable investments, net	98	241	305	2,021
<b>Income from continuing operations before income taxes</b>	<b>6,686</b>	<b>5,163</b>	<b>16,492</b>	<b>14,218</b>
Income tax provision	2,828	2,523	7,513	6,150
<b>Income from continuing operations</b>	<b>3,858</b>	<b>2,640</b>	<b>8,979</b>	<b>8,068</b>
<b>Discontinued operations</b>				
Income (loss) from discontinued operations, net of taxes	51	(82)	300	(314)
Gain on sale of discontinued operations, net of taxes	1,399	-	1,399	-
<b>Net income</b>	<b>\$ 5,308</b>	<b>\$ 2,558</b>	<b>\$ 10,678</b>	<b>\$ 7,754</b>
Diluted income per share from continuing operations	\$ 0.16	\$ 0.12	\$ 0.40	\$ 0.37
Diluted income (loss) per share from discontinued operations	\$ 0.06	\$ (0.00)	\$ 0.07	\$ (0.01)
Diluted income per share from net income	\$ 0.22	\$ 0.12	\$ 0.47	\$ 0.36
Diluted weighted average shares outstanding	23,417	21,931	22,684	21,872
Basic income per share from continuing operations	\$ 0.17	\$ 0.12	\$ 0.41	\$ 0.38
Basic income (loss) per share from discontinued operations	\$ 0.06	\$ (0.00)	\$ 0.08	\$ (0.01)
Basic income per share from net income	\$ 0.23	\$ 0.12	\$ 0.49	\$ 0.37
Basic weighted average shares outstanding	22,637	21,287	21,937	21,470
<b>Pro forma data (1):</b>				
Income from continuing operations	\$ 4,936	\$ 4,200	\$ 12,251	\$ 9,971
Amortization of intangible assets	474	786	1,598	2,742
Non-cash stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,065	400	2,639	559
Selling and marketing	722	158	1,709	221
General and administrative	732	171	1,694	239
<b>Pro forma income from continuing operations</b>	<b>7,929</b>	<b>5,715</b>	<b>19,891</b>	<b>13,732</b>
Other income, net	1,652	722	3,936	2,226
Pro forma income before income taxes	9,581	6,437	23,827	15,958
Pro forma income tax provision	3,545	2,253	8,816	5,585
<b>Pro forma net income</b>	<b>\$ 6,036</b>	<b>\$ 4,184</b>	<b>\$ 15,011</b>	<b>\$ 10,373</b>
Pro forma diluted earnings per share	\$ 0.26	\$ 0.19	\$ 0.66	\$ 0.47
Diluted weighted average shares outstanding	23,417	21,931	22,684	21,872

(1) Iforrester believes that pro forma financial results provide investors with consistent and comparable information to aid in the understanding of Iforrester's ongoing business. Our pro forma presentation excludes amortization of intangibles, non-cash stock-based compensation expense and gains or impairments of non-marketable investments, gains from sales of securities and gains and income from discontinued operations 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.