

Forrester Research, Inc.
Consolidated Statements of Income

(In thousands, except per share data)

	Three months Ended		Nine months Ended	
	Sept 30, 2007	Sept 30, 2006 (as restated)	Sept 30, 2007	Sept 30, 2006 (as restated)
	(Unaudited)		(Unaudited)	
Revenues				
Research services	\$ 32,945	\$ 29,690	\$ 96,312	\$ 84,280
Advisory services and other	18,190	14,384	57,325	48,245
Total revenues	51,135	44,074	153,637	132,525
Operating expenses				
Cost of services and fulfillment	18,648	17,070	60,106	54,301
Selling and marketing	17,913	14,228	52,813	44,031
General and administrative	7,002	5,445	22,533	16,760
Depreciation	1,026	947	2,881	2,747
Amortization of intangible assets	293	474	978	1,598
Total operating expenses	44,882	38,164	139,311	119,437
Income from continuing operations	6,253	5,910	14,326	13,088
Other income, net	2,175	1,652	6,153	3,936
Gains (impairments) from non-marketable investments, net	98	98	(1,690)	305
Income from continuing operations before income taxes	8,526	7,660	18,789	17,329
Income tax provision	1,729	2,828	5,460	7,511
Income from continuing operations	\$ 6,797	\$ 4,832	\$ 13,329	\$ 9,818
Discontinued operations				
Income from discontinued operations, net of taxes	-	51	-	300
Gain on sale of discontinued operations, net of taxes	-	1,399	-	1,399
Net Income	\$ 6,797	\$ 6,282	\$ 13,329	\$ 11,517
Diluted income per share from continuing operations	\$ 0.29	\$ 0.21	\$ 0.56	\$ 0.43
Diluted income per share from discontinued operations	\$ -	\$ 0.06	\$ -	\$ 0.07
Diluted income per share from net income	\$ 0.29	\$ 0.27	\$ 0.56	\$ 0.51
Diluted weighted average shares outstanding	23,667	23,428	23,749	22,693
Basic income per share from continuing operations	\$ 0.29	\$ 0.21	\$ 0.58	\$ 0.45
Basic income per share from discontinued operations	\$ -	\$ 0.07	\$ -	\$ 0.08
Basic income per share from net income	\$ 0.29	\$ 0.28	\$ 0.58	\$ 0.53
Basic weighted average shares outstanding	23,072	22,637	23,067	21,937
Pro forma data (1):				
Income from continuing operations	\$ 6,253	\$ 5,910	\$ 14,326	\$ 13,088
Amortization of intangible assets	293	474	978	1,598
Investigation related expenses	808	-	3,635	-
Non-cash stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	817	696	3,119	2,254
Selling and marketing	313	443	1,524	1,393
General and administrative	295	410	1,120	1,562
Pro forma income from continuing operations	8,779	7,933	24,702	19,895
Other income, net	2,175	1,652	6,153	3,936
Pro forma income before income taxes	10,954	9,585	30,855	23,831
Pro forma income tax provision	4,272	3,546	12,033	8,817
Pro forma net income	\$ 6,682	\$ 6,039	\$ 18,822	\$ 15,014
Pro forma diluted earnings per share	\$ 0.28	\$ 0.26	\$ 0.79	\$ 0.66
Diluted weighted average shares outstanding	23,667	23,428	23,749	22,693

(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 gains or impairments of non-marketable investments, and costs associated with the stock option investigation and restatement of our historical financial statements, 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.