

Forrester Research, Inc.
Consolidated Statements of Income

(In thousands, except per share data)

	Three months ended March 31,	
	2008	2007
	(Unaudited)	
Revenues		
Research services	\$ 35,949	\$ 31,302
Advisory services and other	19,025	16,015
Total revenues	<u>54,974</u>	<u>47,317</u>
Operating expenses		
Cost of services and fulfillment	21,148	19,838
Selling and marketing	18,850	17,117
General and administrative	7,226	7,758
Depreciation	1,036	923
Amortization of intangible assets	171	392
Total operating expenses	<u>48,431</u>	<u>46,028</u>
Income from operations	6,543	1,289
Other income, net	2,072	1,866
Realized gains from securities and non-marketable investments	497	174
Income from operations before income taxes	9,112	3,329
Income tax provision	4,084	1,299
Net income	<u>\$ 5,028</u>	<u>\$ 2,030</u>
Diluted income per share from net income	<u>\$ 0.21</u>	<u>\$ 0.09</u>
Diluted weighted average shares outstanding	<u>23,617</u>	<u>23,752</u>
Basic income per share from net income	<u>\$ 0.22</u>	<u>\$ 0.09</u>
Basic weighted average shares outstanding	<u>23,048</u>	<u>23,058</u>
Pro forma data (1):		
Income from operations	\$ 6,543	\$ 1,289
Amortization of intangible assets	171	392
Investigation related expenses	(68)	1,742
Non-cash stock-based compensation included in the following expense categories:		
Cost of services and fulfillment	768	1,462
Selling and marketing	270	678
General and administrative	368	478
Pro forma income from operations	8,052	6,041
Other income, net	2,072	1,866
Pro forma income before income taxes	10,124	7,907
Pro forma income tax provision	3,948	3,084
Pro forma net income	<u>\$ 6,176</u>	<u>\$ 4,823</u>
Pro forma diluted earnings per share	<u>\$ 0.26</u>	<u>\$ 0.20</u>
Diluted weighted average shares outstanding	<u>23,617</u>	<u>23,752</u>

(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 intangibles, non-cash stock-based compensation expense, gains from marketable 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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