

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

(In thousands, except per share data)

	Three months ended December 31,		Year ended December 31,	
	2002	2001	2002	2001
	(Unaudited)			
<b>Revenues</b>				
Core research	\$ 14,915	\$ 25,834	\$ 67,380	\$ 123,695
Advisory services and other	8,594	8,817	29,556	35,425
<b>Total revenues</b>	<b>23,509</b>	<b>34,651</b>	<b>96,936</b>	<b>159,120</b>
<b>Operating expenses</b>				
Cost of services and fulfillment	8,632	11,249	34,026	49,113
Selling and marketing	6,925	11,122	30,745	58,334
General and administrative	3,142	3,727	12,732	16,854
Depreciation and amortization	2,159	2,745	8,406	11,094
Reorganization costs	-	-	12,170	3,108
<b>Total operating expenses</b>	<b>20,858</b>	<b>28,843</b>	<b>98,079</b>	<b>138,503</b>
<b>Income (loss) from operations</b>	<b>2,651</b>	<b>5,808</b>	<b>(1,143)</b>	<b>20,617</b>
Other income, net	1,277	1,883	5,539	8,065
Impairments of non-marketable investments	(525)	(1,474)	(4,118)	(3,304)
Gain on sale of Internet Adwatch	-	-	-	1,664
Income before income taxes	3,403	6,217	278	27,042
Income tax (benefit) provision	(61)	1,324	(311)	8,925
<b>Net income</b>	<b>\$ 3,464</b>	<b>\$ 4,893</b>	<b>\$ 589</b>	<b>\$ 18,117</b>
Diluted earnings per share	\$ 0.15	\$ 0.21	\$ 0.02	\$ 0.76
Diluted weighted average shares outstanding	23,202	23,634	23,653	23,907
Basic earnings per share	\$ 0.15	\$ 0.21	\$ 0.03	\$ 0.80
Basic weighted average shares outstanding	22,992	22,986	23,189	22,551
<b>Pro forma data (1):</b>				
Income (loss) from operations	2,651	5,808	(1,143)	20,617
Reorganization costs	-	-	12,170	3,108
<b>Pro forma income from operations</b>	<b>2,651</b>	<b>5,808</b>	<b>11,027</b>	<b>23,725</b>
Other income, net	1,277	1,883	5,539	8,065
Pro forma income before income taxes	3,928	7,691	16,566	31,790
Pro forma income tax provision	1,178	1,727	4,970	10,491
<b>Pro forma net income</b>	<b>\$ 2,750</b>	<b>\$ 5,964</b>	<b>\$ 11,596</b>	<b>\$ 21,299</b>
Pro forma diluted earnings per share	\$ 0.12	\$ 0.25	\$ 0.49	\$ 0.89
Diluted weighted average shares outstanding	23,202	23,634	23,653	23,907

- (1) The pro forma data excludes reorganization costs, impairments of non-marketable investments, and the gain on the sale of Internet Adwatch, as well as their related tax effects. This does not purport to be prepared in accordance with Generally Accepted Accounting Principles (GAAP).