

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

(In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
<b>Revenues</b>				
Research services	\$ 40,326	\$ 32,945	\$ 114,136	\$ 96,312
Advisory services and other	19,180	18,190	63,818	57,325
<b>Total revenues</b>	59,506	51,135	177,954	153,637
<b>Operating expenses</b>				
Cost of services and fulfillment	21,806	18,648	65,848	60,106
Selling and marketing	20,282	17,913	60,119	52,813
General and administrative	7,529	7,002	22,945	22,533
Depreciation	1,012	1,026	2,998	2,881
Amortization of intangible assets	282	293	476	978
<b>Total operating expenses</b>	50,911	44,882	152,386	139,311
<b>Income from operations</b>	8,595	6,253	25,568	14,326
Other income, net	1,447	2,175	5,221	6,153
Realized gains (losses) from securities and non-marketable investments	26	98	2,136	(1,690)
<b>Income from operations before income taxes</b>	10,068	8,526	32,925	18,789
Income tax provision	3,680	1,729	12,864	5,460
<b>Net income</b>	\$ 6,388	\$ 6,797	\$ 20,061	\$ 13,329
Diluted income per share from net income	\$ 0.27	\$ 0.29	\$ 0.85	\$ 0.56
Diluted weighted average shares outstanding	23,793	23,667	23,655	23,749
Basic income per share from net income	\$ 0.28	\$ 0.29	\$ 0.87	\$ 0.58
Basic weighted average shares outstanding	23,163	23,072	23,056	23,067
<b>Pro forma data (1):</b>				
Income from operations	\$ 8,595	\$ 6,253	\$ 25,568	\$ 14,326
Amortization of intangible assets	282	293	476	978
Investigation related expenses	487	808	1,085	3,635
Non-cash stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	678	817	2,094	3,119
Selling and marketing	247	313	723	1,524
General and administrative	343	295	1,156	1,120
<b>Pro forma income from operations</b>	10,632	8,779	31,102	24,702
Other income, net	1,447	2,175	5,221	6,153
Pro forma income before income taxes	12,079	10,954	36,323	30,855
Pro forma income tax provision	4,711	4,272	14,166	12,033
<b>Pro forma net income</b>	\$ 7,368	\$ 6,682	\$ 22,157	\$ 18,822
Pro forma diluted earnings per share	\$ 0.31	\$ 0.28	\$ 0.94	\$ 0.79
Diluted weighted average shares outstanding	23,793	23,667	23,655	23,749

(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. Forrester uses pro forma financial information to manage its business, including use of pro forma results as the basis for setting targets for various compensation programs. Our pro forma presentation excludes amortization of acquisition-related intangible assets, non-cash stock-based compensation expense, net gains from securities and non-marketable investments, costs associated with the stock option investigation and restatement of our historical financial statements, as well as their related tax effects. The pro forma data does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States.

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