

Forrester Research, Inc.
Consolidated Statements of Income

(In thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Revenues				
Research services	\$ 37,861	\$ 32,065	\$ 73,810	\$ 63,367
Advisory services and other	25,613	23,120	44,638	39,135
Total revenues	63,474	55,185	118,448	102,502
Operating expenses				
Cost of services and fulfillment	22,894	21,620	44,042	41,458
Selling and marketing	20,987	17,783	39,837	34,900
General and administrative	8,190	7,773	15,416	15,531
Depreciation	950	932	1,986	1,855
Amortization of intangible assets	23	293	194	685
Total operating expenses	53,044	48,401	101,475	94,429
Income from operations	10,430	6,784	16,973	8,073
Other income, net	1,702	2,112	3,772	3,978
Realized gains (losses) from securities and non-marketable investments	1,613	(1,962)	2,112	(1,788)
Income from operations before income taxes	13,745	6,934	22,857	10,263
Income tax provision	5,100	2,432	9,184	3,731
Net income	\$ 8,645	\$ 4,502	\$ 13,673	\$ 6,532
Diluted income per share from net income	\$ 0.37	\$ 0.19	\$ 0.58	\$ 0.27
Diluted weighted average shares outstanding	23,554	23,827	23,586	23,789
Basic income per share from net income	\$ 0.38	\$ 0.20	\$ 0.59	\$ 0.28
Basic weighted average shares outstanding	22,956	23,072	23,002	23,065
Pro forma data (1):				
Income from operations	\$ 10,430	\$ 6,784	\$ 16,973	\$ 8,073
Amortization of intangible assets	23	293	194	685
Investigation related expenses	666	1,078	597	2,820
Non-cash stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	648	840	1,416	2,302
Selling and marketing	206	532	476	1,211
General and administrative	444	348	813	825
Pro forma income from operations	12,417	9,875	20,469	15,916
Other income, net	1,702	2,112	3,772	3,978
Pro forma income before income taxes	14,119	11,987	24,241	19,894
Pro forma income tax provision	5,506	4,675	9,454	7,759
Pro forma net income	\$ 8,613	\$ 7,312	\$ 14,787	\$ 12,135
Pro forma diluted earnings per share	\$ 0.37	\$ 0.31	\$ 0.63	\$ 0.51
Diluted weighted average shares outstanding	23,554	23,827	23,586	23,789

(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, net gains and losses 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.