AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 5, 1996

REGISTRATION NO. 333-12761

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
FORRESTER RESEARCH, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE  7389  04-2797789
(State or Other Jurisdiction  (Primary Standard Industrial  (I.R.S. Employer
of Incorporation or Classification Code Number) Identification Number)
Organization)

1033 MASSACHUSETTS AVENUE, CAMBRIDGE, MASSACHUSETTS 02138  (617) 497-7090
(Address, including Zip Code, and Telephone Number, Including Area Code, of
Registrant's Principal Executive Offices)

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GEORGE F. COLONY
CHAIRMAN OF THE BOARD, PRESIDENT, AND CHIEF EXECUTIVE OFFICER
FORRESTER RESEARCH, INC.
1033 MASSACHUSETTS AVENUE
CAMBRIDGE, MASSACHUSETTS 02138
(617) 497-7090
(Name, Address, including Zip Code, and Telephone Number, Including Area Code,
of Agent for Service)

------------------------------

Copies to:

ANN L. MILNER, ESQ.  PETER B. TARR, ESQ.
ROPES & GRAY  HALE AND DORR
ONE INTERNATIONAL PLACE  60 STATE STREET
BOSTON, MA 02110  BOSTON, MA 02109
(617) 951-7000  (617) 526-6000

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Approximate date of commencement of proposed sale to the public: As soon as
practicable after the Registration Statement becomes effective.

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If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, check the following box: [ ]

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, check the following box and
list the Securities Act registration statement number of the earlier effective
registration statement for the same offering: [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering: [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box: [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR
DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL
FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION
STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF
THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION, DATED NOVEMBER 5, 1996

2,000,000 SHARES

[LOGO]

FORRESTER RESEARCH, INC.

COMMON STOCK

(PAR VALUE $.01 PER SHARE)

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All of the 2,000,000 shares of Common Stock offered hereby are being sold by Forrester Research, Inc. Prior to this offering, there has been no public market for the Common Stock of the Company. It is currently estimated that the initial public offering price per share will be between $13.00 and $15.00. For factors to be considered in determining the initial public offering price, see "Underwriting".

SEE "RISK FACTORS" BEGINNING ON PAGE 5 FOR CERTAIN CONSIDERATIONS RELEVANT TO AN INVESTMENT IN THE COMMON STOCK.

The Common Stock has been approved for quotation on the Nasdaq National Market under the symbol "FORR".

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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INITIAL PUBLIC UNDERWRITING PROCEEDS TO
OFFERING PRICE DISCOUNT(1) COMPANY(2)
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Per Share......................... $ $ $
Total(3)......................... $ $ $

(1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting".

(2) Before deducting estimated expenses of $950,000 payable by the Company.

(3) The Company has granted the Underwriters an option for 30 days to purchase up to an additional 300,000 shares at the initial public offering price per share, less the underwriting discount, solely to cover over-allotments. If such option is exercised in full, the total initial public offering price, underwriting discount, and proceeds to the Company will be $ , $ , and $ , respectively. See "Underwriting".

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GOLDMAN, SACHS & CO.

ROBERTSON, STEPHENS & COMPANY

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The date of this Prospectus is , 1996.
Our goal at Forrester is to give our clients confidence that they're putting attention, time, and resources where they will have the greatest benefit. Forrester's innovative research services, which are topically organized around Strategic Management, Corporate IT, and New Media research themes, add insight and perspective to a business-focused review of emerging technology.

Forrester is about change. In particular, how new technology will change large companies, consumers, and society - and what our clients should be doing about it.

Forrester Research, Inc. intends to furnish to its stockholders annual reports containing audited financial statements and quarterly reports containing unaudited interim financial information for the first three fiscal quarters of each fiscal year of the Company.

"Forrester Research, Inc." and all of the Company's logos and product and service names are trademarks of the Company and are used throughout this Prospectus as such. The Prospectus also contains trademarks of other companies.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NASDAQ NATIONAL MARKET, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.
PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and the Financial Statements and Notes thereto appearing elsewhere in this Prospectus. Except as otherwise noted, all information in this Prospectus (i) assumes no exercise of the Underwriters' over-allotment option, and (ii) reflects the filing of a Restated Certificate of Incorporation immediately prior to the completion of this offering.

THE COMPANY

Forrester Research, Inc. ("Forrester" or the "Company") is a leading independent research firm offering products and services that help its clients assess the effect of technology on their businesses. The Company provides analysis and insight into a broad range of technology areas such as computing, software, networking, the Internet, and telecommunications, and projects how technology trends will impact businesses, consumers, and society. Forrester's clients, which include senior management, business strategists, and information technology ("IT") professionals within large enterprises, use Forrester's prescriptive research to understand and benefit from current developments in technology and as support for their development and implementation decisions.

Forrester offers its clients annual memberships to any of its 10 research services. Each research service focuses on a particular area of technology and explores business issues relevant to clients' decision-making. These issues include the impact that the application of technology may have on financial results, investment priorities, organizational effectiveness, and staffing requirements. Forrester also provides advisory services to a limited number of clients to help them explore in greater detail the topics covered by the core research.

Forrester targets its products and services to both large enterprises and technology vendors. As of September 30, 1996, Forrester's research was delivered to more than 860 client companies. Approximately 72% of Forrester's client companies with memberships expiring during the nine-month period ended September 30, 1996 renewed one or more memberships for the Company's products and services.

The Company was incorporated in Massachusetts on July 7, 1983 and was reincorporated in Delaware on February 21, 1996. The Company's executive offices are located at 1033 Massachusetts Avenue, Cambridge, Massachusetts 02138, and its telephone number is (617) 497-7000.

THE OFFERING

Common Stock offered by the Company......................... 2,000,000 shares
Common Stock to be outstanding after the offering... 8,000,000 shares(1)
Approved Nasdaq National Market symbol............... FORR
Use of proceeds........................................ For working capital and other general corporate purposes, including possible acquisitions.

(1) Based on the number of shares of Common Stock outstanding at September 30, 1996. Does not include 3,180,000 shares of Common Stock reserved under the Company's stock plans, of which 772,691 shares were subject to outstanding options at September 30, 1996.

RISK FACTORS

Certain risk factors should be considered in evaluating the Company and its business before purchasing the Common Stock offered by this Prospectus. Such factors include, among others, the Company's need to attract and retain professional staff, the Company's ability to manage growth, possible variations in the Company's quarterly operating results, possible volatility of the market price for the Company's Common Stock, the Company's dependence on renewals of its membership-based research services and on key personnel, risks associated with the Company's ability to anticipate market trends and to offer new products and services, competition in the market for research products and services, and concentration of control of the Company after this offering. For a discussion of
these and certain other factors, see "Risk Factors".
### SUMMARY FINANCIAL INFORMATION

**IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS**

#### NINE MONTHS ENDED DECEMBER 31, 2016

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<tbody>
<tr>
<td>STATEMENT OF INCOME DATA:</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Core research</td>
<td>$1,637</td>
<td>$2,626</td>
<td>$4,691</td>
<td>$6,363</td>
<td>$10,150</td>
<td>$7,036</td>
<td>$12,585</td>
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<tr>
<td>Advisory services and other</td>
<td>1,337</td>
<td>2,139</td>
<td>2,608</td>
<td>3,336</td>
<td>4,439</td>
<td>2,080</td>
<td>3,789</td>
</tr>
<tr>
<td>Total revenues</td>
<td>2,974</td>
<td>4,765</td>
<td>7,299</td>
<td>9,699</td>
<td>14,589</td>
<td>9,116</td>
<td>16,374</td>
</tr>
<tr>
<td>Income from operations</td>
<td>424</td>
<td>586</td>
<td>947</td>
<td>1,487</td>
<td>1,784</td>
<td>742</td>
<td>2,154</td>
</tr>
<tr>
<td>Net income</td>
<td>402</td>
<td>554</td>
<td>890</td>
<td>1,399</td>
<td>1,657</td>
<td>682</td>
<td>2,021</td>
</tr>
<tr>
<td>Pro forma income tax adjustment</td>
<td>192</td>
<td>262</td>
<td>365</td>
<td>583</td>
<td>739</td>
<td>364</td>
<td>918</td>
</tr>
<tr>
<td>Pro forma net income</td>
<td>288</td>
<td>392</td>
<td>615</td>
<td>956</td>
<td>1,288</td>
<td>598</td>
<td>1,464</td>
</tr>
<tr>
<td>Weighted average common shares outstanding</td>
<td>6,293,449</td>
<td>6,293,449</td>
<td>6,293,449</td>
<td>6,293,449</td>
<td>6,293,449</td>
<td>6,293,449</td>
<td>6,293,449</td>
</tr>
</tbody>
</table>

#### STATEMENT OF INCOME DATA:

- Core research income increased by 55% from 1991 to 1996.
- Advisory services and other income increased by 182% from 1991 to 1996.
- Total revenues increased by 123% from 1991 to 1996.
- Income from operations increased by 61% from 1991 to 1996.
- Net income increased by 140% from 1991 to 1996.
- Pro forma income tax adjustment increased by 141% from 1991 to 1996.
- Pro forma net income per common share increased by 234% from 1991 to 1996.
- Weighted average common shares increased by 23% from 1991 to 1996.

#### SEPTEMBER 30, 1996

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<tr>
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<th>ACTUAL</th>
<th>PRO FORMA</th>
<th>PRO FORMA AS ADJUSTED</th>
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<tr>
<td></td>
<td>$10,848</td>
<td>($7,248)</td>
<td>$32,338</td>
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<tr>
<td>Cash and cash equivalents and marketable securities</td>
<td>2,094</td>
<td>2,084</td>
<td>23,884</td>
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<tr>
<td>Total assets</td>
<td>23,323</td>
<td>19,723</td>
<td>44,813</td>
</tr>
<tr>
<td>Total stockholders' equity</td>
<td>4,242</td>
<td>142</td>
<td>25,232</td>
</tr>
</tbody>
</table>

#### Footnotes:

1. The Company has elected to be taxed, since January 1, 1987, under subchapter S of the Internal Revenue Code of 1986, as amended (the "Code"), whereby the sole stockholder is liable for individual federal and state income taxes on the Company's taxable income. Upon the completion of this offering, the Company will terminate its S corporation election and will be subject to corporate-level federal and state income taxes. Accordingly, the pro forma income tax adjustments represent the income taxes that would have been recorded if the Company had been a C corporation for the periods presented. See Note 3 of Notes to Financial Statements.

2. Pro forma net income per common share is computed by dividing pro forma net income by the weighted average number of shares of common stock and common stock equivalents outstanding during the period. See Note 1 of Notes to Financial Statements.

3. Pro forma to give effect to the (i) distribution of previously undistributed S corporation earnings taxed or taxable to the Company's sole stockholder of approximately $3,600,000 based on earnings through September 30, 1996, and (ii) termination of the Company's S corporation election and the recognition of a net deferred income tax liability of approximately $500,000 as of September 30, 1996. See Notes 1 and 3 of Notes to Financial Statements.

4. Does not include an adjustment for the distribution to be made to the sole stockholder of the Company after completion of this offering in an amount equal to the Company's undistributed S corporation earnings from October 1, 1996 through the termination of the Company's S corporation election.

5. Adjusted to reflect the sale of 2,000,000 shares of Common Stock at an assumed initial public offering price of $14.00 per share (less estimated underwriting discount and offering expenses).
RISK FACTORS

In addition to the other information contained in this Prospectus, the following risk factors should be considered in evaluating the Company and its business before purchasing the Common Stock offered by this Prospectus.

NEED TO ATTRACT AND RETAIN PROFESSIONAL STAFF

The Company's future success will depend in large measure upon the continued contributions of its senior management team, research analysts, and experienced sales personnel. Accordingly, future operating results will be largely dependent upon the Company's ability to retain the services of these individuals and to attract additional qualified personnel from a limited pool of qualified candidates. The Company experiences intense competition in hiring and retaining professional personnel from, among others, producers of information technology products, other research firms, management consulting firms, print and electronic publishing companies, and financial services companies. Many of these firms have substantially greater financial resources than the Company to attract and compensate qualified personnel. The loss of the services of key management and professional personnel or the inability to attract such personnel could have a material adverse effect on the Company's business, financial condition, and results of operations.

MANAGEMENT OF GROWTH

The Company's growth has placed significant demands on its management and other resources. The Company's revenues increased approximately 50% to $14.6 million in 1995 from $9.7 million in 1994 and increased 60% to $16.4 million in the nine months ended September 30, 1996 from $9.1 million in the nine months ended September 30, 1995. The Company's staff increased from 61 full-time employees on January 1, 1995 to 119 full-time employees on September 30, 1996 and further increases are expected during the remainder of 1996. The Company's ability to manage growth, if any, effectively will require it to continue to develop and improve its operational, financial, and other internal systems, as well as its business development capabilities, and to train, motivate, and manage its employees. In addition, the Company may acquire complementary businesses, products, or technologies, although it currently has no commitments or agreements to do so. The Company's management has limited experience integrating acquisitions. If the Company is unable to manage its growth effectively, such inability could have a material adverse effect on the quality of the Company's products and services, its ability to retain key personnel and its business, financial condition, and results of operations.

VARIABILITY OF QUARTERLY OPERATING RESULTS; POSSIBLE VOLATILITY OF STOCK PRICE

The Company's revenues and earnings may fluctuate from quarter to quarter based on a variety of factors including the timing and size of new and renewal memberships from clients, the timing of revenue-generating events sponsored by the Company, the utilization of its advisory services, the introduction and marketing of new products and services by the Company and its competitors, the hiring and training of new analysts and sales personnel, changes in demand for the Company's research, and general economic conditions. As a result, the Company's operating results in future quarters may be below the expectations of securities analysts and investors which could have a material adverse effect on the market price for the Company's Common Stock. In addition, the stock market recently has experienced volatility which has affected the market price of securities of many companies and which has sometimes been unrelated to the operating performance of such companies. Factors such as announcements of new services or offices or strategic alliances by the Company or its competitors, as well as market conditions in the information technology services industry, may have a significant impact on the market price of the Company's Common Stock. The market price for the Company's Common Stock may also be affected by movements in prices of stocks in general.
DEPENDENCE ON RENEWALS OF MEMBERSHIP-BASED RESEARCH SERVICES

The Company's success depends in part upon renewals of memberships for its core research products. Approximately 70% and 77% of the Company's revenues in 1995 and the first nine months of 1996, respectively, were derived from the Company's membership-based core research products. A decline in renewal rates for the Company's core research products could have a material adverse effect on the Company's business, financial condition, and results of operations.

DEPENDENCE ON KEY PERSONNEL

The Company's future success will depend in large part upon the continued services of a number of key employees. The loss of key personnel, in particular George F. Colony, the Company's founder and Chairman of the Board of Directors, President, and Chief Executive Officer, would have a material adverse effect on the Company's business, financial condition, and results of operations. The Company has entered into a registration rights and non-competition agreement with Mr. Colony which provides that if Mr. Colony's employment with the Company is terminated he will not compete with the Company for the one-year period following his termination. See "Business -- Employees" and "Management -- Registration Rights and Non-Competition Agreement".

RISKS ASSOCIATED WITH ANTICIPATING MARKET TRENDS

The Company's success depends in part upon its ability to anticipate rapidly changing technologies and market trends and to adapt its core research to meet the changing information needs of the Company's clients. The technology sectors that the Company analyzes undergo frequent and often dramatic changes, including the introduction of new products and obsolescence of others, shifting strategies and market positions of major industry participants, paradigm shifts with respect to system architectures, and changing objectives and expectations of users of technology. The environment of rapid and continuous change presents significant challenges to the Company's ability to provide its clients with current and timely analysis, strategies, and advice on issues of importance to them. Meeting these challenges requires the commitment of substantial resources, and any failure to continue to provide insightful and timely analysis of developments, technologies, and trends in a manner that meets market needs could have a material adverse effect on the Company's business, financial condition, and results of operations.

NEW PRODUCTS AND SERVICES

The Company's future success will depend in part on its ability to offer new products and services that successfully gain market acceptance by addressing specific industry and business organization sectors, changes in client requirements, and changes in the technology industry. The process of internally researching, developing, launching, and gaining client acceptance of a new product or service, or assimilating and marketing an acquired product or service, is inherently risky and costly. There can be no assurance that the Company's efforts to introduce new, or assimilate acquired, products or services will be successful.

COMPETITION

The Company competes in the market for research products and services with other independent providers of similar services. Several of the Company's competitors have substantially greater financial, information-gathering, and marketing resources than the Company. In addition, the Company's indirect competitors include the internal planning and marketing staffs of the Company's current and prospective clients, as well as other information providers such as electronic and print publishing companies, survey-based general market research firms, and general business consulting firms. The Company's indirect competitors may choose to compete directly against the Company in the future. In addition, there are relatively few barriers to entry into the Company's market and new competitors could readily seek to compete against the Company in one or more market segments addressed by the Company's products and services. Increased competition could
adversely affect the Company's operating results through pricing pressure and loss of market share. There can be no assurance that the Company will be able to continue to compete successfully against existing or new competitors. See "Business -- Competition".

CONCENTRATION OF CONTROL

Upon completion of this offering, Mr. Colony will beneficially own approximately 74% of the Company's outstanding Common Stock. As a result, he will have the ability to elect the Company's directors and to determine the outcome of corporate actions requiring stockholder approval. This concentration of ownership may have the effect of delaying or preventing a change in control of the Company. See "Management" and "Description of Capital Stock".

INTERNATIONAL OPERATIONS

Revenues attributable to customers outside the United States represented approximately 18% and 21% of the Company's total revenues for the year ended December 31, 1995 and for the nine months ended September 30, 1996, respectively. The Company expects that international revenues will continue to account for a substantial portion of total revenues and intends to continue to expand its international operations. Expansion into new geographic territories requires considerable management and financial resources and may negatively impact the Company's near-term results of operations. The Company's international operations are subject to numerous inherent challenges and risks, including developing and managing relationships with international sales representative organizations, reliance by the Company on sales entities which it does not control, greater difficulty in maintaining direct client contact, political and economic conditions in various jurisdictions, tariffs and other trade barriers, longer accounts receivable collection cycles, difficulties in protecting intellectual property rights in international jurisdictions, and potentially adverse tax consequences. There can be no assurance that such factors will not have a material adverse effect on the Company's business, financial condition, and results of operations.

POTENTIAL EFFECT OF ANTI-TAKEOVER PROVISIONS

The Company's Board of Directors has the authority, without action by the Company's stockholders, to fix the rights and preferences of and to issue shares of the Company's Preferred Stock, which may have the effect of delaying, deterring, or preventing a change in control of the Company. The Company has also imposed various procedural and other requirements that could make it more difficult for stockholders to effect certain corporate actions. In addition, the classification of the Board of Directors of the Company could have the effect of delaying, deterring, or preventing a change in control of the Company. See "Description of Capital Stock".

NO PRIOR PUBLIC MARKET

Before this offering, there was no public market for the Common Stock, and there can be no assurance that an active trading market will develop or be sustained. The initial public offering price will be determined by negotiation between the Company and the representatives of the Underwriters based on several factors, including prevailing market conditions and recent operating results of the Company, and may not be indicative of the market price of the Common Stock after this offering. See "Underwriting".

SHARES ELIGIBLE FOR FUTURE SALE

Sales of Common Stock in the public market after this offering could adversely affect the market price of the Common Stock. The 2,000,000 shares offered hereby will be freely tradeable in the open market. The remaining 6,000,000 shares, all of which Mr. Colony owns, are subject to a 180-day lock-up agreement with the representatives of the Underwriters. Following the expiration or earlier termination of the lock-up agreement, these shares will be eligible for sale in the open market.
pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). Upon completion of this offering, options to purchase 157,376 shares of Common Stock will be immediately exercisable, 106,595 of which shares are subject to 180-day lock-up agreements with the representatives of the Underwriters. The Company intends to register an aggregate of 200,000 shares of Common Stock reserved for issuance under its employee stock purchase plan upon consummation of this offering, which shares will not be issuable until June 1997. In addition, the Company intends to register an additional 2,900,000 shares of Common Stock reserved for issuance under its stock option plans 90 days after completion of this offering. See "Management -- Stock Plans" and "Description of Capital Stock -- Shares Eligible for Future Sale".

ABSENCE OF DIVIDENDS

The Company does not anticipate paying any cash dividends on the Common Stock in the foreseeable future other than distributions to the Company's sole stockholder in connection with the termination of the Company's S corporation election. See "Termination of S Corporation Election and S Corporation Distribution" and "Dividend Policy".

DILUTION

Purchasers of the Common Stock offered hereby will suffer an immediate dilution of $10.85 per share in the net tangible book value per share of the Common Stock from the assumed initial public offering price. To the extent that outstanding options to purchase Common Stock are exercised, there will be further dilution. See "Dilution".
USE OF PROCEEDS

The net proceeds to the Company from the sale of the 2,000,000 shares of Common Stock offered by the Company hereby (at an assumed initial public offering price of $14.00 per share and net of estimated underwriting discount and offering expenses) are estimated to be approximately $25,090,000 ($28,996,000 if the Underwriters' over-allotment option is exercised in full). The Company expects to use the net proceeds of this offering for working capital and general corporate purposes, including possible acquisitions. The Company currently has no commitments or agreements with respect to any specific acquisition. Pending such uses, the Company intends to invest the net proceeds primarily in short- and intermediate-term interest-bearing obligations of investment grade.

TERMINATION OF S CORPORATION ELECTION
AND S CORPORATION DISTRIBUTION

The Company has operated as an S corporation since January 1, 1987. As a result of its S corporation election, the income of the Company has been taxed, for federal and state income tax purposes, directly to the sole stockholder of the Company, except for certain state income taxes imposed at the corporate level. Upon the completion of this offering, the Company will terminate its S corporation election and will be subject to federal and state income taxes at prevailing corporate rates. Termination of this election will result in a net deferred tax liability being recorded as a charge to operations during the quarter in which this offering is completed. This deferred tax liability is approximately $500,000 as of September 30, 1996.

In addition, the Company will declare a distribution to its current stockholder in an amount equal to the Company's undistributed S corporation earnings. This distribution will be paid out of the Company's cash balances and proceeds from the sale of marketable securities. See "Dividend Policy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources". The Company and Mr. Colony also intend to enter into a Tax Indemnification Agreement. See "Certain Transactions".

DIVIDEND POLICY

The Company paid cash dividends of $1,750,000, $1,121,342, and $169,893 to Mr. Colony, the sole stockholder of the Company, in the years ended December 31, 1994 and 1995 and the nine months ended September 30, 1996, respectively. In addition, the Company will make a distribution to Mr. Colony equal to the Company's undistributed S corporation earnings through the termination of the Company's S corporation election. This distribution is estimated to be $3,600,000 based on earnings through September 30, 1996. This estimate does not include the amount to be distributed for S corporation earnings from October 1, 1996 through the termination of the Company's S corporation election. The Company anticipates that following completion of this offering and the distribution of S corporation earnings to the Company's sole stockholder, future earnings, if any, will be retained for the development of its business, and the Company does not anticipate paying any cash dividends on the Common Stock in the foreseeable future. See "Termination of S Corporation Election and S Corporation Distribution" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources".
DILUTION

The pro forma net tangible book value of the Company as of September 30, 1996 was approximately $(81,000), or $(0.01) per share of common stock. Pro forma net tangible book value per share of common stock is determined by dividing the Company's tangible net worth (tangible assets less liabilities) by the number of shares of Common Stock outstanding after giving effect to the (i) distribution of previously undistributed S corporation earnings taxed or taxable to the Company's sole stockholder of approximately $3,600,000 through September 30, 1996, and (ii) termination of the Company's S corporation election and the recognition of a deferred income tax liability of approximately $500,000 as of September 30, 1996, both to occur upon completion of this offering, but not giving effect to the distribution to be made to the sole stockholder upon completion of this offering in an amount equal to the Company's undistributed S corporation earnings from October 1, 1996 through the date of termination of the Company's S corporation election. After giving effect to the sale of 2,000,000 shares of Common Stock at an assumed initial public offering price of $14.00 per share (less estimated underwriting discount and offering expenses) resulting in estimated net proceeds of $25,090,000, the pro forma net tangible book value of the Company as of September 30, 1996 would have been approximately $25,232,000, or $3.15 per share. This represents an immediate increase of $3.16 per share to the existing stockholder and an immediate dilution of $10.85 per share to new investors. The following table illustrates this per share dilution:

| Assumed initial public offering price per share | $14.00 |
| Pro forma net tangible book value per share as of September 30, 1996 | $(0.01) |
| Increase per share attributable to new investors | 3.16 |
| Pro forma net tangible book value per share after this offering | 3.15 |
| Dilution per share to new investors | $10.85 |

The following table summarizes on a pro forma basis as of September 30, 1996 the total consideration paid, and the average price per share paid by the existing stockholder and new investors assuming the sale of the Common Stock offered hereby at an assumed initial public offering price of $14.00 per share, before deducting the estimated underwriting discount and offering expenses, and assuming the Underwriters' over-allotment option is not exercised.

<table>
<thead>
<tr>
<th>SHARES PURCHASED</th>
<th>TOTAL CONSIDERATION</th>
<th>AVERAGE PRICE PAID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER</td>
<td>PERCENT</td>
</tr>
<tr>
<td>Existing stockholder(1)</td>
<td>6,000,000</td>
<td>75.0%</td>
</tr>
<tr>
<td>New investors</td>
<td>2,000,000</td>
<td>25.0</td>
</tr>
<tr>
<td>Total</td>
<td>8,000,000</td>
<td>100.0</td>
</tr>
</tbody>
</table>

(1) Excludes 772,691 shares of Common Stock issuable upon exercise of certain options held by executive officers, directors, and certain employees of the Company that were outstanding as of September 30, 1996. To the extent any outstanding options are exercised, there will be additional dilution to new investors. See "Management -- Stock Plans" and Note 6 of Notes to Financial Statements.
The following table sets forth the capitalization of the Company as of September 30, 1996 (i) on an actual basis, (ii) on a pro forma basis after giving effect to (a) the distribution of previously undistributed S corporation earnings taxed or taxable to the Company's sole stockholder of approximately $3,600,000 through September 30, 1996, and termination of the Company's S corporation election and the recognition of a deferred income tax liability of approximately $500,000 as of September 30, 1996, both to occur upon completion of this offering, and (b) certain amendments to the Company's Certificate of Incorporation increasing the number of authorized shares of common stock to 25,000,000 and establishing a class of Preferred Stock consisting of 500,000 shares, and (iii) on a pro forma as adjusted basis to reflect the sale of 2,000,000 shares of common stock at an assumed initial public offering price of $14.00 per share (less estimated underwriting discount and offering expenses). This table should be read in conjunction with the Company's Financial Statements and Notes thereto included elsewhere in this Prospectus.

<table>
<thead>
<tr>
<th>Stockholders' equity:</th>
<th>ACTUAL</th>
<th>PRO FORMA(1)</th>
<th>ADJUSTED(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred stock, $.01 par value, per share:</td>
<td>$ --</td>
<td>$ --</td>
<td>$ --</td>
</tr>
<tr>
<td>500,000 shares authorized; none issued.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock, $.01 par value, per share:</td>
<td>$60</td>
<td>$60</td>
<td>$80</td>
</tr>
<tr>
<td>7,000,000 shares authorized; 6,000,000 shares issued and outstanding at September 30, 1996; 25,000,000 shares authorized and 6,000,000 shares issued and outstanding on a pro forma basis; and 8,000,000 shares issued and outstanding on a pro forma as adjusted basis(2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td></td>
<td></td>
<td>25,070</td>
</tr>
<tr>
<td>60</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>4,178</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Unrealized gain on marketable securities....</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Total stockholders' equity</td>
<td>4,242</td>
<td>142</td>
<td>25,232</td>
</tr>
<tr>
<td>Total capitalization</td>
<td>$4,242</td>
<td>$142</td>
<td>$25,232</td>
</tr>
</tbody>
</table>

(1) Does not include an adjustment for the distribution to be made to the sole stockholder of the Company after completion of this offering in an amount equal to the Company's undistributed S corporation earnings from October 1, 1996 through the termination of the Company's S corporation election.

(2) Excludes 772,691 shares of common stock issuable upon exercise of certain options held by executive officers, directors, and certain employees of the Company as of September 30, 1996.
The selected financial data presented below as of and for each of the three years ended December 31, 1993, 1994, and 1995, and for the nine months ended September 30, 1996 have been derived from the Company's financial statements, which have been audited by Arthur Andersen LLP, independent public accountants. The selected financial data as of and for the years ended December 31, 1991 and 1992 and for the nine-month period ended September 30, 1995 have been derived from the unaudited financial statements of the Company. In the opinion of management, the unaudited financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and the results of operations as at and for these periods. Operating results for the nine months ended September 30, 1996 are not necessarily indicative of the results that may be expected for the full year or any other period. The financial information set forth below is qualified by and should be read in conjunction with the Financial Statements of the Company and the Notes thereto included elsewhere in this Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

### SELECTED FINANCIAL DATA

<table>
<thead>
<tr>
<th></th>
<th>YEAR ENDED DECEMBER 31,</th>
<th>NINE MONTHS ENDED SEPTEMBER 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STATEMENT OF INCOME DATA:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core research..........</td>
<td>$ 1,637</td>
<td>$ 2,626</td>
</tr>
<tr>
<td>Advisory services and</td>
<td>1,337</td>
<td>2,139</td>
</tr>
<tr>
<td>Total revenues.........</td>
<td>2,974</td>
<td>4,765</td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of services and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>fulfillment............</td>
<td>1,308</td>
<td>1,866</td>
</tr>
<tr>
<td>Selling and marketing..</td>
<td>721</td>
<td>1,645</td>
</tr>
<tr>
<td>General and</td>
<td>485</td>
<td>599</td>
</tr>
<tr>
<td>administrative..........</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and</td>
<td>36</td>
<td>69</td>
</tr>
<tr>
<td>amortization............</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from operations.</td>
<td>424</td>
<td>586</td>
</tr>
<tr>
<td>Interest income</td>
<td>56</td>
<td>68</td>
</tr>
<tr>
<td>Net income.............</td>
<td>$ 480</td>
<td>$ 654</td>
</tr>
<tr>
<td>Pro forma income tax</td>
<td>192</td>
<td>262</td>
</tr>
<tr>
<td>adjustment(1)...........</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pro forma net income(1)</td>
<td>$ 288</td>
<td>$ 392</td>
</tr>
<tr>
<td>Pro forma net income per common share(2)</td>
<td>$.05</td>
<td>$.06</td>
</tr>
<tr>
<td>Weighted average common shares outstanding(2)</td>
<td>6,293,449</td>
<td>6,293,449</td>
</tr>
</tbody>
</table>

### BALANCE SHEET DATA:

<table>
<thead>
<tr>
<th></th>
<th>DECEMBER 31,</th>
<th>SEPTEMBER 30, 1996</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents and marketable securities......</td>
<td>$ 883</td>
<td>$ 2,385</td>
</tr>
<tr>
<td>Working capital.......</td>
<td>160</td>
<td>499</td>
</tr>
<tr>
<td>Total assets..........</td>
<td>2,275</td>
<td>4,964</td>
</tr>
<tr>
<td>Stockholders' equity..</td>
<td>331</td>
<td>696</td>
</tr>
</tbody>
</table>

(1) Represents net income before extraordinary items adjusted for effects of lower of cost or market.
The Company has elected to be taxed, since January 1, 1987, under subchapter S of the Code, whereby the sole stockholder is liable for federal and state income taxes on the Company's taxable income. Upon the completion of this offering, the Company will terminate its S corporation election and will be subject to corporate-level federal and state income taxes. Accordingly, the pro forma income tax adjustments represent the income taxes that would have been recorded if the Company had been a C corporation for the periods presented. See Note 3 of Notes to Financial Statements.

Pro forma net income per common share is computed by dividing pro forma net income by the weighted average number of shares of common stock and common stock equivalents outstanding during the period. See Note 1 of Notes to Financial Statements.

Pro forma to give effect to the (i) distribution of previously undistributed S corporation earnings taxed or taxable to the Company's sole stockholder of approximately $3,600,000 through September 30, 1996, and (ii) termination of the Company's S corporation election and the recognition of a deferred income tax liability of approximately $500,000 as of September 30, 1996. See Notes 1 and 3 of Notes to Financial Statements.

Does not include an adjustment for the distribution to be made to the sole stockholder of the Company after completion of this offering in an amount equal to the Company's undistributed S corporation earnings from October 1, 1996 through the termination of the Company's S corporation election.
OVERVIEW

Forrester has experienced year-to-year revenue growth every year since its inception in 1983. Over the last five years, the Company's revenues have increased to $14.6 million in 1995 from $3.0 million in 1991. The Company's revenues were $16.4 million in the first nine months of 1996. Forrester attributes this growth to the Company's continuing reputation for quality research and timely, accurate analysis of technology industry developments; the introduction of new products and services; and the expansion of the Company's sales and marketing organization. In addition, the Company believes the speed of technology change and the increasingly participatory nature of technology decisions have led to a growing market need for independent research and analysis on the impact of technology on large enterprises, consumers, and society.

Revenues from core research also increased over the last five years, to $10.1 million in 1995 from $1.6 million in 1991, and increased as a percentage of total revenues to 70% in 1995 from 55% in 1991. Revenues from core research were $12.6 million for the first nine months of 1996, or 77% of total revenues. Forrester attributes this growth to, in addition to the factors cited above, an increase in total Strategy Research Services offered -- from three in 1991 to four in 1994, to six in 1995, and to a total of 10 Strategy Research Services as of September 30, 1996.

Memberships to Forrester's Strategy Research Services are renewable contracts, typically annual and payable in advance. Accordingly, a substantial portion of the Company's billings are initially recorded as deferred revenue and recognized pro rata on a monthly basis over the contract period. The Company's other revenues are derived from advisory services rendered pursuant to Forrester's Partners Program and Strategy Review Program, and from the Forrester Technology Management Forum (the "Forum"). The Company's advisory service clients purchase such services in conjunction with the purchase of core research memberships to Strategy Research Services, and the contracts for such purchases are also generally payable in advance. Billings attributable to advisory services are initially recorded as deferred revenues and recognized as revenue when performed. Similarly, Forum billings are initially recorded as deferred revenues and are recognized upon completion of the event.

The Company's operating expenses consist of cost of services and fulfillment, selling and marketing expenses, general and administrative expenses, and depreciation and amortization. Cost of services and fulfillment represent the costs associated with production and delivery of the Company's products and services, and include the costs of salaries, bonuses, and related benefits for research personnel, and all associated editorial, travel, and support services. Selling and marketing expenses include salaries, employee benefits, travel expenses, promotional costs, and sales commissions, which are deferred when paid and expensed as the related revenue is recognized. General and administrative expenses include the costs of the finance, operations, and corporate IT groups, and other administrative functions of the Company.

The Company has had income from operations in each of the last five years from 1991 through 1995 and in the first nine months of 1996. Income from operations rose 321% to $1.8 million in 1995 from $423,665 in 1991. Income from operations was $2.2 million for the nine-month period ended September 30, 1996.

The Company has elected to be taxed, since January 1, 1987, under subchapter S of the Code whereby the sole stockholder is liable for individual federal and certain state income taxes on the Company's taxable income. As such, the Company has not paid federal income taxes and paid reduced state income taxes. Upon completion of this offering, the Company will terminate its S corporation election and will be subject to corporate-level federal and state income taxes. Termination of this election will result in a deferred income tax liability being recorded as a charge to operations during the quarter in which this offering is completed. This deferred tax liability is approximately $500,000 as of September 30, 1996. The combination of the state income tax provision and the pro forma income tax adjustment in the Company's historical financial statements
reflects the federal and state income taxes which would have been recorded if
the Company had been treated as a C corporation during the periods presented.
The Company has calculated these amounts based upon an estimated effective tax
rate for the respective periods.

The Company believes that the "agreement value" of contracts to purchase
core research and advisory services provides a significant measure of the
Company's business volume. Forrester calculates agreement value as the
annualized fees payable under all core research and advisory services contracts
in effect at a given point in time, without regard to the remaining duration of
such contracts. Agreement value increased 74% to $17.8 million at December 31,
value was $25.8 million. The Company's experience is that a substantial portion
of client companies renew expiring contracts for an equal or higher level of
total core research and advisory service fees each year. Approximately 71% and
72% of Forrester's client companies with memberships expiring during 1995 and
the first nine months of 1996, respectively, renewed one or more memberships for
the Company's products and services, although these renewal rates are not
necessarily indicative of the rate of future retention of the Company's revenue
base. The number of client companies increased to more than 860 at September 30,
1996 from 792 at December 31, 1995, and no single client company accounted for
over 4% of the Company's revenue in 1995 or over 3% of the Company's revenue in
the nine months ended September 30, 1996.

RESULTS OF OPERATIONS

The following table sets forth certain financial data as a percentage of
total revenues for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>YEAR ENDED DECEMBER 31,</th>
<th>NINE MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core research</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Advisory services and other</td>
<td>64</td>
<td>66</td>
</tr>
<tr>
<td>Total revenues</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Cost of services and fulfillment</td>
<td>33</td>
<td>35</td>
</tr>
<tr>
<td>Selling and marketing</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>General and administrative</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Income from operations</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Interest income</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Income before state income tax provision</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Provision for state income tax</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Net income</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>Pro forma income tax adjustment</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Pro forma net income</td>
<td>8%</td>
<td>10%</td>
</tr>
</tbody>
</table>

NINE MONTHS ENDED SEPTEMBER 30, 1996 AND SEPTEMBER 30, 1995

REVENUES. Total revenues increased 80% to $16.4 million in the nine months
Revenues from core research increased 79% to $12.6 million in the nine months
ended September 30, 1996 from $7.0 million in the corresponding period in 1995.
The increases in total revenues and revenues from core research were primarily
attributable to an increase in the number of clients, the introduction of new
Strategy Research Services, and continued expansion and increased productivity
of the Company's sales force.
Advisory services and other revenues increased 82% to $3.8 million in the nine months ended September 30, 1996 from $2.1 million in the nine months ended September 30, 1995. This increase was primarily attributable to demand for the Partners and Strategy Review Programs.

Revenues attributable to customers outside the United States increased 102% to $3.4 million in the nine months ended September 30, 1996 from $1.7 million in the nine months ended September 30, 1995, and also increased as a percentage of total revenues to 21% for the nine months ended September 30, 1996 from 10% for the nine months ended September 30, 1995. The increase was due primarily to the addition of direct international sales personnel. The Company invoices its international clients in U.S. dollars.

Agreement value grew to $25.9 million at September 30, 1996 from $13.7 million at September 30, 1995. No single client company accounted for more than 2% of agreement value or 3% of revenues for the nine months ended September 30, 1996.

COST OF SERVICES AND FULFILLMENT. Cost of services and fulfillment decreased as a percentage of total revenues to 36% in the nine months ended September 30, 1996 from 39% in the nine months ended September 30, 1995. These costs increased 67% to $5.9 million in the nine months ended September 30, 1996 from $3.5 million in the nine months ended September 30, 1995. The expense increase in this period was principally due to increased analyst staffing for new Strategy Research Services and related compensation expense.

SELLING AND MARKETING. Selling and marketing expenses decreased as a percentage of total revenues to 38% in the nine months ended September 30, 1996 from 41% in the nine months ended September 30, 1995. These expenses increased 67% to $6.2 million in the nine months ended September 30, 1996 from $3.7 million in the nine months ended September 30, 1995. The increase in expense was principally due to the addition of direct salespersons and increased sales commission expense associated with increased revenues. The decrease as a percentage of total revenues was principally due to increased productivity of the Company's direct sales force.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased as a percentage of total revenues to 11% in the nine months ended September 30, 1996 from 10% in the nine months ended September 30, 1995. These expenses increased 93% to $1.7 million in the nine months ended September 30, 1996 from $887,037 in the nine months ended September 30, 1995. The increase in expenses was principally due to staffing increases in operations and IT and higher costs associated with the Company's new Cambridge headquarters.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased 73% to $359,531 in the nine months ended September 30, 1996 from $207,347 in the nine months ended September 30, 1995. The increase in this expense was principally due to purchases of computer equipment, software, and office furnishings to support business growth, and the Company's move to its new Cambridge headquarters and expansion thereof.

INTEREST INCOME. Interest income increased to $353,915 in the nine months ended September 30, 1996 from $266,252 in the nine months ended September 30, 1995 due to an increase in the Company's cash balances resulting from positive cash flows from operations.

YEARS ENDED DECEMBER 31, 1995, 1994, AND 1993

REVENUES. Total revenues increased 50% to $14.6 million in 1995 from $9.7 million in 1994, and 33% from $7.3 million in 1993. Revenues from core research increased 50% to $10.1 million in 1995 from $6.4 million in 1994, and 36% from $4.7 million in 1993. The increases in total revenues and revenues from core research were primarily attributable to an increase in the number of clients, the introduction of new Strategy Research Services, continued expansion and increased productivity of the Company's sales force, and growing market acceptance of the Company's products. The Company introduced two new Strategy Research Services in 1995, one new Strategy Research Service in 1994, and did not start any new Strategy Research Services in 1993.

Advisory services and other revenues increased 33% to $4.4 million in 1995 from $3.3 million in 1994, and 28% from $2.6 million in 1993. The increase in advisory services and other revenues was
primarily attributable to demand for the Company's advisory services. The decrease of these revenues as a percentage of total revenues to 30% in 1995 from 34% in 1994 and 36% in 1993 reflects the results of the Company's strategy to expand sales of its core research. See "Business -- Strategy".

Revenues attributable to sales to customers outside the United States increased 61% to $2.6 million in 1995 from $1.6 million in 1994, and 43% from $1.1 million in 1993. International sales represented 18%, 16%, and 15% of total revenue for 1995, 1994, and 1993, respectively. The increase was due primarily to the Company's creation and growth of a direct international sales force from one employee in 1993 to eight employees at December 31, 1995.

Agreement value grew 74% to $17.8 million at December 31, 1995 from $10.2 million at December 31, 1994, and 75% from $5.8 million at December 31, 1993.

COST OF SERVICES AND FULFILLMENT. Cost of services and fulfillment increased as a percentage of total revenues to 37% in 1995 from 35% in 1994 and 33% in 1993. These costs increased 60% to $5.5 million in 1995 from $3.4 million in 1994, and 42% from $2.4 million in 1993. These increases were principally due to investment in new Strategy Research Services and resultant increased analyst staffing and related compensation expense.

SELLING AND MARKETING. Selling and marketing expenses increased as a percentage of total revenues to 39% in 1995 from 37% in 1994 and 1993. These expenses increased 57% to $5.6 million in 1995 from $3.6 million in 1994, and 33% from $2.7 million in 1993. The increase in expenses was principally due to the addition of direct salespersons and marketing personnel and increased sales commissions resulting from increased revenues.

GENERAL AND ADMINISTRATIVE. General and administrative expenses decreased as a percentage of total revenues to 9% in 1995 from 10% in 1994 and 16% in 1993. These expenses increased 33% to $1.4 million in 1995 from $1.0 million in 1994, and 33% from $2.7 million in 1993. The increase in expenses from 1994 to 1995 was principally due to staffing increases in operations and IT, higher costs associated with the Company's new Cambridge headquarters, and investment in the Company's internal IT systems.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased 91% to $287,705 in 1995 from $150,067 in 1994, and 43% from $185,120 in 1993. The increase in this expense was principally due to purchases of computer equipment, software, and office furnishings to support business growth and the Company's move to its new Cambridge headquarters and expansion thereof.

INTEREST INCOME. Interest income increased 171% to $339,569 in 1995 from $125,115 in 1994, and 58% from $70,343 in 1993. This increase resulted primarily from an increase in the Company's cash balances resulting from positive cash flows from operations.
The following tables set forth certain quarterly financial data for each of the seven quarters in the period ended September 30, 1996, together with such data as a percentage of total revenues. The quarterly information presented is unaudited and, in the opinion of management, has been prepared on the same basis as the annual audited statements and includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the periods presented, when read in conjunction with the Financial Statements of the Company and the Notes thereto included elsewhere in this Prospectus. Operating results for any quarter are not necessarily indicative of results for any future period.

### THREE MONTHS ENDED

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Core research</td>
<td>$2,049</td>
<td>$2,344</td>
<td>$2,643</td>
<td>$3,114</td>
<td>$3,646</td>
<td>$4,128</td>
<td>$4,811</td>
</tr>
<tr>
<td>Advisory services and other</td>
<td>659</td>
<td>529</td>
<td>892</td>
<td>2,359</td>
<td>1,100</td>
<td>1,188</td>
<td>1,501</td>
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<tr>
<td>Total revenues</td>
<td>2,708</td>
<td>2,873</td>
<td>3,535</td>
<td>5,473</td>
<td>4,746</td>
<td>5,316</td>
<td>6,312</td>
</tr>
<tr>
<td>Cost of services and fulfillment</td>
<td>1,058</td>
<td>1,105</td>
<td>1,387</td>
<td>1,936</td>
<td>1,736</td>
<td>2,010</td>
<td>2,165</td>
</tr>
<tr>
<td>Selling and marketing</td>
<td>1,106</td>
<td>1,255</td>
<td>1,369</td>
<td>1,913</td>
<td>1,841</td>
<td>2,104</td>
<td>2,289</td>
</tr>
<tr>
<td>General and administrative</td>
<td>270</td>
<td>288</td>
<td>329</td>
<td>502</td>
<td>618</td>
<td>516</td>
<td>581</td>
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<tr>
<td>Depreciation and amortization</td>
<td>65</td>
<td>63</td>
<td>80</td>
<td>79</td>
<td>92</td>
<td>120</td>
<td>148</td>
</tr>
<tr>
<td>Income from operations</td>
<td>209</td>
<td>162</td>
<td>370</td>
<td>1,043</td>
<td>459</td>
<td>566</td>
<td>1,129</td>
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<tr>
<td>Interest income</td>
<td>75</td>
<td>102</td>
<td>89</td>
<td>73</td>
<td>110</td>
<td>121</td>
<td>123</td>
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<tr>
<td>Income before state income tax provision</td>
<td>284</td>
<td>264</td>
<td>459</td>
<td>1,116</td>
<td>569</td>
<td>687</td>
<td>1,252</td>
</tr>
<tr>
<td>State income tax provision</td>
<td>13</td>
<td>12</td>
<td>21</td>
<td>50</td>
<td>30</td>
<td>35</td>
<td>61</td>
</tr>
<tr>
<td>Net income</td>
<td>$271</td>
<td>$252</td>
<td>$438</td>
<td>$1,066</td>
<td>$539</td>
<td>$652</td>
<td>$1,191</td>
</tr>
<tr>
<td>Pro forma income tax adjustment</td>
<td>163</td>
<td>95</td>
<td>166</td>
<td>375</td>
<td>200</td>
<td>243</td>
<td>475</td>
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<tr>
<td>Pro forma net income</td>
<td>$168</td>
<td>$157</td>
<td>$272</td>
<td>$691</td>
<td>$339</td>
<td>$409</td>
<td>$716</td>
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### THREE MONTHS ENDED

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<tbody>
<tr>
<td>Core research</td>
<td>76%</td>
<td>82%</td>
<td>75%</td>
<td>57%</td>
<td>77%</td>
<td>78%</td>
<td>76%</td>
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<tr>
<td>Advisory services and other</td>
<td>24</td>
<td>18</td>
<td>25</td>
<td>43</td>
<td>23</td>
<td>22</td>
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<tr>
<td>Total revenues</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>Cost of services and fulfillment</td>
<td>39</td>
<td>38</td>
<td>39</td>
<td>35</td>
<td>37</td>
<td>37</td>
<td>34</td>
</tr>
<tr>
<td>Selling and marketing</td>
<td>41</td>
<td>44</td>
<td>39</td>
<td>35</td>
<td>38</td>
<td>40</td>
<td>37</td>
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<tr>
<td>General and administrative</td>
<td>10</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td>13</td>
<td>10</td>
<td>9</td>
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<tr>
<td>Depreciation and amortization</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
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<tr>
<td>Income from operations</td>
<td>8</td>
<td>6</td>
<td>11</td>
<td>20</td>
<td>10</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Interest income</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>2</td>
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<tr>
<td>Income before state income tax provision</td>
<td>11</td>
<td>10</td>
<td>14</td>
<td>21</td>
<td>12</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>State income tax provision</td>
<td>1</td>
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<td>10%</td>
<td>9%</td>
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<tr>
<td>Pro forma income tax</td>
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<td>Pro forma net income</td>
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Revenues generally increased each quarter during the seven quarters ended September 30, 1996, reflecting the overall growth in the Company’s business. Historically, total revenues in the fourth quarter have reflected the significant positive contribution of revenues attributable to the Forrester Forum. As a result, the Company has typically experienced a decline in total revenues from the quarter ended December 31 to the quarter ended March 31. In addition, cost of services and fulfillment and sales and marketing expense has typically decreased as a percentage of revenues during the fourth quarter. Sales and marketing expenses increased as a percentage of revenues during the quarter ended June 30, 1995 due to additional costs related to new collateral material printed in connection with the Company’s move into its new Cambridge offices. General and administrative expenses increased as a percentage of revenues during the quarter ended March 31, 1996 compared to the quarter ended December 31, 1995 due to increased hiring of operations personnel and the increased revenues during the quarter ended December 31, 1995 attributable to the Forum. The Company’s quarterly operating results have fluctuated in the past and may continue to fluctuate in the future.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through funds generated from operations. Memberships for core research, which constituted approximately 77% of the Company’s revenues for the nine months ended September 30, 1996, are annually renewable and are generally payable in advance. These up-front payment terms together with historical year-to-year revenue growth have allowed the Company to generate positive cash flows each year since 1984, one year after its inception in 1983. The Company generated $4.6 million in cash from operating activities during 1995, $3.7 million during 1994, and $1.3 million during 1993. In the nine months ended September 30, 1996, the Company generated $4.8 million in cash from operating activities.

In 1995, the Company used $5.2 million of cash in investing activities, consisting of $751,850 for the purchase of property and equipment and $4.5 million for net purchases of marketable securities. The Company regularly invests excess funds in short- and intermediate-term interest-bearing obligations of investment grade. In 1995, the Company used $1.1 million in financing activities, consisting solely of a distribution to the stockholder primarily to pay income taxes on the Company's net income. See "Termination of S Corporation Election and S Corporation Distribution" and "Dividend Policy" above.

In the nine months ended September 30, 1996, the Company used $4.4 million of cash in investing activities. The primary uses were the purchase of $1.5 million of property and equipment and the net purchase of $2.9 million of marketable securities.

As of September 30, 1996, the Company had cash and cash equivalents of $1.3 million and $9.6 million in marketable securities. This amount will be reduced by a distribution to the sole stockholder of the Company after completion of this offering as described in "Termination of S Corporation Election and S Corporation Distribution". The Company does not have a line of credit and does not anticipate the need for one in the foreseeable future. The Company currently has no material capital commitments and does not foresee that capital expenditures will increase substantially during the next two years. The Company believes that its current cash balance, marketable securities, and cash flows from operations, together with the net proceeds from the offering, will satisfy working capital, financing activities, and capital expenditure requirements for at least the next two years.

The Company will declare a distribution to its current stockholder in an amount equal to the Company's undistributed S corporation earnings of approximately $3,600,000 through September 30, 1996. The estimated distribution through September 30, 1996 does not include the amount to be distributed for S corporation earnings from October 1, 1996 through termination of the Company's S corporation election. These distributions will be paid out of the Company's cash balances and proceeds from the sale of marketable securities.
Forrester is a leading independent research firm offering products and services that help its clients assess the effect of technology on their businesses. The Company provides analysis and insight into a broad range of technology areas such as computing, software, networking, the Internet, and telecommunications, and projects how technology trends will impact businesses, consumers, and society. Forrester's clients, which include senior management, business strategists, and IT professionals within large enterprises, use Forrester's prescriptive research to understand and benefit from current developments in technology and as support for their development and implementation decisions.

Forrester offers its clients annual memberships to any of its 10 research services ("Strategy Research Services"). Each Strategy Research Service focuses on a particular area of technology and explores business issues relevant to clients' decision-making. These issues include the impact that the application of technology may have on financial results, investment priorities, organizational effectiveness, and staffing requirements. Forrester also provides advisory services to a limited number of clients to help them explore in greater detail the topics covered by the core research.

Forrester targets its products and services to both large enterprises and technology vendors. As of September 30, 1996, Forrester's research was delivered to more than 860 client companies. No single client company accounted for more than 3% of the Company's revenues during the nine-month period ended September 30, 1996. Approximately 72% of Forrester's client companies with memberships expiring during the nine-month period ended September 30, 1996 renewed one or more memberships for the Company's products and services.

INDUSTRY BACKGROUND

Businesses increasingly depend on technology for competitive advantage and success. Technology is being used as a strategic tool to develop innovative products, services, and distribution channels, as well as to create more efficient internal business processes. Decisions about how to deploy networks, software, and other systems are increasingly participatory, with line-of-business managers, marketing executives, and corporate leaders joining IT professionals in the technology review and decision-making process. Together, these individuals must develop a coherent strategy that leverages innovative systems to reach new markets, gain competitive advantage, and develop high customer service and loyalty levels. Developing such a strategy is difficult, however, as the rate of technology change accelerates. Increased complexity and the proliferation of vendors and solutions have increased the challenges in anticipating and understanding emerging technologies.

The strategic use of technology, the widening scope of decision-making, the speed of change, and the complexity of decisions make it difficult for organizations to efficiently generate research and analysis on their own. Costly incremental resources -- time and expertise -- are required for successful analysis and implementation of technology. Poor decisions can be costly and detrimental to an organization's competitive position. Consequently, demand is growing for external sources of expertise that provide independent, vendor-neutral business advice on how to benefit from technology change. Research firms that provide tactical product assessment or customized consulting are often too narrow in their perspective to satisfy this demand. Business leaders as well as technology users require comprehensive research that can anticipate, assess, and interpret major trends. Forrester believes there is a growing need for thematic, prescriptive analysis of technology that appeals to senior management, business strategists, and IT professionals, and helps organizations improve their strategic planning processes, leverage technology change, and gain competitive advantage.
Forrester addresses the growing demand for thematic, prescriptive analysis of technology by providing business-focused research to senior management, business strategists, and IT professionals. The Company's research methodology analyzes complex technology issues and delivers prescriptive analysis and advice through each of its 10 Strategy Research Services. This research helps large enterprises make informed decisions that positively affect competitive strategy and business performance, reduce risk, and manage cost. Although Forrester's research is user-focused, IT vendors also use Forrester's research for marketing, product positioning, and market planning.

Forrester differentiates its products and services from those offered by other research firms by:

ADDRESSING NEEDS OF BUSINESS EXECUTIVES. Forrester's core research and advisory services blend analysis of technology with related business issues to enable senior management to better use technology for competitive advantage. Unlike narrowly focused, tactically based research that assesses products and components, Forrester's research provides a strategic view of the impact of technology on long-term business plans.

DELIVERING VALUABLE, STAND-ALONE WRITTEN RESEARCH. Forrester's research distills the abundance of information, activities, and developments in the IT industry into a concise, easy-to-read guide for decision-making. In contrast to research that requires interactive consulting support, Forrester's research is designed to provide valuable, prescriptive analysis that stands on its own without requiring ongoing analyst interaction.

TAKING A STAND ON DIFFICULT TECHNOLOGY ISSUES. Forrester's research and analysts challenge conventional viewpoints; the Company does not expect clients to agree with every prediction or conclusion presented. However, the Company does believe that strong opinions and recommendations will enable clients to more thoroughly consider the use of technology to gain competitive advantage. Forrester, unlike many other research firms, provides concrete, actionable business advice.

PROVIDING A BROAD VIEW OF TECHNOLOGY CHANGE. Forrester's research approach provides an integrated, cross-disciplinary view of technologies and their impact throughout organizations and industries. The Company's cross-service collaboration ensures that a coherent, thematic analysis is consistently delivered to clients. Forrester's broad perspective can be contrasted with narrowly defined, specifically tailored technology assessments.

FOCUSING ON EMERGING TECHNOLOGIES IN CONSUMER AND BUSINESS MARKETS. Forrester's research methodology is designed to identify fundamental shifts in technology before these changes appear on the horizons of most users, vendors, and other research firms. Forrester's interview-based research approach combines input from early adopters of new technologies, vendors, and consumers to gauge the likelihood of a technology's success and its potential impact on various markets.

STRATEGY

Forrester seeks to capitalize on the growing demand for technology research, analysis, and advice. To achieve this goal, Forrester has adopted the following strategies:

LEVERAGE CORE RESEARCH. By focusing on sales of its stand-alone core research, the Company can deliver value to its clients and can increase its revenues without having to provide ongoing and direct analyst support. In addition, Forrester's current and developing electronic delivery options make it easier to disseminate research within an organization while providing greater ease of use, including the ability to search, customize, and sort information according to individual preferences. Finally, the Company intends to continue to introduce new Strategy Research Services and to provide advisory services that build upon the analysis and recommendations set forth in the core research to enhance sales of that core research.
EXPAND CLIENT BASE AND PENETRATE EXISTING ACCOUNTS. The Company believes that its current offerings of products and services, and anticipated new products and services, can continue to be successfully marketed and sold to new client companies, as well as to new organizations within existing client companies. Forrester currently targets senior management, business strategists, and IT professionals within Fortune 1,000 companies. The Company seeks to expand its international audience by targeting select geographic markets. The Company also aims to increase the number of Strategy Research Services that each client purchases through increased marketing of new and current products and services.

IDENTIFY AND DEFINE NEW TECHNOLOGY MARKETS. Forrester seeks to position itself ahead of other research firms by delivering strategic research and analysis on new and emerging technologies. Forrester believes its methodology and culture allow it to focus on areas of technology change and enable it to expand its product and service offerings to address new technology issues.

ATTRACT AND RETAIN HIGH-QUALITY RESEARCH PROFESSIONALS. The knowledge and experience of Forrester's analysts are critical elements of the Company's ability to provide high-quality products and services. The Company seeks to attract, develop, and retain outstanding research professionals by providing a creative corporate environment and culture, a competitive compensation structure, training and mentoring programs for individual development, and recognition and rewards for excellent individual and team performance.

EXPAND AND LEVERAGE SALES FORCE. The Company is expanding its current direct sales force and is seeking to increase the average sales volume per sales representative. The Company believes that this increase can be achieved as the average tenure of the Company's sales representatives lengthens and marketing initiatives shorten the sales cycle. Initiatives include the improvement of existing and the development of new methods for obtaining highly qualified sales leads, targeted use of third-party telemarketing firms, and hosting of regional marketing events around the world.

PRODUCTS AND SERVICES

Forrester's principal products are annually renewable memberships to 10 Strategy Research Services in three main research areas: Corporate IT, New Media, and Strategic Management. Corporate IT Research services analyze how technology change impacts IT's infrastructure, tactics, and mission; New Media Research services provide insight into how companies can leverage emerging technology to deliver content and services to consumers; and Strategic Management Research assists senior executives in understanding the long-term implications of technology change on organizational and business strategies. Each Strategy Research Service delivers monthly Reports and biweekly Briefs, except the Leadership Strategies service which delivers Reports on a bimonthly basis and Executive Takes on a biweekly basis. Additionally, Forrester provides advisory services to select clients through the Partners Program and Strategy Review Program. The Company holds one major event each year, the Forrester Technology Management Forum, a two-day conference devoted to leading technology issues.

STRATEGY RESEARCH SERVICES

The Company's Strategy Research Services provide ongoing research and analysis on the developments, information, and activities in the technology industry. Each service is staffed by a team of research analysts and associates with substantial experience in the technology area covered by that service. The services employ a consistent research methodology to analyze technology issues, address related business issues, and offer recommendations and action plans. While each service addresses a specific technology area, collectively they present complementary, consistent research themes and provide comprehensive coverage of relevant technology issues faced by the Company's clients. Businesses are able to supplement and extend internal resources with current, thorough, and focused analysis and recommendations. In addition, technology vendors are able to augment and test competitive, new product, marketing, and sales plans against Forrester's independent analysis and advice.
The following table summarizes the coverage areas of Forrester's Strategy Research Services:

<table>
<thead>
<tr>
<th>CORPORATE IT RESEARCH</th>
<th>SAMPLE TOPICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPUTING STRATEGY SERVICE -- introduced in November 1983, analyzes the rollout and management of large-scale client/server systems, the impact of the Internet on computing architectures, and the changing IT organization</td>
<td>Systems and network management</td>
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<tr>
<td></td>
<td>- Directories</td>
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<td></td>
<td>- Operating systems</td>
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<td></td>
<td>- Servers, PCs, workstations</td>
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<td>- Internet Computing</td>
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<tr>
<td>NETWORK STRATEGY SERVICE -- introduced in December 1986, analyzes high-performance network services and guides companies to build advanced networks that support client/server applications, link mobile workers, and connect business partners and customers</td>
<td>- ATM</td>
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<td>- Video</td>
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<td>- E-mail</td>
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<td>- Internetworking equipment</td>
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<td>- Networking protocols and services</td>
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<td>- Internet/Intranet</td>
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<tr>
<td>PACKAGED APPLICATION STRATEGIES -- introduced in April 1996, analyzes the impact of emerging technologies on application strategy and helps clients acquire, manage, and leverage packaged software applications</td>
<td>- Cost of ownership analysis</td>
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<td>- eCommerce packages</td>
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<td></td>
<td>- Suite vs. best-of-breed</td>
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<td>- Application data warehousing</td>
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<td>- Impact of Internet/Intranet</td>
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<tr>
<td>SOFTWARE STRATEGY SERVICE -- introduced in April 1990, analyzes and defines strategies for the overall software architecture needed to meet business objectives, including strategic use of data, documents, and development</td>
<td>- Object-oriented technology</td>
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<td></td>
<td>- Internet/Intranet software</td>
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<td>- Document management</td>
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<td>- Data warehousing</td>
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<td>- Web servers</td>
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<tr>
<td>TELECOM STRATEGIES -- introduced in June 1996, analyzes the strategic use of communications technologies and helps clients use telecommunications to gain competitive advantage and cut costs</td>
<td>- Wide area networking</td>
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<td>- Wireless communications</td>
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<td>- Internet access</td>
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<td>- Service providers and helps clients build technology-based media franchises</td>
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<tr>
<td>INTERACTIVE TECHNOLOGY STRATEGIES -- introduced in March 1996, analyzes interactive development and delivery technologies that affect consumers</td>
<td>- Multimedia development</td>
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<td>- CD-ROM</td>
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<td></td>
<td>- Web site development tools</td>
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<td>- Web site management</td>
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<td></td>
<td>- Search engines</td>
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<tr>
<td>MEDIA &amp; TECHNOLOGY STRATEGIES -- introduced in September 1996, analyzes electronic media business models for publishers, broadcasters, and information service providers and helps clients build technology-based media franchises</td>
<td>- Internet advertising</td>
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<td>- On-line magazines</td>
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<td>- Future of business information services</td>
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<td>- Electronic yellow pages</td>
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<tr>
<td>MONEY &amp; TECHNOLOGY STRATEGIES -- introduced in September 1995, analyzes consumer financial services, focusing on technology's impact on how consumers spend, save, and invest</td>
<td>- eCommerce</td>
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<td>- Integrated financial services</td>
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<td>- Smart cards</td>
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<td>- On-line retailing</td>
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<td>- On-line banking</td>
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<td>- Web strategies for financial firms</td>
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<tr>
<td>PEOPLE &amp; TECHNOLOGY STRATEGIES -- introduced in May 1994, analyzes how emerging technologies affect consumer lifestyles and behavior</td>
<td>- Consumer demographics</td>
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<td></td>
<td>- On-line services and the Internet</td>
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<tr>
<td></td>
<td>- On-line business models</td>
</tr>
<tr>
<td>STRATEGIC MANAGEMENT RESEARCH</td>
<td>SAMPLE TOPICS</td>
</tr>
<tr>
<td>LEADERSHIP STRATEGIES -- introduced in September 1995, analyzes how executives can maximize the business benefits of technology and guides them in making effective decisions about strategic direction, investment properties, and resource management</td>
<td>- Strategic planning</td>
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<td>- IT cost management</td>
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<td>- Best practices/benchmarking</td>
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<td>- Strategic vendor selection</td>
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<td>- High Performance IT</td>
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</table>
Each client that purchases a membership to a Strategy Research Service receives the following written materials:

FORRESTER REPORTS are created monthly by the services in Corporate IT and New Media Research, and bimonthly by the Leadership Strategies service. These Reports deliver analysis on current technology issues in a concise format.

FORRESTER BRIEFS AND TAKES offer timely analysis on industry events, issues, technology, or other specific research topics. Corporate IT and New Media clients receive 24 Briefs per year, and Leadership Strategies clients receive 26 Executive Takes per year.

JOURNAL ENTRIES are presented at the end of every Forrester Report and offer Forrester's inside perspective on current events in the industry.

In addition to printed reports, Strategy Research Service core research deliverables are available in the following electronic delivery formats:

FORRESTER INTERNET gives clients access to a full archive of Forrester's research from 1993 to the present via the World Wide Web. Extensive search capabilities and end user customization allow clients to tailor document viewing to their particular needs.

FORRESTER INTRANET delivers the same research archive as Forrester Internet, can be purchased with or without a search engine, and is compatible with any client's Intranet environment.

FORRESTER RESEARCH FOR LOTUS NOTES USERS provides access to Forrester's full research archive from 1993 to the present via replication to Forrester's Lotus Notes server. Documents can be viewed and sorted by Strategy Research Service, analyst, technology, product, company, people, or date.

ADVISEMENT SERVICES AND EVENTS

Forrester provides advisory services to a limited number of clients through its Partners Program and Strategy Review Program. These programs leverage Forrester's research expertise to address clients' long-term planning issues and align Forrester's core research and insight with specific business goals. As of September 30, 1996, 68 client companies were members of the Partners Program and 196 client companies were members of the Strategy Review Program. In addition to core research, each client purchasing a membership to the Partners Program and Strategy Review Program receives the following deliverables, respectively:

THE PARTNERS PROGRAM provides clients with a proactive relationship with Forrester analysts to address long-range planning, technology decision-making, and strategic management best practices. The base program includes a series of one-day meetings and conference calls with Forrester analysts.

THE STRATEGY REVIEW PROGRAM gives clients access to Forrester analysts in a series of quarterly two-hour conference calls or meetings in order to apply the research to business strategies.

The Company also hosts the Forrester Forum each year. The Forum brings together more than 500 senior executives for a two-day conference to network with their peers and hear major figures from the technology industry and leaders from other business sectors discuss the impact of technology change on business.

PRICING

The prices for Forrester's core research are a function of the number of services purchased, the number of research recipients within the client organization, and the delivery format (i.e., printed or electronic). The average contract for annual memberships sold to Forrester clients for core
research, excluding annual memberships for core research in connection with Forrester's Partners and Strategy Review Programs, for the year ended December 31, 1995 was approximately $10,200 and for the nine months ended September 30, 1996 was approximately $13,600. The prices for Forrester's Partners and Strategy Review Programs are also a function of the number of services purchased, the number of research recipients within the client organization, delivery format, and amount and type of advisory services. All Partners Program and Strategy Review Program memberships sold include core research. The average contract for annual memberships sold to Forrester clients for the Partners Program for the year ended December 31, 1995 was approximately $65,700 and for the nine months ended September 30, 1996 was approximately $86,600. The average contract price of annual memberships sold to Forrester clients for the Strategy Review Program, for the year ended December 31, 1995 was approximately $33,300 and for the nine months ended September 30, 1996 was approximately $35,700.

Forrester believes that the agreement value of contracts to purchase core research and advisory services provides a significant measure of the Company's business volume. Forrester calculates agreement value as the annualized fees payable under all core research and advisory services contracts in effect at a given point in time, without regard to the remaining duration of the contracts. Agreement value at December 31, 1994 was $10.2 million and grew to $17.8 million at December 31, 1995. At September 30, 1996, agreement value was $25.9 million.

RESEARCH AND ANALYSIS

Forrester employs a structured and consistent research methodology across the Company's 10 Strategy Research Services. Each service is managed by a service director who is responsible for implementing the Company's research methodology and maintaining research quality in the service's particular technology coverage area. Forrester's methodology enables the Company to identify and analyze emerging technology trends, markets, and audiences, and ensures consistent research quality and recommendations across all services. The Company's research is thematic in approach: Forrester Reports are composed around major technology trends, not isolated technology review and assessment. Research themes apply throughout different research Reports, within services, and across research services.

Forrester's research process subjects initial ideas to research, analysis, and rigorous validation, and produces conclusions, predictions, and recommendations. Forrester employs several different primary research methods: confidential interviews with early adopters of new technology, technology vendors, consumers, and users and vendors in related technology areas; regular briefings with vendors to review current positions and future directions; and input from clients and third parties gathered during advisory sessions.

Reports begin with cross-service discussion sessions with analysts. Cross-service testing of an idea continues throughout the Report process at informal and weekly research meetings. At the final stage of the research process, senior analysts meet to test the conclusions of each Report. Also, each Report is reviewed by an analyst outside the research service as an additional quality check and to ensure clarity and readability by all clients -- especially those lacking strong technology backgrounds. All research is reviewed and graded by Forrester's senior research directors.

The knowledge and experience of Forrester's analysts are critical elements of the Company's ability to provide high-quality research and analysis. Forrester analysts average approximately 10 years of industry experience, with varied backgrounds mirroring all facets of the industry -- vendor and user marketing and development, entrepreneurs, financial services, and journalism. The Forrester culture and compensation system foster a dedication to high-quality research across all research services.

All members of Forrester's research staff participate in the Company's incentive compensation bonus plan. Each employee's performance against individual and team goals determines an eligible bonus that is funded by the Company's overall performance against key business objectives. Individual and team goals include on-time delivery of high-quality research, core research bookings,
and advisory services support to Partners and Strategy Review Program clients. Senior analysts and research directors are eligible to receive equity awards under the Company's stock plans.

SALES AND MARKETING

Forrester has made a substantial investment in its direct sales force to better serve clients and address additional markets. The Company's direct sales force, comprised of 38 sales representatives as of September 30, 1996, consists of business development managers who are responsible for maintaining and leveraging the current client base by renewing and selling additional Strategy Research Services to existing clients, corporate account managers who develop new business in assigned territories, and regional sales directors who focus on high-level client contact and service.

Forrester sells its products and services through its headquarters in Cambridge, Massachusetts, and a regional sales office in San Francisco. Forrester also uses six local independent sales representatives to market and sell its products and services internationally. These independent third-party representatives cover the following territories: Australia, Brazil, France, Japan, Spain, and South Africa.

The Company has developed and will continue to implement products and programs to support the sales representatives in their effort to differentiate Forrester and define the value derived from the Company's research and analysis. These products and programs include extensive worldwide press relations, direct mail campaigns, telemarketing, and a worldwide events program. In addition, the Company uses its Web site as a strategic tool to increase the quality and speed of lead development for the sales force. All Forrester sales representatives participate in the Company's annual commission and bonus plan. Commissions are paid monthly based upon attainment of net bookings against established quotas; quarterly bonuses are paid for exceeding quota levels.

As of September 30, 1996, Forrester's research was delivered to over 860 client companies, including 57 of the 1996 Fortune 100 companies and 157 of the 1996 Fortune 500 companies. No single client company accounted for over 3% of the Company's revenues for the nine months ended September 30, 1996.

COMPETITION

Forrester believes that the principal competitive factors in its industry include quality of research and analysis, timely delivery of information, the ability to offer products that meet the changing needs of organizations for research and analysis, independence from vendors, and customer service and price. The Company believes it competes favorably with respect to each of these factors. Additionally, the Company believes that its business-focused review of emerging technologies and high-level, easy-to-read research format distinguish it from its competitors.

The Company competes in the market for technology research products and services with other independent providers of similar services. Forrester's principal direct competitor in IT research is Gartner Group, Inc., which has a substantially longer operating history, is significantly larger, and has considerably greater financial resources and market share than the Company. Numerous other companies, including META Group, Inc., provide IT research and analysis. In addition, the Company's indirect competitors include the internal planning and marketing staffs of the Company's current and prospective clients, as well as other information providers such as electronic and print publishing companies, survey-based general market research firms, and general business consulting firms. The Company's indirect competitors could choose to compete directly against the Company in the future. In addition, there are relatively few barriers to entry into the Company's market and new competitors could readily seek to compete against the Company in one or more market segments addressed by the Company's Strategy Research Services. Increased competition could adversely affect the Company's operating results through pricing pressure and loss of market share. There can be no assurance that the Company will be able to continue to compete successfully against existing or new competitors.
Forrester's culture emphasizes certain key values -- quality, cooperation, and creativity -- that it believes are critical to its continued growth. To encourage achievement of the Company's key values, the Company places great emphasis on individual excellence, and employees at all levels of the organization are encouraged to take initiative and lead individual projects that enhance Forrester's effectiveness. Forrester regularly recognizes and rewards excellent performance in all areas of the Company. The Company's balanced emphasis on individual achievement and teamwork is reflected in its compensation structure. Each employee's performance is measured against individual and team goals that determine an eligible bonus funded by the Company's overall performance against key business objectives. This structure gives employees a vested interest in the Company's overall success and performance while still promoting individual excellence.

As of September 30, 1996, Forrester employed a total of 119 persons, including 55 research staff, 44 sales and marketing personnel, and 20 operations personnel. Of these employees, 118 are located at the Company's headquarters in Cambridge, Massachusetts and one is located at another domestic facility. None of the Company's employees is represented by a collective bargaining arrangement, and the Company has experienced no work stoppages. The Company believes that its relations with its employees are good.

As of September 30, 1996, there were options to purchase 748,691 shares of the Common Stock of the Company granted to employees under the Company's 1996 Amended and Restated Equity Incentive Plan. Upon completion of this offering, options to purchase 149,376 shares of the Company's Common Stock held by employees of the Company will become immediately exercisable.

Forrester's continued growth depends in large part on its ability to attract, retain, and motivate highly skilled research analysts, sales and marketing personnel, and operations staff. Competition for highly skilled personnel in the Company's market is intense, and many of the companies with which Forrester directly competes for such personnel have substantially greater financial and other resources than the Company. In addition, competition for highly skilled personnel can be expected to become more intense as competition in the Company's industry increases. Although the Company expects to continue to attract sufficient numbers of highly skilled employees and to retain and motivate its existing research analysts, sales and marketing personnel, and operations staff for the foreseeable future, there can be no assurance that the Company will be able to do so. The loss of any of the Company's senior management personnel or any failure to attract, retain, and motivate a sufficient number of qualified personnel would have a material adverse effect on the Company's business, financial condition, and results of operations. The Company has entered into non-competition agreements with each of its group directors, service directors, senior analysts, and certain other employees which provide that such persons will not compete with the Company for the one-year period after the date of termination of employment with the Company.

The Company's headquarters are located in approximately 30,000 square feet of office space in Cambridge, Massachusetts. This facility accommodates research, marketing, sales, IT, and operations personnel. The initial lease term of this facility expires in January 2001. The Company has the option to extend this lease for up to two additional terms of five years each. The Company also leases office space in San Francisco to support its sales functions. The Company believes that its existing facilities are adequate for its current needs and that additional facilities are available for lease to meet future needs.

The Company is not currently a party to any material legal proceedings.
The executive officers and members of and nominees to the Board of Directors of the Company are as follows:

<table>
<thead>
<tr>
<th>NAME</th>
<th>AGE</th>
<th>POSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>George F. Colony</td>
<td>43</td>
<td>Chairman of the Board, President, and Chief Executive Officer</td>
</tr>
<tr>
<td>William M. Bluestein, Ph.D.</td>
<td>39</td>
<td>Group Director, New Media Research</td>
</tr>
<tr>
<td>Paul D. Callahan</td>
<td>47</td>
<td>Group Director, Corporate IT Research</td>
</tr>
<tr>
<td>Ruth Habbe</td>
<td>41</td>
<td>Director, Marketing</td>
</tr>
<tr>
<td>Mary A. Modahl</td>
<td>34</td>
<td>Group Director, New Media Research</td>
</tr>
<tr>
<td>David H. Ramsdell</td>
<td>45</td>
<td>Director, Finance</td>
</tr>
<tr>
<td>Jon D. Schwartz</td>
<td>36</td>
<td>Director, Worldwide Sales</td>
</tr>
<tr>
<td>Paul J. Warren</td>
<td>31</td>
<td>Director, IT</td>
</tr>
<tr>
<td>Susan M. Whirty, Esq.</td>
<td>39</td>
<td>Director, Operations, General Counsel, Secretary, Treasurer</td>
</tr>
<tr>
<td>Stuart D. Woodring</td>
<td>36</td>
<td>Group Director, Corporate IT Research</td>
</tr>
<tr>
<td>Robert M. Galford(1)</td>
<td>44</td>
<td>Member of the Board of Directors</td>
</tr>
<tr>
<td>George R. Hornig(1)</td>
<td>42</td>
<td>Member of the Board of Directors</td>
</tr>
<tr>
<td>Christopher W. Mines(1)</td>
<td>42</td>
<td>Member of the Board of Directors</td>
</tr>
<tr>
<td>Michael H. Welles(1)</td>
<td>42</td>
<td>Member of the Board of Directors</td>
</tr>
</tbody>
</table>

(1) Elected to serve as members of the Board of Directors commencing immediately following the completion of this offering.

George F. Colony, founder of the Company, has served as President and Chief Executive Officer since its inception in July 1983.

William M. Bluestein, Ph.D., currently serves as Group Director, New Media Research. He was previously Director and Senior Analyst with the Company's People & Technology Strategies from 1994 to 1995, and Director and Senior Analyst with the Company's Computing Strategy Service from 1990 to 1993.

Paul D. Callahan currently serves as Group Director, Corporate IT Research. He was previously with the Company's Network Strategy Service where he served as Director from 1995 to 1996, Senior Analyst from 1993 to 1995, and Analyst from 1992 to 1993. Prior to joining the Company, Mr. Callahan was a manager with Digital Equipment Corporation's networks business from 1987 to 1992.

Ruth Habbe has served as the Company's Director, Marketing since 1994. Prior to joining the Company, Ms. Habbe was Vice President, Marketing at Imagery Software, Inc. from 1992 to 1994 and Document Imaging Segment Manager at Digital Equipment Corporation from 1990 to 1992.

Mary A. Modahl currently serves as Group Director, New Media Research. She was previously Director and Senior Analyst with the Company's People & Technology Strategies from 1994 to 1995, Senior Analyst with the Company's Computing Strategy Service from 1993 to 1994, and Director of the Network Strategy Service from 1990 to 1993.

David H. Ramsdell became the Company's Director, Finance in October 1996. Mr. Ramsdell was Vice President, Finance at Virus Research Institute, Inc., a developer of vaccine delivery systems, from August 1993 through September 1996. He also served as Chief Financial Officer at ISI Systems, Inc., a data processing and software development company, from 1987 to August 1993.
Jon D. Schwartz currently serves as the Company's Director, Worldwide Sales. He was previously Director of the Company's North American Sales from 1993 to 1995, and Partners Manager from 1990 to 1993.

Paul J. Warren has served as the Company's Director, IT since 1995. Before joining the Company, Mr. Warren was Manufacturing Systems Manager for Malden Mills, a textile manufacturer, from 1993 to 1995. He also served as a Manufacturing Systems Analyst for Malden Mills from 1991 to 1993.

Susan M. Whirty, Esq. has served as the Company's Director, Operations and General Counsel since March 1993 and has served as the Company's Secretary and Treasurer since February 1996. Prior to joining the Company, Ms. Whirty was Corporate Counsel at Cognos Corporation, a software development and application company, from 1989 to 1993.

Stuart D. Woodring currently serves as Group Director, Corporate IT Research. He was previously Director of the Company's Corporate IT Research services from 1994 to 1995 and Director of the Software Strategy Service from 1990 to 1994.

Robert M. Galford has been elected to serve as a Director of the Company commencing immediately following this offering. Mr. Galford has been a member of the Faculty of the Executive Programs at Columbia University's Graduate School of Business since 1994. Before joining Columbia's Executive Programs, he taught at Boston University from 1993 to 1994. Prior to his work in executive education, Mr. Galford was a Vice President of the MAC Group from 1986 to 1991 and its successor firm, Gemini Consulting, from 1991 to 1994.

George R. Hornig has been elected to serve as a Director of the Company commencing immediately following this offering. Mr. Hornig has been Managing Director and Member of the Management Committee of Deutsche Morgan Grenfell, an investment banking firm, from 1993 to the present. From 1991 to 1993, Mr. Hornig was President and Chief Operating Officer of Dubin & Swieca Holdings, Inc., an investment management firm. He is also Director of Unity Mutual Life Insurance Company and SL Industries, Inc., a manufacturer and distributor of engineered products.

Christopher W. Mines has been elected to serve as a Director of the Company commencing immediately following this offering. Mr. Mines currently serves as a Principal of GeoPartners Research, Inc. Prior to joining GeoPartners in 1992, he was an analyst at Cowen & Company from 1983 to 1991 and at the Yankee Group from 1980 to 1983.

Michael H. Welles has been elected to serve as a Director of the Company commencing immediately following this offering. Mr. Welles has been General Manager, Next Generation Products for Lotus Development Corporation since 1994. From 1991 to 1994, he was General Manager of Lotus' Improv development team.

The Company's Bylaws provide for a Board of Directors of three or more directors, and the number of directors is currently fixed at five. Under the terms of the Company's Certificate of Incorporation and Bylaws, the Board of Directors is composed of three classes of similar size, each elected in a different year, so that only approximately one-third of the Board of Directors is elected in any single year. Mr. Colony is designated as a Class I director elected for a term expiring in 1999 and until his successor is elected and qualified; Mr. Hornig and Mr. Mines are designated Class II directors elected for a term expiring in 1999 and until their successors are elected and qualified; and Mr. Welles and Mr. Galford are designated Class III directors elected for a term expiring in 1997 and until their successors are elected and qualified.

The Board of Directors of the Company will have an Audit Committee consisting of two members (Messrs. Hornig and Mines) and a Compensation Committee consisting of two members (Messrs. Galford and Welles). The purpose of the Audit Committee is to review the results of
operations of the Company with officers of the Company who are responsible for accounting matters and, from time to time, with the Company's independent auditors. The Compensation Committee recommends annual compensation arrangements for the Company's executive officers and reviews annual compensation arrangements for all other officers and significant employees.

DIRECTOR COMPENSATION

Members of the Board of Directors of the Company are reimbursed for their expenses incurred in connection with attending any meeting. In addition, in September 1996, the Board of Directors adopted and the sole stockholder approved the 1996 Stock Option Plan for Non-Employee Directors (the "Director Option Plan") pursuant to which each of the non-employee directors who have agreed to serve as directors of the Company received, on the date that the Company first filed a registration statement under the Securities Act covering the Common Stock, an option to purchase 6,000 shares of the Company's Common Stock at an exercise price of $13.00. Such options will vest in three equal installments commencing on the date of completion of the initial public offering of the Common Stock and on the first and second anniversaries of such date. See "Stock Plans -- 1996 Stock Option Plan for Non-Employee Directors".

SUMMARY COMPENSATION TABLE

<table>
<thead>
<tr>
<th>NAME AND PRINCIPAL POSITION</th>
<th>YEAR</th>
<th>SALARY</th>
<th>BONUS</th>
<th>OTHER ANNUAL COMPENSATION(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>George F. Colony..................</td>
<td>1995</td>
<td>$135,000</td>
<td>$0</td>
<td>$19,129</td>
</tr>
<tr>
<td>Chairman of the Board, President, and Chief Executive Officer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jon D. Schwartz.....................</td>
<td>1995</td>
<td>$177,444</td>
<td>$20,400</td>
<td>$--</td>
</tr>
<tr>
<td>Director, Worldwide Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stuart D. Woodring..................</td>
<td>1995</td>
<td>$125,000</td>
<td>$43,827</td>
<td>$--</td>
</tr>
<tr>
<td>Group Director, Corporate IT Research</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul D. Callahan.....................</td>
<td>1995</td>
<td>$120,000</td>
<td>$44,608</td>
<td>$--</td>
</tr>
<tr>
<td>Group Director, Corporate IT Research</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>William M. Bluestein, Ph.D.............</td>
<td>1995</td>
<td>$110,000</td>
<td>$46,476</td>
<td>$--</td>
</tr>
<tr>
<td>Group Director, New Media Research</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) No named Executive Officer other than Mr. Colony received other annual compensation in excess of the lesser of $50,000 or 10% of his salary and bonus. Other annual compensation paid to Mr. Colony includes approximately $7,000 for life insurance and $4,700 for health insurance and excludes distributions to Mr. Colony based on the Company's S corporation earnings. See "Dividend Policy".

STOCK PLANS

1996 EQUITY INCENTIVE PLAN

The Company's Amended and Restated 1996 Equity Incentive Plan (the "Equity Incentive Plan"), which was originally approved by the Board of Directors and the sole stockholder of the Company in February 1996 and amended and restated in September 1996, provides for grants of incentive stock options within the meaning of Section 422 of the Code, non-qualified stock options, and restricted and nonrestricted shares to employees and other persons who are important to the success of the Company. As of September 30, 1996, a total of 2,750,000 shares of Common Stock have been reserved for issuance under the Equity Incentive Plan, subject to adjustment for stock splits and similar events, of which 2,001,309 remained available for future grants. The exercise price of all incentive stock options granted under the Equity Incentive Plan must be at least equal to the fair market value of the shares of Common Stock on the date of grant. The exercise price of all non-
qualified options granted under the Equity Incentive Plan is determined by the Compensation Committee of the Board of Directors. The Compensation Committee may reduce the exercise price of any outstanding options. With respect to any participant who owns stock possessing more than 10% of the voting power of all classes of stock of the Company, the exercise price of any incentive stock option granted must equal at least 110% of the fair market value on the grant date and the maximum term of the option must not exceed five years. The term of all other options granted under the Equity Incentive Plan may not exceed 10 years. Unless terminated sooner, the Equity Incentive Plan will terminate in February 2006. The Board of Directors has authority to amend or terminate the Equity Incentive Plan, provided no such action may impair the rights of the holder of any outstanding options without the written consent of such holder.

1996 EMPLOYEE STOCK PURCHASE PLAN

The Company's 1996 Employee Stock Purchase Plan (the "Stock Purchase Plan"), which was approved by the Board of Directors and by the sole stockholder of the Company in September 1996, is intended to qualify under Section 423 of the Code. A total of 200,000 shares of Common Stock has been reserved for issuance under the Stock Purchase Plan. Purchases under the Stock Purchase Plan will occur at the end of each option period. The first option period will commence on the date of this Prospectus and will end on June 30, 1997. Thereafter, each option period will be successive six-month purchase periods. Employees are eligible to participate if they are regularly employed by the Company for at least 30 hours per week.

The Stock Purchase Plan permits eligible employees to purchase Common Stock through payroll deductions that may not exceed 10% of an employee's base compensation, including commissions, bonuses, and overtime, at a price equal to 85% of the fair market value of the Common Stock at the beginning or the end of a purchase period, whichever is lower. Unless terminated sooner, the Stock Purchase Plan will terminate 10 years from its effective date. The Board of Directors has authority to amend or terminate the Stock Purchase Plan, provided no such action may adversely affect the rights of any participant.

1996 STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS

The Director Option Plan was approved by the Board of Directors and by the sole stockholder of the Company in September 1996. Pursuant to the Director Option Plan, non-employee directors who have agreed to serve as a director of the Company have each received, on the date that the Company first filed a registration statement under the Securities Act covering the Common Stock, an option to purchase 6,000 shares of the Company's Common Stock at an exercise price of $13.00. Such options will vest in three equal installments commencing on the date of completion of the initial public offering of the Common Stock and on the first and second anniversaries of such date. Each non-employee director elected thereafter shall be awarded an option to purchase 6,000 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock upon his or her election as director, which will vest in three equal installments commencing on the date of grant and on the first and second anniversaries of the date of grant. Each non-employee director will also receive an option to purchase 4,000 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock each year immediately following the Company's annual stockholders meeting, which will vest in three equal installments on the first, second, and third anniversaries of the date of grant. The Compensation Committee also has the authority under the Director Option Plan to grant options to non-employee directors in such amounts and in such terms not inconsistent with the Director Option Plan as it shall determine at the time of grant. All such options will be granted at fair market value. Each option will be non-transferable except upon death and will expire 10 years after the date of grant. A total of 150,000 shares of Common Stock has been reserved for issuance under the Director Option Plan, 126,000 of which remain available for future grants.
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 1995, Mr. Colony was responsible for compensation decisions, although he consulted as to such decisions with an outside compensation consultant. Following this offering the Company will have a Compensation Committee consisting of Messrs. Galford and Welles, neither of whom is an employee of the Company.

REGISTRATION RIGHTS AND NON-COMPETITION AGREEMENT

The Company and Mr. Colony have entered into a registration rights and non-competition agreement (the "Registration Rights and Non-Competition Agreement") which provides that if Mr. Colony's employment with the Company is terminated he will not compete with the Company for the one-year period after the date of such termination. The Registration Rights and Non-Competition Agreement also provides Mr. Colony with certain registration rights with respect to his Common Stock, described under "Description of Capital Stock".

CERTAIN TRANSACTIONS

The Company and Mr. Colony intend to enter into an indemnification agreement relating to their respective income tax liabilities. Mr. Colony will continue to be liable for personal income taxes on the Company's income for all periods prior to the time the Company ceases to be an S corporation, while the Company will be liable for all income taxes subsequent to the time it ceases to be an S corporation. The agreement generally provides that the Company will indemnify Mr. Colony for any increase in his taxes (including interest and penalties) resulting from adjustments initiated by taxing authorities and from payments to him under the agreement, and Mr. Colony will pay to the Company an amount equal to any decrease in his tax liability resulting from adjustments initiated by taxing authorities.
The following table sets forth certain information regarding the beneficial ownership of the Company's outstanding Common Stock as of September 30, 1996 by (i) each person or entity who is known by the Company to beneficially own 5% or more of the Company's voting capital stock, (ii) each of the executive officers named in the Summary Compensation Table, (iii) each of the Company's directors (including persons who have consented to be directors), and (iv) all of the Company's directors and executive officers as a group.

<table>
<thead>
<tr>
<th>NAME OF BENEFICIAL OWNER</th>
<th>NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED(1)</th>
<th>PERCENTAGE BENEFICIALLY OWNED(1)</th>
<th>BEFORE OFFERING</th>
<th>AFTER OFFERING</th>
</tr>
</thead>
<tbody>
<tr>
<td>George F. Colony..........</td>
<td>6,000,000</td>
<td>100%</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>William M. Bluestein, Ph.D.</td>
<td>14,727</td>
<td>*</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Paul D. Callahan</td>
<td>6,927</td>
<td>*</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Jon D. Schwartz</td>
<td>8,182</td>
<td>*</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Stuart D. Woodring</td>
<td>14,727</td>
<td>*</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Robert M. Galford</td>
<td>2,000</td>
<td>*</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>George R. Hornig</td>
<td>2,000</td>
<td>*</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Christopher W. Mines</td>
<td>2,000</td>
<td>*</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Michael H. Welles</td>
<td>2,000</td>
<td>*</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Directors and executive officers as a group (13 persons)</td>
<td>6,083,927</td>
<td>100%</td>
<td>75%</td>
<td></td>
</tr>
</tbody>
</table>

* Less than 1%.

(1) Assumes that the Underwriters' over-allotment option is not exercised.

(2) Reflects shares issuable upon exercise of options which vest upon the completion of this offering. If options to purchase shares that are not immediately exercisable are included, the number of shares of Common Stock beneficially owned by Messrs. Bluestein, Callahan, Schwartz, and Woodring would be 70,926, 45,994, 70,019, and 69,699, respectively.
DESCRIPTION OF CAPITAL STOCK

The following summary describes the Certificate of Incorporation of the Company, as restated in its entirety immediately prior to the consummation of this offering.

GENERAL

The authorized capital stock of the Company consists of 25,000,000 shares of Common Stock, par value $.01 per share, and 500,000 shares of Preferred Stock, par value $.01 per share (the "Preferred Stock"). As of September 30, 1996, there were 6,000,000 shares of Common Stock outstanding, held of record by one stockholder, and no shares of Preferred Stock outstanding.

COMMON STOCK

As of September 30, 1996, there were 6,000,000 shares of Common Stock outstanding, all of which were held by Mr. Colony. Each holder of Common Stock is entitled to one vote per share for the election of directors and for all other matters to be voted on by the Company's stockholders. Subject to preferences that may be applicable to any outstanding series of Preferred Stock, the holders of Common Stock are entitled to share ratably in such dividends, if any, as may be declared from time to time by the Board of Directors, from funds legally available therefore. See "Dividend Policy". Upon liquidation or dissolution of the Company, subject to preferences that may be applicable to any then outstanding Preferred Stock, the holders of Common Stock are entitled to receive in all assets available for distribution to stockholders. There are no preemptive or other subscription rights, conversion rights, or redemption or sinking fund provisions with respect to shares of Common Stock. All of the outstanding shares of Common Stock are fully paid and nonassessable.

PREFERRED STOCK

The Company's Restated Certificate of Incorporation (the "Certificate") provides that the Company may, by vote of its Board of Directors, designate the numbers, relative rights, preferences, and limitations of one or more series of Preferred Stock and issue the securities so designated. Such provisions may discourage or preclude certain transactions, whether or not beneficial to stockholders, and could discourage certain types of tactics that involve an actual or threatened acquisition or change of control of the Company. This provision does not prevent stockholders from obtaining injunctive or other relief against the directors, nor does it shield directors from liability under federal or state securities laws.

The Company has no current intention to issue any of its unissued, authorized shares of Preferred Stock in the future could adversely affect the rights of the holders of Common Stock.

REGISTRATION RIGHTS

The Company and Mr. Colony have entered into a Registration Rights and Non-Competition Agreement, which provides that in the event the Company proposes to file a registration statement under the Securities Act with respect to an offering by the Company for its own account or the account of another person, or both, Mr. Colony shall be entitled to include shares held by him (the "Registrable Shares") in such a registration, subject to the right of the managing underwriter of any such offering to exclude some or all of such Registrable Shares from such registration if and to the extent the inclusion of the shares would adversely affect the marketing of the shares to be sold by the Company. The agreement also provides that, at any time following the closing of an initial public offering of Common Stock, Mr. Colony may require the Company to register under the Securities Act shares having a fair market value of at least $5.0 million, except that the Company is not required to effect such registration more than twice or at certain times described in the agreement.
agreement also provides that the Company will pay all expenses incurred in connection with such registration.

DELAWARE LAW AND CERTAIN CHARTER AND BYLAW PROVISIONS

Section 203 of the General Corporation Law of Delaware prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder”, other than an “interested stockholder” who is an “interested stockholder” at the time the corporation becomes subject to Section 203, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes mergers, asset sales, and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation’s voting stock. The Certificate provides that the company will not be subject to the provisions of Section 203.

The Certificate and Bylaws provide for the division of the Board of Directors into three classes as nearly equal in size as possible with staggered three-year terms. See “Management”. In addition, the Certificate of Incorporation and Bylaws provide that directors may be removed only for cause by the affirmative vote of the holders of two-thirds of the shares of capital stock of the Company entitled to vote generally in the election of directors. Under the Certificate and Bylaws, any vacancy on the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board, may only be filled by vote of a majority of the directors then in office. The classification of the Board of Directors and the limitations on the removal of directors and filling of vacancies could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, control of the Company.

The Certificate and Bylaws also provide that any action required or permitted to be taken by the stockholders of the Company at an annual meeting or special meeting of stockholders may only be taken if it is properly brought before such meeting and may not be taken by written action in lieu of a meeting. The Certificate and Bylaws further provide that special meetings of the stockholders may only be called by the Chairman of the Board of Directors, the Chief Executive Officer, or, if none, the President of the Company or by the Board of Directors. Under the Company’s Bylaws, in order for any matter to be considered “properly brought” before a meeting, a stockholder must comply with certain requirements regarding advance notice to the Company. The foregoing provisions could have the effect of delaying until the next stockholders’ meeting stockholder actions which are favored by the holders of a majority of the outstanding voting securities of the Company. These provisions may also discourage another person or entity from making a tender offer for the Common Stock, because such person or entity, even if it acquired a majority of the outstanding voting securities of the Company, would be able to take action as a stockholder (such as electing new directors or approving a merger) only at a duly called stockholders’ meeting, and not by written consent.

The General Corporation Law of Delaware provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation’s Certificate of Incorporation or Bylaws, unless a corporation’s Certificate of Incorporation or Bylaws, as the case may be, require a greater percentage. The Company’s Certificate and the Bylaws require the affirmative vote of the holders of at least 75% of the shares of capital stock of the Company issued and outstanding and entitled to vote generally for directors to amend, alter or repeal the By-Laws or to adopt new by-laws.

The Certificate contains certain provisions permitted under the General Corporation Law of Delaware relating to the liability of directors. The provisions eliminate a director’s liability to the Company or its stockholders for monetary damages for a breach of fiduciary duty, except to the extent that exculpation from liability is not permitted under the General Corporation Law of Delaware as in effect at the time the liability is determined. The Certificate also contains provisions obligating
the Company to indemnify its officers and directors to the fullest extent permitted by the General Corporation Law of Delaware. The Company believes that these provisions will assist the Company in attracting and retaining qualified individuals to serve as directors.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common Stock is The First National Bank of Boston, Boston, Massachusetts.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, the Company will have approximately 8,000,000 shares of Common Stock outstanding. Of these shares, the 2,000,000 shares sold in the offering will be freely tradeable without restriction or further registration under the Securities Act, except for any shares purchased by an "affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act (an "Affiliate"). Any shares purchased in the offering by an Affiliate of the Company may not be resold except pursuant to an effective registration statement filed by the Company or an applicable exemption from registration, including the exemption under Rule 144. The remaining 6,000,000 shares will be subject to a 180-day lock-up agreement. After the 180-day period, these shares will be eligible for sale subject to compliance with Rule 144 under the Securities Act.

In general, a person (or persons whose shares are aggregated for purposes of such rule) effecting sales under Rule 144 is entitled to sell, within any three-month period, a number of such securities that does not exceed the greater of 1% of the then outstanding shares of the Company’s Common Stock (approximately 80,000 shares immediately after the offering) or the average weekly trading volume in the Company’s Common Stock on the Nasdaq National Market or reported through the automated quotation system of a registered securities association during the four calendar weeks preceding such sale. Sales under Rule 144 are also subject to certain restrictions on the manner of sale, notice requirements, and the availability of current public information about the Company. The Company, Mr. Colony, who prior to the completion of this offering is the sole stockholder of the Company, and directors, certain executive officers and employees of the Company who hold options to purchase 582,945 shares of Common Stock, have agreed not to offer or sell or otherwise dispose of any Common Stock with certain limited exceptions until the expiration of 180 days following the date of this Prospectus without the prior written consent of the Representatives of the Underwriters. See "Underwriting".

No precise prediction can be made as to the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price of the Common Stock prevailing from time to time. The Company is unable to estimate the number of shares that may be sold in the public market pursuant to Rule 144, since this will depend on the market price of Common Stock, the personal circumstances of the sellers, and other factors. Nevertheless, sales or anticipated sales of significant amounts of the Common Stock of the Company in the public market could adversely affect the market price of the Company’s Common Stock.

In addition, from time to time after the expiration of the 180-day lock-up period, Mr. Colony may sell shares of the Company’s Common Stock pursuant to a registration statement filed in the future by the Company pursuant to the Registration Rights and Non-Competition Agreement between the Company and Mr. Colony. See “Description of Capital Stock -- Registration Rights”.

As of September 30, 1996, options to purchase a total of 772,691 shares of Common Stock were outstanding, of which options to purchase 157,376 shares will become exercisable upon completion of this offering. Of the total shares issuable pursuant to such options 106,595 shares are subject to 180-day lock-up agreements with the representatives of the Underwriters.

The Company intends to file a registration statement on Form S-8 under the Securities Act covering 200,000 shares of Common Stock reserved for issuance under the Stock Purchase Plan upon consummation of this offering, although shares will not be issuable under the plan until June
30, 1997. In addition, the Company intends to file registration statements on Form S-8 covering 2,900,000 shares of Common Stock reserved for issuance under the Equity Incentive Plan and the Director Option Plan. See “Management -- Stock Plans”. Such registration statements are expected to be filed 90 days after the date of this Prospectus and will automatically become effective upon filing. Accordingly, shares issued pursuant to such registration statements will, subject to Rule 144 volume limitations applicable to Affiliates, be available for sale in the open market. As of September 30, 1996, options to purchase 772,691 shares were granted and outstanding. Of the total shares issuable pursuant to such options, 582,945 shares are subject to the lock-up agreements discussed above.

VALIDITY OF SHARES

The validity of the shares of Common Stock offered by the Company hereby will be passed upon for the Company by Ropes & Gray, Boston, Massachusetts. Certain legal matters in connection with this offering will be passed upon for the Underwriters by Hale and Dorr, Boston, Massachusetts.

EXPERTS

The Financial Statements of the Company and the Financial Statement Schedule included in this Prospectus and elsewhere in the Registration Statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports thereto, and are included herein in reliance upon the authority of such firm as experts in giving said reports.

ADDITIONAL INFORMATION

The Company has filed with the Commission a Registration Statement on Form S-1 under the Securities Act with respect to the Common Stock offered hereby. This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto, certain parts of which have been omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the Common Stock, reference is hereby made to the Registration Statement, including exhibits, schedules, and reports filed therewith. Statements made in this Prospectus as to the contents of any contract, agreement, or other document referred to above are necessarily incomplete. With respect to each such contract, agreement, or other document filed as an exhibit to the Registration Statement reference is hereby made to the exhibit for a more complete description of the matter involved, and each exhibit shall be deemed qualified in its entirety by such reference. The Registration Statement, including exhibits and schedules thereto, may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the Commission’s Regional Offices at Seven World Trade Center, Thirteenth Floor, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and copies may be obtained at the prescribed rates from the Public Reference Section of the Commission at its principal office in Washington, D.C. In addition, material that the Company files electronically with the Commission is available at the Commission's Web site, http://www.sec.gov, which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission.
INDEX TO FINANCIAL STATEMENTS

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<tr>
<td>Statements of Income for the years ended December 31, 1993, 1994, and 1995 and the nine months ended September 30, 1995 and 1996</td>
<td>F-4</td>
</tr>
<tr>
<td>Statements of Stockholder's Equity for the years ended December 31, 1993, 1994, and 1995 and the nine months ended September 30, 1996</td>
<td>F-5</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>F-7</td>
</tr>
</tbody>
</table>
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholder of
Forrester Research, Inc.:

We have audited the accompanying balance sheets of Forrester Research, Inc. (a Delaware corporation) as of December 31, 1994 and 1995 and September 30, 1996 and the related statements of income, stockholder’s equity, and cash flows for each of the three years in the period ended December 31, 1995 and for the nine-month period ended September 30, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forrester Research, Inc. as of December 31, 1994 and 1995 and September 30, 1996 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1995 and for the nine-month period ended September 30, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Boston, Massachusetts

October 22, 1996
FORRESTER RESEARCH, INC.

BALANCE SHEETS

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<tr>
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<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,778,725</td>
<td>$997,567</td>
<td>$1,265,827</td>
<td>--</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of approximately $88,000, $120,000, and $175,000 in 1994, 1995, and 1996, respectively</td>
<td>2,872,238</td>
<td>5,882,980</td>
<td>8,661,589</td>
<td>8,661,589</td>
</tr>
<tr>
<td>Deferred commissions</td>
<td>495,215</td>
<td>891,967</td>
<td>1,227,470</td>
<td>1,227,470</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>60,960</td>
<td>76,542</td>
<td>437,874</td>
<td>437,874</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>8,192,493</td>
<td>14,369,537</td>
<td>21,174,603</td>
<td>17,574,603</td>
</tr>
<tr>
<td><strong>Property and equipment, at cost:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>707,388</td>
<td>965,435</td>
<td>1,356,776</td>
<td>1,356,776</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>35,409</td>
<td>206,324</td>
<td>303,032</td>
<td>303,032</td>
</tr>
<tr>
<td>Vehicles</td>
<td>30,098</td>
<td>30,098</td>
<td>30,098</td>
<td>30,098</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>38,580</td>
<td>59,262</td>
<td>581,575</td>
<td>581,575</td>
</tr>
<tr>
<td><strong>Total property and equipment</strong></td>
<td>1,002,985</td>
<td>1,549,651</td>
<td>2,742,943</td>
<td>2,742,943</td>
</tr>
<tr>
<td>Less: Accumulated depreciation and amortization</td>
<td>411,855</td>
<td>493,376</td>
<td>595,017</td>
<td>595,017</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td>591,130</td>
<td>1,056,275</td>
<td>2,147,926</td>
<td>2,147,926</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$8,783,623</td>
<td>$15,425,812</td>
<td>$23,322,529</td>
<td>$19,722,529</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND STOCKHOLDER'S EQUITY** |                    |                    |                   |                              |
| **Current liabilities:** |                   |                    |                   |                              |
| Accounts payable | $41,394 | $377,344 | $689,765 | $689,765 |
| Customer deposits | $97,329 | 123,004 | 123,004 | 123,004 |
| Accrued expenses | 525,652 | 2,005,576 | 2,005,576 | 2,005,576 |
| Deferred revenue | 7,097,574 | 16,262,166 | 16,262,166 | 16,262,166 |
| Deferred income tax liability | -- | 500,000 | 500,000 | 500,000 |
| **Total current liabilities** | 7,664,020 | 21,174,603 | 19,580,511 | 19,580,511 |

| **Commitments (Note 4)** |                    |                    |                   |                              |
| **Stockholder's equity:** |                   |                    |                   |                              |
| Common stock, $.01 par value | 60,000 | 60,000 | 60,000 | 60,000 |
| Authorized - 7,000,000 shares | 1,059,663 | 1,965,027 | 4,177,886 | 77,886 |
| Issued and outstanding- 6,000,000 shares | -- | 21,696 | 4,132 | 4,132 |
| Retained earnings | 1,119,663 | 2,447,223 | 4,242,018 | 142,018 |
| **Total stockholder's equity** | $8,783,623 | $15,425,812 | $23,322,529 | $19,722,529 |

The accompanying notes are an integral part of these financial statements.

F-3
Revenues:

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Core research</td>
<td>$4,690,572</td>
<td>$6,363,335</td>
<td>$10,149,514</td>
<td>$7,036,129</td>
</tr>
<tr>
<td>Advisory services and other</td>
<td>2,608,545</td>
<td>3,335,467</td>
<td>4,439,298</td>
<td>2,079,503</td>
</tr>
<tr>
<td>Total revenues</td>
<td>7,299,117</td>
<td>9,698,802</td>
<td>14,588,812</td>
<td>9,115,632</td>
</tr>
</tbody>
</table>

Operating expenses:

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Cost of services and fulfillment</td>
<td>2,406,311</td>
<td>3,423,844</td>
<td>5,486,346</td>
<td>3,549,669</td>
</tr>
<tr>
<td>Selling and marketing</td>
<td>2,693,442</td>
<td>3,592,853</td>
<td>5,643,196</td>
<td>3,729,649</td>
</tr>
<tr>
<td>General and administrative</td>
<td>1,147,589</td>
<td>1,045,340</td>
<td>1,388,868</td>
<td>887,037</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>105,120</td>
<td>150,067</td>
<td>286,705</td>
<td>207,347</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>6,352,462</td>
<td>8,212,104</td>
<td>12,805,115</td>
<td>8,373,702</td>
</tr>
</tbody>
</table>

Income from operations:

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</tr>
</thead>
<tbody>
<tr>
<td>Income before state income tax provision</td>
<td>1,025,998</td>
<td>1,611,813</td>
<td>2,123,266</td>
<td>1,008,182</td>
</tr>
<tr>
<td>State income tax provision</td>
<td>46,000</td>
<td>73,000</td>
<td>96,000</td>
<td>46,000</td>
</tr>
<tr>
<td>Net income</td>
<td>979,998</td>
<td>1,538,813</td>
<td>2,027,266</td>
<td>962,182</td>
</tr>
</tbody>
</table>

Pro forma income tax adjustment (Note 3):

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Pro forma income tax adjustment</td>
<td>365,000</td>
<td>583,000</td>
<td>739,000</td>
<td>364,000</td>
</tr>
<tr>
<td>Pro forma net income</td>
<td>$614,998</td>
<td>$955,813</td>
<td>$1,288,266</td>
<td>$598,182</td>
</tr>
</tbody>
</table>

Pro forma net income per common share:

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<tbody>
<tr>
<td>Weighted average common shares outstanding</td>
<td>6,293,449</td>
<td>6,293,449</td>
<td>6,293,449</td>
<td>6,293,449</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.

F-4
<table>
<thead>
<tr>
<th>COMMON STOCK</th>
<th>UNREALIZED GAIN ON MARKETABLE SECURITIES</th>
<th>TOTAL STOCKHOLDER'S EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER OF SHARES</td>
<td>$.01 PAR</td>
<td>RETAINED EARNINGS</td>
</tr>
<tr>
<td>Balance, December 31, 1992</td>
<td>6,000,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>Distributions</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Net income</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balance, December 31, 1993</td>
<td>6,000,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Distributions</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Net income</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balance, December 31, 1994</td>
<td>6,000,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Distributions</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Net income</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Unrealized gain on available-for-sale securities</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balance, December 31, 1995</td>
<td>6,000,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Distributions</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Net income</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Unrealized loss on available-for-sale securities</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balance, September 30, 1996</td>
<td>6,000,000</td>
<td>60,000</td>
</tr>
</tbody>
</table>

Pro forma adjustments (Note 1)(Unaudited):
- Distribution of undistributed earnings to S corporation stockholder | -- | -- | (3,600,000) | -- | (3,600,000) |
- Recognition of deferred income tax liability upon termination of S corporation status (Note 3) | -- | -- | (500,000) | -- | (500,000) |

Pro forma balance, September 30, 1996 (Unaudited) | 6,000,000 | 60,000 | $ 77,886 | $ 4,132 | $ 142,018 |

The accompanying notes are an integral part of these financial statements.

F-5
FORRESTER RESEARCH, INC.

STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED

YEAR ENDED DECEMBER 31,

<table>
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</tr>
<tr>
<td>(UNAUDITED)</td>
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<td></td>
</tr>
</tbody>
</table>

Cash flows from operating activities:

- Net income: $979,998 $1,538,813 $2,027,266 $962,182 $2,382,252
- Adjustments to reconcile net income to net cash provided by operating activities:
  - Depreciation and amortization: 105,120 150,067 286,705 207,347 359,531
  - Accretion of discount on marketable securities: (24,935) (60,377) (73,869) (149,269)
  - Unrealized gain (loss) on available-for-sale securities: 21,696
  - Changes in assets and liabilities:
    - Accounts receivable: (478,464) (455,965) (3,010,742) (2,316,995) (2,778,609)
    - Deferred commissions: (61,610) (158,244) (396,752) (306,174) (335,503)
    - Prepaid expenses and other current assets: (5,766) 5,113 (15,582) (137,583) (362,222)
    - Accounts payable: (15,618) 28,748 335,950 201,794 312,421
    - Customer deposits: 97,329 244,539 25,675
    - Accrued expenses: 883,018 2,268,001 4,261,527 3,242,935 4,903,065

- Net cash provided by operating activities: 1,307,657 3,682,511 4,566,783 2,838,960 4,800,538

Cash flows from investing activities:

- Purchases of property and equipment: (236,314) (304,736) (751,850) (684,348) (1,450,292)
- Proceeds from sales and maturities of marketable securities: 330,913 1,019,763 244,539 25,675

- Net cash used in investing activities: (236,314) (2,265,156) (5,226,599) (3,000,000) (3,961,908)

Cash flows used in financing activities:

- Distributions to stockholders: (345,000) (1,750,000) (1,121,342) (348,655) (169,893)

- Net increase (decrease) in cash and cash equivalents: 726,343 332,645 (1,781,158) (2,122,278) 268,200

- Cash and cash equivalents, beginning of period: 2,385,027 3,111,370 2,778,725 2,778,725 997,567

- Cash and cash equivalents, end of period: $3,111,370 $2,778,725 $997,567 $656,447 $1,265,827

Supplemental disclosures of cash flow information:

- Cash paid during the period for income taxes: $42,320 $18,961 $44,893 $41,393 $84,669

The accompanying notes are an integral part of these financial statements.
(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Forrester Research, Inc. (the Company) creates, publishes, and sells technology research reports and provides advisory services and technology conferences. The Company is incorporated under the laws of the State of Delaware and grants credit to its customers with locations throughout the world.

The preparation of the accompanying financial statements required the use of certain estimates by management in determining the Company's assets, liabilities, revenues, and expenses. Actual results could differ from these estimates.

The accompanying financial statements reflect the application of certain significant accounting policies as described below and elsewhere in the accompanying financial statements and notes.

Interim Financial Statements

The accompanying statements of income and cash flows for the nine months ended September 30, 1995 are unaudited, but in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of results for these interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted, although the Company believes that the disclosures included are adequate to make the information presented not misleading. The results of operations for the nine months ended September 30, 1996 are not necessarily indicative of the results to be expected for the entire fiscal year.

Pro Forma Presentation (Unaudited)

The unaudited pro forma balance sheet, as of September 30, 1996, reflects (i) the distribution of previously undistributed S corporation earnings taxed or taxable to the Company's sole stockholder of approximately $3.6 million based on earnings through September 30, 1996, but does not include the amount to be distributed for S corporation earnings from October 1, 1996 through the termination of the Company's S corporation election upon completion of this offering, and (ii) termination of the Company's S corporation election and the recognition of a deferred income tax liability of approximately $500,000 as of September 30, 1996 (see Note 3).

Upon completion of an initial public offering, the Company will no longer be treated as an S corporation and will be subject to federal and state income taxes at prevailing corporate rates. Accordingly, the accompanying statements of income include a pro forma income tax adjustment reflecting the Company's income tax expense assuming the Company had been a C corporation (see Note 3).

Revenue Recognition

The Company invoices its core research, advisory, and other services when an order is received. The gross amount is recorded as accounts receivable and deferred revenue when the client is legally obligated to pay the invoice. Core research, which represents monthly distribution of research reports, is recorded as revenue ratably over the term of the agreement as the research is delivered. Advisory and other services are recognized during the period in which the services are performed.
Deferred Commissions

Commissions incurred in acquiring new or renewal contracts are deferred and amortized as the related revenue is recognized. The Company evaluates the recoverability of deferred commissions at each balance sheet date based on the status of the related contract.

Pro Forma Net Income Per Common Share

Pro forma net income per common share is computed by dividing pro forma net income (reflecting the pro forma income tax adjustment discussed in Note 3) by the weighted average number of shares of common stock and common stock equivalents outstanding during the period, adjusted for the reincorporation discussed in Note 6. Common stock equivalents consist of common stock issuable on the exercise of outstanding options. In accordance with Securities and Exchange Commission requirements, all common stock and common stock equivalents issued during the 12 months preceding the proposed date of the Registration Statement relating to an initial public offering have been included in the net income per share computation as if they were outstanding for all periods using the Treasury Stock method.

Depreciation

The Company provides for depreciation, computed using the straight-line method, by charges to income in amounts that allocate the costs of these assets over their estimated useful lives as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery and equipment</td>
<td>3 to 5 Years</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>7 Years</td>
</tr>
<tr>
<td>Computer software</td>
<td>3 Years</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5 Years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Life of lease</td>
</tr>
</tbody>
</table>

Product Development

All costs incurred in the development of new products and services are expensed as incurred.

Concentration of Credit Risk

Statement of Financial Accounting Standards (SFAS) No. 105, Disclosure of Information About Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk, requires disclosure of any significant off-balance-sheet and credit risk concentrations. Financial instruments, which potentially subject the Company to concentrations of credit risk, are principally cash and cash equivalents, marketable securities, and accounts receivable. The Company places its investments in highly rated institutions. No single customer accounted for greater than 10% of revenues in any of the periods presented.

Financial Instruments

SFAS No. 107, Disclosures About Fair Value of Financial Instruments, requires disclosure about fair value of financial instruments. Financial instruments consist of cash equivalents, marketable securities, and accounts receivable. The estimated fair value of these financial instruments approximates their carrying value and, except for accounts receivable, is based primarily on market quotes. The Company’s cash equivalents and marketable securities are generally obligations of the federal government.
government or municipal issuers. The Company, by policy, limits the amount of credit exposure to any one financial institution.

(2) CASH, CASH EQUIVALENTS AND MARKETABLE SECURITIES

The Company considers all short-term, highly liquid investments with original maturities of 90 days or less to be cash equivalents.

The Company accounts for investments in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. Under SFAS No. 115, securities that the Company has the positive intent and ability to hold to maturity are reported at amortized cost and are classified as held-to-maturity. At December 31, 1994 and 1995 and September 30, 1996, held-to-maturity securities consisted of investments in U.S. treasury bills. These investments are classified as current as they mature within one year. Securities purchased to be held for indefinite periods of time and not intended at the time of purchase to be held until maturity are classified as available-for-sale securities. At December 31, 1995 and September 30, 1996, these securities consisted of investments in federal and state government obligations, which were recorded at fair market value, with any unrealized gains and losses reported as a separate component of stockholder's equity. These investments were classified as marketable securities at December 31, 1995 and September 30, 1996 as it is the Company's intent to hold these securities less than one year. There were no available-for-sale securities as of December 31, 1994. Securities that are bought and held principally for the purpose of selling in the near term are classified as trading securities. There were no trading securities as of December 31, 1994 and 1995 and September 30, 1996.

At December 31, 1994 and 1995 and September 30, 1996 marketable securities consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>DECEMBER 31,</th>
<th>SEPTEMBER 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. treasury bills</td>
<td>$1,985,355</td>
<td>$3,876,100</td>
</tr>
<tr>
<td>U.S. treasury notes</td>
<td>--</td>
<td>613,456</td>
</tr>
<tr>
<td>Federal agency obligations</td>
<td>--</td>
<td>309,255</td>
</tr>
<tr>
<td>State and municipal bonds</td>
<td>--</td>
<td>1,721,670</td>
</tr>
<tr>
<td></td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td></td>
<td>$1,985,355</td>
<td>$6,520,481</td>
</tr>
</tbody>
</table>

The following table summarizes the maturity periods of marketable securities as of September 30, 1996:

<table>
<thead>
<tr>
<th></th>
<th>LESS THAN 1</th>
<th>1 TO 5</th>
<th>5 TO 10</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YEAR</td>
<td>YEARS</td>
<td>YEARS</td>
<td></td>
</tr>
<tr>
<td>U.S. treasury bills</td>
<td>$2,951,200</td>
<td>$</td>
<td>$</td>
<td>$2,951,200</td>
</tr>
<tr>
<td>U.S. treasury notes</td>
<td>--</td>
<td>1,994,300</td>
<td>497,110</td>
<td>2,491,410</td>
</tr>
<tr>
<td>Federal agency obligations</td>
<td>--</td>
<td>443,291</td>
<td>484,744</td>
<td>847,945</td>
</tr>
<tr>
<td>State and municipal bonds</td>
<td>--</td>
<td>1,725,190</td>
<td>1,566,989</td>
<td>3,291,288</td>
</tr>
<tr>
<td></td>
<td>$2,951,200</td>
<td>$4,162,700</td>
<td>$2,467,943</td>
<td>$9,581,843</td>
</tr>
</tbody>
</table>

Gross realized gains and losses on sales of marketable securities for the years ended December 31, 1994 and 1995 and the nine months ended September 30, 1995 and 1996, which were calculated based on specific identification, were not material.
(3) INCOME TAXES

The Company has elected to be taxed, since January 1, 1987, under Subchapter S of the Internal Revenue Code of 1986, as amended, whereby the sole stockholder is liable for individual federal and state income taxes on the Company's taxable income. Payments to the stockholder to cover the tax liabilities as a result of the Company's taxable income are recorded as distributions in the accompanying statements of stockholder's equity.

The Company's state income tax provision for each of the periods presented consists of corporate-level state income taxes that are levied against the Company as an S corporation.

The Company accounts for income taxes, including pro forma computations, in accordance with SFAS No. 109, Accounting for Income Taxes. SFAS No. 109 prescribes an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. Deferred state taxes as of December 31, 1994 and 1995 and September 30, 1996 were immaterial.

Upon completion of an initial public offering, the Company will terminate its S corporation election and will be subject to federal and state income taxes at prevailing corporate rates. Accordingly, the accompanying statements of income for each of the three years in the period ended December 31, 1995 and the nine months ended September 30, 1995 and 1996 include a pro forma income tax adjustment for the income taxes that would have been recorded if the Company had been a C corporation for the periods presented.

The pro forma income tax adjustment is computed as follows:

<table>
<thead>
<tr>
<th></th>
<th>YEAR ENDED DECEMBER 31</th>
<th>NINE MONTHS ENDED SEPTEMBER 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma provision for income taxes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$229,000</td>
<td>$482,000</td>
</tr>
<tr>
<td>State</td>
<td>71,000</td>
<td>149,000</td>
</tr>
<tr>
<td>Deferred-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>85,000</td>
<td>19,000</td>
</tr>
<tr>
<td>State</td>
<td>26,000</td>
<td>6,000</td>
</tr>
<tr>
<td></td>
<td>111,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Total required provision for income taxes</td>
<td>411,000</td>
<td>656,000</td>
</tr>
<tr>
<td>Less: Actual State income tax provision</td>
<td>46,000</td>
<td>73,000</td>
</tr>
<tr>
<td>Pro forma income tax adjustment</td>
<td>$365,000</td>
<td>$583,000</td>
</tr>
</tbody>
</table>

The pro forma tax provisions do not materially differ from the Company's combined federal and state statutory rate of 40%.

Upon termination of the S corporation election, deferred income taxes will be recorded for the tax effect of cumulative temporary differences between the financial reporting and tax bases of certain assets and liabilities, primarily deferred commissions, accrued expenses, and cumulative tax depreciation in excess of financial reporting allowances. If the S corporation election had been
terminated at September 30, 1996, these temporary differences would have resulted in a net deferred income tax liability of approximately $500,000. The company will record this tax liability as a one-time increase in the tax provision in the period in which the s corporation election is terminated. As this is a nonrecurring charge it has been excluded from the pro forma income tax adjustment.

(4) COMMITMENTS

The company leases its office space under an operating lease. The company will also make lease payments on its previous facility through January 1997. The excess of the payments on its old facility over anticipated sublease income has been accrued as of December 31, 1995 and September 30, 1996.

At September 30, 1996, approximate future minimum rentals due for the three months ended December 31, 1996 and the years ending December 31 thereafter are as follows:

<table>
<thead>
<tr>
<th>PERIOD ENDING</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>$313,000</td>
</tr>
<tr>
<td>1997</td>
<td>1,011,000</td>
</tr>
<tr>
<td>1998</td>
<td>1,001,000</td>
</tr>
<tr>
<td>1999</td>
<td>1,007,000</td>
</tr>
<tr>
<td>2000</td>
<td>1,012,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>262,000</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>$4,606,000</td>
</tr>
</tbody>
</table>

Rent expense was approximately $257,000, $369,000, $663,000, $482,000, and $509,000 for the years ended December 31, 1993, 1994, and 1995 and the nine months ended September 30, 1995 and 1996, respectively.

In connection with its facility leases, the company has outstanding letters of credit of approximately $73,000.

(5) 401(k) PLAN

The company has a 401(k) savings plan covering substantially all eligible employees. The plan is a qualified defined contribution plan in accordance with section 401(k) of the internal revenue code and is funded entirely through employee contributions.

(6) STOCKHOLDER'S EQUITY

(a) Reincorporation

In February 1996, in connection with the company's reincorporation in Delaware, the company increased the number of authorized shares of common stock to 7,000,000, and each outstanding share of common stock was exchanged for 6,000 shares of common stock in the reincorporated entity. The accompanying financial statements and notes have been retroactively adjusted to reflect this transaction. The board of directors has voted to amend the company's certificate of incorporation to increase the number of authorized shares of common stock to 25,000,000 immediately prior to completion of an initial public offering.

(b) Stock Option Plans

In February 1996, the company adopted the Forrester Research, Inc. 1996 Equity Incentive Plan, which was amended in September 1996 (the Plan). The Plan provides for the issuance of
incentive stock options (ISOs) and nonqualified stock options (NSOs) to purchase up to 2,750,000 shares of common stock. Under the terms of the Plan, ISOs may not be granted at less than fair market value on the date of grant (and in no event less than par value). ISO grants to holders of 10% of the combined voting power of all classes of Company stock must be granted at an exercise price of not less than 110% of the fair market value at the date of grant. The fair market value of $5.50 per share for the options granted in February 1996 was based on an independent appraisal. Options vest ratably over three years and expire after 10 years. Options granted under the Plan immediately vest upon certain events, as defined.

Stock option activity since the Plan’s inception to September 30, 1996 was as follows:

<table>
<thead>
<tr>
<th>NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>OF SHARES</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXERCISE PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PER SHARE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Granted</th>
<th>780,046</th>
<th>$5.50-12.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canceled</td>
<td>31,355</td>
<td>5.50</td>
</tr>
<tr>
<td>Outstanding at September 30, 1996</td>
<td>748,691</td>
<td>$5.50-12.00</td>
</tr>
<tr>
<td>Exercisable at September 30, 1996</td>
<td>--</td>
<td>$ --</td>
</tr>
</tbody>
</table>

Upon consummation of the proposed offering, 149,376 ISOs will vest immediately. As of September 30, 1996, options available for future grant under the Plan are 2,001,309.

In September 1996, the Company adopted the 1996 Stock Option Plan for Non-Employee Directors (the Director's Plan) which provides for the issuance of options to purchase up to 150,000 shares of common stock. The Director's Plan provides that the four non-employee directors who have agreed to serve as directors of the Company will receive, on the date that the Company first files a registration statement under the Securities Act of 1933 covering the common stock, an option to purchase 6,000 shares of the Company's common stock at an exercise price of $13.00 per share. Such options will vest in three equal installments commencing on the date of completion of the initial public offering of the common stock and on the first and second anniversaries of such date. Each non-employee director elected thereafter shall be awarded options to purchase 6,000 shares of common stock, at an exercise price equal to the fair market value of the common stock, upon his or her election as a director, which will vest in three equal installments commencing on the date of grant and on the first and second anniversaries of the date of grant. Each non-employee director will also receive an option to purchase 4,000 shares of common stock, at an exercise price equal to the fair market value of the common stock, each year immediately following the Company's annual stockholders meeting, which will vest in three equal installments on the first, second and third anniversaries of the date of grant. The Compensation Committee of the Board of Directors also has the authority under the Director's Plan to grant options to non-employee directors in such amounts and on such terms as set forth in the Director's Plan as it shall determine at the time of grant.
In October 1995, the Financial Accounting Standards Board (FASB) issued SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123 requires the measurement of the fair value of stock options or warrants to be included in the statement of income or disclosed in the notes to financial statements. The Company has determined that it will continue to account for stock-based compensation for employees under Accounting Principles Board Opinion No. 25 and elect the disclosure-only alternative under SFAS No. 123. The Company has computed the pro forma disclosures required under SFAS No. 123 for options granted in 1996 using the Black-Scholes option pricing model prescribed by SFAS No. 123. The weighted average assumptions used for 1996 are:

- Risk free interest rate: 6.21%
- Expected dividend yield: --
- Expected lives: 7.5 Years
- Expected volatility: 0%-64%

The total value of options granted during the nine months ended September 30, 1996 was computed as approximately $2,614,000. Of this amount approximately $252,000 would be charged to operations for the nine months ended September 30, 1996 for currently vested options and the remaining amount, approximately $2,362,000, would be amortized over the related vesting periods. There were no options or warrants issued prior to 1996. The pro forma effect of SFAS No. 123 for the period ended September 30, 1996 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>AS REPORTED</th>
<th>PRO FORMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro forma net income</td>
<td>$1,464,252</td>
<td>$1,313,252</td>
</tr>
<tr>
<td>Pro forma net income per share</td>
<td>$0.23</td>
<td>$0.21</td>
</tr>
</tbody>
</table>

Upon completion of the initial public offering of common stock 157,376 options will vest resulting in a pro forma after tax charge of approximately $177,000.

(c) Employee Stock Purchase Plan

In September 1996, the Company adopted the 1996 Employee Stock Purchase Plan (the Stock Purchase Plan) that provides for the issuance of up to 200,000 shares of common stock. The Stock Purchase Plan is administered by the Board of Directors. With certain limited exceptions, all employees of the Company employed more than 30 hours per week, including officers and directors who are employees, are eligible to participate in the Stock Purchase Plan. The Stock Purchase Plan consists of semiannual offerings on January 1 and July 1 of each year. The first offering under the Stock Purchase Plan will commence on the first day the Company's common stock is publicly traded on the Nasdaq National Market and will end on June 30, 1997. Each subsequent offering under the Stock Purchase Plan will be six months in length and will commence on each successive July 1 and January 1. During each offering under the Plan, the maximum number of shares of common stock that may be purchased by an employee is determined on the first day of the offering period under a formula whereby an amount equal to that percentage of the employee's regular salary that he or she has elected to have withheld is divided by 85% of the market value of a share of common stock on the first day of the offering period. An employee may elect to have up to a maximum of 10% deducted from his or her regular salary for the purpose of purchasing shares under the Stock Purchase Plan. The price at which the employee's shares are purchased is the lower of (a) 85% of the closing price of the common stock on the day that the offering commences, or (b) 85% of the closing price of the common stock on the day that the offering terminates. No shares have been purchased under the Stock Purchase Plan.
(d) Preferred Stock

In September 1996, the Board of Directors voted to amend the Company's Certificate of Incorporation to permit the issuance of up to 500,000 shares of $.01 par value preferred stock. The Board of Directors has full authority to issue this stock and to fix the voting powers, preferences, rights, qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, redemption privileges and liquidation preferences and the number of shares constituting any series or designation of such series.

(7) NET SALES BY GEOGRAPHIC DESTINATION

Net sales by geographic destination and as a percentage of total sales are as follows:

<table>
<thead>
<tr>
<th></th>
<th>YEAR ENDED DECEMBER 31,</th>
<th>NINE MONTHS ENDED SEPTEMBER 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States.............</td>
<td>$6,180,336</td>
<td>$8,103,708</td>
</tr>
<tr>
<td>Europe...................</td>
<td>357,365</td>
<td>629,208</td>
</tr>
<tr>
<td>Other....................</td>
<td>761,416</td>
<td>965,886</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$7,299,117</td>
<td>$9,698,802</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States.............</td>
<td>85%</td>
<td>84%</td>
</tr>
<tr>
<td>Europe...................</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Other....................</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(8) ACCRUED EXPENSES

Accrued expenses consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>DECEMBER 31,</th>
<th>SEPTEMBER 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll and related........</td>
<td>$ 23,709</td>
<td>$ 802,673</td>
</tr>
<tr>
<td>Other....................</td>
<td>561,343</td>
<td>742,142</td>
</tr>
<tr>
<td></td>
<td>$525,052</td>
<td>$1,544,815</td>
</tr>
</tbody>
</table>

F-14
Subject to the terms and conditions of the Underwriting Agreement, the Company has agreed to sell to each of the Underwriters named below, and each of such Underwriters, for whom Goldman, Sachs & Co. and Robertson, Stephens & Company LLC are acting as representatives, has severally agreed to purchase from the Company, the respective number of shares of Common Stock set forth opposite its name below:

<table>
<thead>
<tr>
<th>UNDERWRITER</th>
<th>NUMBER OF SHARES OF COMMON STOCK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goldman, Sachs &amp; Co.</td>
<td></td>
</tr>
<tr>
<td>Robertson, Stephens &amp; Company LLC.</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and pay for all of the shares offered hereby, if any are taken.

The Underwriters propose to offer the shares of Common Stock in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus and in part to certain securities dealers at such price less a concession of $ per share. The Underwriters may, and such dealers may reallocate, a concession not in excess of $ per share to certain brokers and dealers. After the shares of Common Stock are released for sale to the public, the offering price and other selling terms may from time to time be varied by the representatives.

The Company has granted the Underwriters an option exercisable for 30 days after the date of this Prospectus to purchase up to an aggregate of 300,000 additional shares of Common Stock to cover over-allotments, if any. If the Underwriters exercise their over-allotment option, the Underwriters have severally agreed, subject to certain conditions, to purchase approximately the same percentage thereof that the number of shares to be purchased by each of them, as shown in the foregoing table, bears to the 2,000,000 shares of Common Stock offered.

The Company, Mr. Colony, who prior to the completion of the offering is the sole stockholder of the Company, and directors, certain executive officers, and other employees of the Company who hold options to purchase 582,945 shares of Common Stock have agreed that with certain limited exceptions, during the period beginning from the date of this Prospectus and continuing to and including the date 180 days after the date of this Prospectus, they will not offer, sell, contract to sell, or otherwise dispose of any securities of the Company (other than pursuant to employee stock option plans existing, or on the conversion or exchange of convertible or exchangeable securities outstanding, on the date of this Prospectus) which are substantially similar to the shares of Common Stock or which are convertible into or exchangeable for securities which are substantially similar to the shares of Common Stock without the prior written consent of the representatives, except for the shares of Common Stock offered in connection with this offering.

The representatives of the Underwriters have informed the Company that they do not expect sales to accounts over which the Underwriters exercise discretionary authority to exceed 5% of the total number of shares of Common Stock offered by them.

Prior to this offering, there has been no public market for the shares. The initial public offering price will be negotiated among the Company and the representatives. Among the factors to be considered in determining the initial public offering price of the Common Stock, in addition to prevailing market conditions, will be the Company's historical performance, estimates of the business potential and earnings prospects of the Company, an assessment of the Company's management, and the consideration of the above factors in relation to market valuation of companies in related businesses.

U-1
The Common Stock has been approved for quotation on the Nasdaq National Market under the symbol "FORR".

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act.
NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY
REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR
MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN
AUTHORIZED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE
SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES TO
WHICH IT RELATES OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH
SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.
NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER
ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE
AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED
HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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THROUGH AND INCLUDING , 1996 (THE 25TH DAY AFTER THE DATE OF THIS
PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE COMMON STOCK, WHETHER OR
NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS.
THIS DELIVERY REQUIREMENT IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER
A PROSPECTUS WHEN ACTING AS UNDERWriters AND WITH RESPECT TO THEIR UNSOLD
ALLOTMENTS OR SUBSCRIPTIONS.

2,000,000 SHARES
FORRESTER RESEARCH, INC.
COMMON STOCK
(PAR VALUE $.01 PER SHARE)
[LOGO]
GOLDMAN, SACHS & CO.
ROBERTSON, STEPHENS & COMPANY
REPRESENTATIVES OF THE UNDERWriters
PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the various expenses in connection with the sale and distribution of the securities being registered, other than the underwriting discounts and commissions. All amounts shown are estimates, except the Securities and Exchange Commission registration fee and the National Association of Securities Dealers, Inc. filing fee.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC Registration Fee</td>
<td>$11,897</td>
</tr>
<tr>
<td>NASD Filing Fee</td>
<td>$3,950</td>
</tr>
<tr>
<td>Nasdaq National Market Listing Fee</td>
<td>$46,000</td>
</tr>
<tr>
<td>Blue Sky Fees and Expenses</td>
<td>$15,800</td>
</tr>
<tr>
<td>Transfer Agent and Registrar Fees</td>
<td>$12,500</td>
</tr>
<tr>
<td>Accounting Fees and Expenses</td>
<td>$250,000</td>
</tr>
<tr>
<td>Legal Fees and Expenses</td>
<td>$275,000</td>
</tr>
<tr>
<td>Printing Expenses</td>
<td>$125,000</td>
</tr>
<tr>
<td>Premium for D&amp;O Insurance</td>
<td>$175,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$35,653</td>
</tr>
<tr>
<td>Total</td>
<td>$950,000</td>
</tr>
</tbody>
</table>

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Registrant's Certificate of Incorporation provides that the Registrant's Directors shall not be liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that the exculpation from liabilities is not permitted under the Delaware General Corporation Law as in effect at the time such liability is determined.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

In the three years preceding the filing of this Registration Statement, the Registrant has not sold any securities which were not registered under the Securities Act of 1933, as amended (the "Securities Act").

The Registrant has awarded to employees and directors options to purchase 782,691 shares of Common Stock, none of which have become exercisable prior to the date hereof. The Registrant also issued 6,000,000 shares of Common Stock to its sole stockholder in February 1996 in connection with its reincorporation merger in Delaware. Such transaction was not a "sale" because it fit within the exemption under Rule 145(a)(2) under the Securities Act.
ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following is a list of exhibits filed as a part of this registration statement.

(a) Exhibits

<table>
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<td>99.4</td>
<td>Consent of Michael H. Welles.</td>
</tr>
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</table>

* Previously filed.

(b) Financial Statement Schedules

Schedule II -- Valuation and Qualifying Accounts

All other schedules for which provision is made in Regulations S-X of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

ITEM 17. UNDERTAKINGS

(a) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the provisions described under "Item 14 -- Indemnification of Directors and Officers" above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in
the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(b) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Company hereby undertakes to provide at the closing of this offering to the Underwriters specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.
Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Cambridge, Commonwealth of Massachusetts, on this 5th day of November, 1996.

FORRESTER RESEARCH, INC.

By: /s/ GEORGE F. COLONY

Name: George F. Colony
Chairman of the Board, President, and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of Forrester Research, Inc., hereby severally constitute George F. Colony, David H. Ramsdell, Susan M. Whirty, and Ann L. Milner, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, Amendment No. 1 the Registration Statement filed herewith and any and all amendments to said Registration Statement (or any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933), and generally to do all such things in our names and in our capacities as officers and directors to enable Forrester Research, Inc. to comply with the provisions of the Securities Act of 1933, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Amendment No. 1 Registration Statement and any and all amendments thereto.

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>SIGNATURE</th>
<th>TITLE</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ GEORGE F. COLONY</td>
<td>Chief Executive Officer, President and Director</td>
<td>November 5, 1996</td>
</tr>
<tr>
<td>George F. Colony</td>
<td>(Principal Executive Officer)</td>
<td></td>
</tr>
<tr>
<td>/s/ DAVID H. RAMSDELL</td>
<td>Director, Finance (Principal Financial Officer and Accounting Officer)</td>
<td>November 5, 1996</td>
</tr>
</tbody>
</table>
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

To the Stockholder of
Forrester Research, Inc.:

We have audited in accordance with generally accepted auditing standards, the financial statements of Forrester Research, Inc. included in this registration statement and have issued our report thereon dated October 22, 1996. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 16(b) is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Boston, Massachusetts

October 22, 1996

S-1
<table>
<thead>
<tr>
<th>ALLOWANCE FOR DOUBTFUL ACCOUNTS</th>
<th>BALANCE, BEGINNING OF PERIOD</th>
<th>CHARGED TO COST OR EXPENSE</th>
<th>DEDUCTIONS (WRITEOFFS)</th>
<th>BALANCE, END OF PERIOD</th>
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</thead>
<tbody>
<tr>
<td>Fiscal 1993</td>
<td>$ 33,334</td>
<td>$158,624</td>
<td>$(125,290)</td>
<td>$ 33,334</td>
</tr>
<tr>
<td>Fiscal 1994</td>
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<td>108,644</td>
<td>(53,519)</td>
<td>88,459</td>
</tr>
<tr>
<td>Fiscal 1995</td>
<td>88,459</td>
<td>62,245</td>
<td>(30,784)</td>
<td>119,920</td>
</tr>
<tr>
<td>Nine months ended September 30, 1996</td>
<td>119,920</td>
<td>110,000</td>
<td>(50,735)</td>
<td>179,185</td>
</tr>
<tr>
<td>EXHIBIT NUMBER</td>
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</tbody>
</table>

* Previously filed.
EXHIBIT 1

Forrester Research, Inc.
Common Stock

---------------

UNDERWRITING AGREEMENT
---------------

November __, 1996

Goldman, Sachs & Co.,
Robertson, Stephens & Company LLC
As representatives of the several Underwriters
named in Schedule I hereto,
c/o Goldman, Sachs & Co.,
85 Broad Street,
New York, New York 10004

Ladies and Gentlemen:

Forrester Research, Inc., a Delaware corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters") an aggregate of 2,000,000 shares and, at the election of the Underwriters, up to 300,000 additional shares of Common Stock, $.01 par value ("Stock") of the Company. The aggregate of 2,000,000 shares to be sold by the Company is herein called the "Firm Shares" and the aggregate of 300,000 additional shares to be sold by the Company is herein called the "Optional Shares". The Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof are herein collectively called the "Shares".

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

   (i) A registration statement on Form S-1 (File No. 333-12761) (the "Initial Registration Statement") in respect of the Shares has been filed with the Securities and Exchange Commission (the "Commission"); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered

---
to you, and, excluding exhibits thereto, to you for each of the other Underwriters, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (the "Rule 462(b) Registration Statement"), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Act"), which became effective upon filing, no other document with respect to such registration statement has heretofore been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Act is hereinafter called a "Preliminary Prospectus"; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the "Registration Statement"; and such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, is hereinafter called the "Prospectus");

(ii) No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through Goldman, Sachs & Co. expressly for use therein;

(iii) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement or the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and the Registration Statement and any further amendments or supplements to the Registration Statement do not and will not, as of the applicable effective date contain an untrue statement of a material fact or omit to state a material fact required to be stated
therein or necessary to make the statements therein not misleading and the Prospectus and any further supplements to the Prospectus do not and will not, as of the applicable filing date, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through Goldman, Sachs & Co. expressly for use therein;

(iv) The Company has not sustained since the date of the latest audited financial statements included in the Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any change in the capital stock or long-term debt of the Company or any material adverse change, or any development that is reasonably likely to result in a material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company, otherwise than as set forth or contemplated in the Prospectus;

(v) The Company has good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by it, in each case free and clear of all liens, encumbrances and defects except such as are described in the Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company; and any real property and buildings held under lease by the Company are held by it under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company;

(vi) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; the Company has no subsidiaries or equity interest (including a right to acquire any equity interest) in any other entity;
(vii) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and conform to the description of the Stock contained in the Prospectus;

(viii) The unissued Shares to be issued and sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform to the description of the Stock contained in the Prospectus;

(ix) The issue and sale of the Shares to be sold by the Company and the compliance by the Company with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject or by any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties, nor will such action result in any violation of the provisions of the Certificate of Incorporation or By-Laws of the Company; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except the registration under the Act of the Shares and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;

(x) The Company is not (i) in violation of its Certificate of Incorporation or By-Laws or (ii) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound other than, in the case of clause (ii), defaults that, individually or in the aggregate, will not have a material adverse effect upon the business, assets, financial position, stockholder's equity or results of operations of the Company;

(xi) The statements set forth in the Prospectus under the caption "Description of Capital Stock", insofar as they purport to constitute a summary of the terms of the Stock, and under the caption "Underwriting", accurately summarize in all material respects the provisions of the laws and documents referred to therein;
(xii) There are no legal or governmental proceedings pending to which the Company is a party or of which any property of the Company is the subject which, if determined adversely to the Company, would individually or in the aggregate have a material adverse effect on the current or future consolidated financial position, stockholders' equity or results of operations of the Company and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(xiii) The Company is not and, after giving effect to the offering and sale of the Shares, will not be an "investment company" subject to registration as such under the Investment Company Act of 1940, as amended (the "Investment Company Act") or an entity controlled by an "investment company" as defined in the Investment Company Act;

(xiv) Neither the Company nor any of its affiliates does business with the government of Cuba or with any person or affiliate located in Cuba within the meaning of Section 517.075, Florida Statutes;

(xv) To the best of the Company's knowledge, Arthur Andersen LLP, who have certified certain financial statements of the Company, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder; and

(xvi) The Company owns, is licensed to use or otherwise possesses adequate rights to use, all material patents, patent rights, inventions, trade secrets, know-how, trademarks, service marks, trade names and copyrights described or referred to in the Prospectus as owned or used by it or which are necessary for the conduct of its businesses as described in the Prospectus; and the Company has not received any written or, to the best of the Company's knowledge, oral notice of, and has no knowledge of, any infringement of or conflict with asserted rights of others with respect to any patent, patent rights, inventions, trade secrets, know-how, trademarks, service marks, trade names or copyrights.

2. Subject to the terms and conditions herein set forth, (a) the Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of $................., the number of Firm Shares (to be adjusted by you so as to eliminate fractional shares) determined by multiplying the aggregate number of Shares to be sold by the Company as set forth in Schedule II hereto by a fraction, the numerator of which is the aggregate number of Firm Shares to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the aggregate number of Firm Shares to be purchased by all of the Underwriters from the Company hereunder and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company
agrees, to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company at the purchase price per share set forth in clause (a) of this Section 2, that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company hereby grants to the Underwriters the right to purchase at their election up to 300,000 Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering overallotments in the sale of the Firm Shares. Any such election to purchase Optional Shares may be exercised only by written notice from you to the Company, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by you of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive form, and in such authorized denominations and registered in such names as Goldman, Sachs & Co. may request upon at least forty-eight hours' prior notice to the Company shall be delivered by or on behalf of the Company to Goldman, Sachs & Co., for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer or certified or official bank check or checks, payable to the order of the Company in federal (same day) funds. The Company will cause the certificates representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of Goldman, Sachs & Co., 85 Broad Street, New York, New York 10004 (the "Designated Office"). The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York time, on ............, 1996 or such other time and date as Goldman, Sachs & Co. and the Company may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York time, on the date specified by Goldman, Sachs & Co. in the written notice given by Goldman, Sachs & Co. of the Underwriters' election to purchase such Optional Shares, or such other time and date as Goldman, Sachs & Co. and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "First Time of Delivery", such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called -6-
the "Second Time of Delivery", and each such time and date for delivery is herein called a "Time of Delivery".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 7 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 7(j) hereof, and the check or checks specified in subsection (a) above, will be delivered at the offices of Ropes & Gray, One International Place, Boston, Massachusetts 02109 (the "Closing Location"), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. A meeting will be held at the Closing Location at 1:00 p.m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by you and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or Prospectus prior to the last Time of Delivery unless after reasonable notice thereof you shall have approved such amendment or supplement (such approval not to be unreasonably withheld or delayed); to advise you, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed and to furnish you with copies thereof; to advise you, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or prospectus, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or prospectus, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information, promptly to use its best efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as you may reasonably request to qualify the Shares for offering and sale under the securities laws of such jurisdictions in the United States as you may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as
may be necessary to complete the distribution of the Shares, provided that in
connection therewith the Company shall not be required to qualify as a foreign
corporation or to file a general consent to service of process in any
jurisdiction;

(c) Prior to 12:00 noon, New York City time, on the New York Business Day
next succeeding the date of this Agreement and from time to time, to furnish the
Underwriters with copies of the Prospectus in New York City in such quantities
as you may reasonably request, and, if the delivery of a prospectus is required
at any time prior to the expiration of nine months after the time of issue of
the Prospectus in connection with the offering or sale of the Shares and if at
such time any events shall have occurred as a result of which the Prospectus as
then amended or supplemented would include an untrue statement of a material
fact or omit to state any material fact necessary in order to make the
statements therein, in the light of the circumstances under which they were made
when such Prospectus is delivered, not misleading, or, if for any other reason
it shall be necessary during such period to amend or supplement the Prospectus
in order to comply with the Act, to notify you and upon your request to prepare
and furnish without charge to each Underwriter and to any dealer in securities
as many copies as you may from time to time reasonably request of an amended
Prospectus or a supplement to the Prospectus which will correct such statement
or omission or effect such compliance, and in case any Underwriter is required
to deliver a prospectus in connection with sales of any of the Shares at any
time nine months or more after the time of issue of the Prospectus, upon your
request but at the expense of such Underwriter, to prepare and deliver to such
Underwriter as many copies as you may request of an amended or supplemented
Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its securityholders as soon as
practicable, but in any event not later than eighteen months after the effective
date of the Registration Statement (as defined in Rule 158(c) under the Act), an
earnings statement of the Company and its subsidiaries (which need not be
audited) complying with Section 11(a) of the Act and the rules and regulations
of the Commission thereunder (including, at the option of the Company, Rule
158);

(e) During the period beginning from the date hereof and continuing to and
including the date 180 days after the date of the Prospectus, not to offer,
sell, contract to sell or otherwise dispose of, except as provided hereunder,
any securities of the Company that are substantially similar to the Shares,
including but not limited to any securities that are convertible into or
exchangeable for, or that represent the right to receive, Stock or any such
substantially similar securities (other than pursuant to employee stock option
plans existing on the date of this Agreement), without your prior written
consent;

(f) To furnish to its stockholders within 90 days after the end of each
fiscal year an annual report (including a balance sheet and statements of
income, stockholders’ equity and cash flows of the Company and its consolidated
subsidiaries certified by independent public accountants) and, within 45 days
after the end of each of the first three quarters of
each fiscal year (beginning with the fiscal quarter ending after the effective
date of the Registration Statement), consolidated summary financial information
of the Company and its subsidiaries for such quarter in reasonable detail;

(g) During a period of five years from the effective date of the
Registration Statement, to furnish to you copies of all reports or other
communications (financial or other) furnished to stockholders, and to deliver to
you (i) as soon as they are available, copies of any reports and financial
statements furnished to or filed with the Commission or any national securities
exchange on which any class of securities of the Company is listed; and (ii)
such additional information concerning the business and financial condition of
the Company as you may from time to time reasonably request (such financial
statements to be on a consolidated basis to the extent the accounts of the
Company and its subsidiaries are consolidated in reports furnished to its
stockholders generally or to the Commission); provided, however, that nothing
herein shall be deemed to require the Company to disclose information that in
its reasonable judgment is confidential;

(h) To use the net proceeds received by it from the sale of the Shares
pursuant to this Agreement in the manner specified in the Prospectus under the
caption "Use of Proceeds";

(i) To use its best efforts to list for quotation the Shares on the
National Association of Securities Dealers Automated Quotations National Market
System ("NASDAQ"); and

(j) To file with the Commission such reports on Form SR as may be required
by Rule 463 under the Act;

(k) If the Company elects to rely on Rule 462(b), the Company shall file a
Rule 462(b) Registration Statement with the Commission in compliance with Rule
462(b) by 10:00 p.m., Washington, D.C. time, on the date of this Agreement, and
the Company shall at the time of filing either pay to the Commission the filing
fee for the Rule 462(b) Registration Statement or give irrevocable instructions
for the payment of such fee pursuant to Rule III(b) under the Act; and

(l) Not to amend, modify, terminate, waive, or otherwise affect the rights
or obligations of any party under, any provision of the Tax Indemnification
Agreement (as defined in Section 7(k) below) without the prior written consent
of the Representatives.

6. The Company covenants and agrees with the several Underwriters that
the Company will pay or cause to be paid: (i) the fees, disbursements and
expenses of the Company's counsel and accountants in connection with the
registration of the Shares under the Act and all other expenses in connection
with the preparation, printing and filing of the Registration Statement, any
Preliminary Prospectus and the Prospectus and amendments and supplements thereto
and the mailing and delivering of copies thereof to
the Underwriters and dealers; (ii) the cost of printing or producing any
Agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing
documents (including any compilations thereof) and any other documents in
connection with the offering, purchase, sale and delivery of the Shares; (iii)
all expenses in connection with the qualification of the Shares for offering and
sale under state securities laws as provided in Section 5(b) hereof, including
the fees and disbursements of counsel for the Underwriters in connection with
such qualification and in connection with the Blue Sky survey; (iv) all fees and
expenses in connection with listing the Shares on NASDAQ; (v) the filing fees
incident to, and the fees and disbursements of counsel for the Underwriters in
connection with, securing any required review by the National Association of
Securities Dealers, Inc. of the terms of the sale of the Shares; (vi) the cost
of preparing stock certificates; (vii) the cost and charges of any transfer
agent or registrar and (viii) all other costs and expenses incident to the
performance of its obligations hereunder which are not otherwise specifically
provided for in this Section. It is understood, however, that, except as
provided in this Section, and Sections 8 and 11 hereof, the Underwriters will
pay all of their own costs and expenses, including the fees of their counsel,
stock transfer taxes on resale of any of the Shares by them, and any advertising
expenses connected with any offers they may make.

7. The obligations of the Underwriters hereunder, as to the Shares to be
delivered at each Time of Delivery, shall be subject, in their discretion, to
the condition that all representations and warranties and other statements of
the Company herein are, at and as of such Time of Delivery, true and correct,
the condition that the Company shall have performed all of its obligations
hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to
Rule 424(b) within the applicable time period prescribed for such filing by the
rules and regulations under the Act and in accordance with Section 5(a) hereof;
if the Company has elected to rely upon Rule 462(b), the Rule 462(b)
Registration Statement shall have become effective by 10:00 p.m., Washington,
D.C. time, on the date of this Agreement, no stop order suspending the
effectiveness of the Registration Statement or any part thereof shall have been
issued and no proceeding for that purpose shall have been initiated or
threatened by the Commission; and all requests for additional information on the
part of the Commission shall have been complied with to your reasonable
satisfaction;

(b) Hale and Dorr, counsel for the Underwriters, shall have furnished to
you such opinion or opinions (a draft of each such written opinion is attached
as Annex II(a) hereto), dated such Time of Delivery, with respect to the matters
covered in paragraphs (a) (first sentence only), (ii), (iv), (viii) and (ix) of
subsection (c) below as well as such other related matters as you may reasonably
request, and such counsel shall have received such papers and information as
they may reasonably request to enable them to pass upon such matters;
(c) Ropes & Gray, counsel for the Company, shall have furnished to you their written opinion (a draft of such opinion is attached as Annex II(b) hereto), dated such Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority to own, lease and operate its properties and conduct its business as described in the Prospectus. The Company is duly qualified to do business and is in good standing in each jurisdiction within the United States in which it owns or leases real property or maintains an office.

(ii) The authorized, issued and outstanding capitalization of the Company as of [date] 1996, is as set forth under the caption "Capitalization" in the Prospectus. All of the issued and outstanding shares of Stock have been duly authorized and validly issued and are fully paid and nonassessable; the Shares have been duly authorized and, when issued and delivered in accordance with this Agreement, will be validly issued, fully paid and nonassessable and will conform in all material respects to the description of the Stock contained in the Prospectus.

(iii) To the knowledge of such counsel, and other than as set forth in the Prospectus, there are no legal or governmental proceedings pending to which the Company is a party or of which any property of the Company is the subject.

(iv) This Agreement has been duly authorized, executed and delivered by the Company.

(v) The issuance and sale by the Company of the Shares and the performance by the Company of its obligations under this Agreement does not and will not (i) violate the Certificate of Incorporation or by-laws of the Company, (ii) breach or result in a default under any agreement, indenture or other instrument filed as an exhibit to the Registration Statement to which the Company is a party or by which it is bound, or to which any of its properties is subject, or (iii) violate any existing Delaware corporate, Massachusetts or federal law, rule, administrative regulation or any decree known to such counsel of any court or any governmental agency or body having jurisdiction over the Company or any of its properties, except that such counsel need express no opinion as to state securities or "Blue Sky" laws or as to compliance with the antifraud provisions of federal and state securities laws.

(vi) No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body of the United States or The Commonwealth of Massachusetts or the Secretary of State of the State of Delaware is required for the issuance and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except the registration under the Act of the Shares.
(vii) The Company is not subject to regulation as an "investment company" under the Investment Company Act of 1940, as amended.

(viii) The statements set forth in the Prospectus under the caption "Description of Capital Stock," insofar as they purport to constitute a summary of the terms of the Stock and under the caption "Underwriting," insofar as they purport to describe the provisions of the laws and documents referred to therein, accurately summarize in all material respects the provisions of the laws and documents referred to therein; and

(ix) The Registration Statement and the Prospectus and any further amendments and supplements thereto made by the Company prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Act and the rules and regulations thereunder; although they do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus, except for those referred to in the opinion in subsection (xi) of this Section 7(c), nothing came to such counsel's attention that caused them to believe that, as of its effective date, the Registration Statement or any further amendment thereto made by the Company prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that, as of its date, the Prospectus or any further amendment or supplement thereto made by the Company prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or that, as of such Time of Delivery, either the Registration Statement or the Prospectus or any further amendment or supplement thereto made by the Company prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and they do not know of any amendment to the Registration Statement required to be filed or of any contracts or other documents of a character required to be filed as an exhibit to the Registration Statement or required to be described in the Registration Statement or the Prospectus which are not filed or described as required.

(d) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective
amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, Arthur Andersen LLP shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance reasonably satisfactory to you, to the effect set forth in Annex I hereto (the executed copy of the letter delivered prior to the execution of this Agreement is attached as Annex I(d) hereto and a draft of the form of letter to be delivered on the effective date of any post-effective amendment to the Registration Statement and as of each Time of Delivery is attached as Annex I(e) hereto);

(e)(i) The Company shall not have sustained since the date of the latest audited financial statements included in the Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus, and (ii) since the respective dates as of which information is given in the Prospectus there shall not have been any change in the capital stock or long-term debt of the Company or any change, or any development that is reasonably likely to result in a material adverse change, in or affecting the business, assets, financial position, stockholders' equity or results of operations of the Company, otherwise than as set forth or contemplated in the Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Prospectus;

(f) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or on the NASDAQ National Market; (ii) a suspension or material limitation in trading in the Company's securities on the NASDAQ National Market; (iii) a general moratorium on commercial banking activities declared by either Federal or New York or Massachusetts State authorities; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this Clause (iv) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Prospectus;

(g) The Shares at the such Time of Delivery shall have been duly listed for quotation on the NASDAQ National Market;

(h) The Company shall have obtained and delivered to the Underwriters copies of an agreement from each person listed on Schedule III hereto to the effect that during the period beginning from the date hereof and continuing to and including the date 180 days after the date of the Prospectus, such person shall not offer, sell, contract to sell or otherwise dispose of, except as provided hereunder, any Stock, or any securities of the
Company that are substantially similar to the Shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, Stock or any such substantially similar securities (other than pursuant to employee stock option plans existing on the date of this Agreement), without your prior written consent;

(i) The Company shall have furnished or caused to be furnished to you at such Time of Delivery certificates of officers of the Company reasonably satisfactory to you as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, and as to such other matters as you may reasonably request, and the Company shall have furnished or caused to be furnished certificates as to the matters set forth in subsections (a) and (e) of this Section;

(j) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the New York Business Day next succeeding the date of this Agreement; and

(k) The Company and George F. Colony shall have entered into a Tax Indemnification Agreement in a form acceptable to the Underwriters and their counsel (the "Tax Indemnification Agreement").

8. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus, the Registration Statement or the Prospectus or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Goldman, Sachs & Co. expressly for use therein.

(b) Each Underwriter will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in
respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the Registration Statement or the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, the Registration Statement or the Prospectus or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Underwriter through Goldman, Sachs & Co. expressly for use therein, and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions
in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 8 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 8 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company.
9. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase hereunder at a Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Shares on such terms. In the event that, within the respective prescribed periods, you notify the Company that you have so arranged for the purchase of such Shares, or the Company notifies you that they have so arranged for the purchase of such Shares, you or the Company shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments to the Registration Statement or the Prospectus which in your opinion may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the
Company and the Underwriters as provided in Section 6 hereof and the indemnity and contribution agreements in Section 8 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

10. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

11. If this Agreement shall be terminated pursuant to Section 9 hereof, the Company shall not then be under any liability to any Underwriter except as provided in Sections 6 and 8 hereof; but, if for any other reason any Shares are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through you for all out-of-pocket expenses approved in writing by you, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to any Underwriter in respect of the Shares not so delivered except as provided in Sections 6 and 8 hereof.

12. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you jointly or by Goldman, Sachs & Co. on behalf of you as the representatives.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you as the representatives in care of Goldman, Sachs & Co., 85 Broad Street, New York, New York 10004, Attention: Registration Department; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Registration Statement, Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 8(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire or telex constituting such Questionnaire, which address will be supplied to the Company by you on request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

13. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Sections 8 and 10 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement.

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No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

14. Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16. This Agreement may be executed and delivered by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts when so executed and delivered shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us seven counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters and the Company. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination, upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

FORRESTER RESEARCH INC.

By:

---------------------------------------------
Name: George F. Colony
Title: President and Chief Executive Officer

Accepted as of the date hereof at
New York, NY:

Goldman, Sachs & Co.
Robertson, Stephens & Company LLC

By: -------------------------------
(Goldman, Sachs & Co.)
On behalf of each of the Underwriters
SCHEDULE I

<table>
<thead>
<tr>
<th>Total Number of Firm Shares to be Purchased</th>
<th>Number of Optional Shares to be Purchased if Maximum Option Exercised</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>2,000,000</td>
</tr>
<tr>
<td>300,000</td>
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Goldman, Sachs & Co.
Robertson, Stephens & Company LLC
<table>
<thead>
<tr>
<th>Description</th>
<th>Total Number of Firm Shares to be Purchased</th>
<th>Number of Optional Shares to be Purchased if Maximum Option Exercised</th>
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<tbody>
<tr>
<td>The Company</td>
<td>2,000,000</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,000,000</strong></td>
<td><strong>300,000</strong></td>
</tr>
</tbody>
</table>
SCHEDULE III
Persons Subject to Lock-Up

George F. Colony
William M. Bluestein
Mary A. Modahl
Jon D. Schwartz
Stuart D. Woodring
John McCarthy
Susan M. Whirty
Paul D. Callahan
Ruth Habbe
Bobby Cameron
Don Depalma
David Goodtree
Stan Dolberg
Russ Maney
Robert M. Galford
George R. Hornig
Christopher W. Mines
Michael H. Welles

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Pursuant to Section 7(d) of the Underwriting Agreement, the accountants shall furnish letters to the Underwriters to the effect that:

(i) They are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of the Act and the applicable published rules and regulations thereunder;

(ii) In their opinion, the financial statements and any supplementary financial information and schedules (and, if applicable, financial forecasts and/or pro forma financial information) examined by them and included in the Prospectus or the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations thereunder; and they have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited consolidated interim financial statements, selected financial data, pro forma financial information, financial forecasts and/or condensed financial statements derived from audited financial statements of the Company for the periods specified in such letter, as indicated in their reports thereon, copies of which have been separately furnished to the representatives of the Underwriters (the "Representatives");

(iii) They have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited condensed consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included in the Prospectus as indicated in their reports thereon copies of which have been separately furnished to the Representatives and on the basis of specified procedures including inquiries of officials of the Company who have responsibility for financial and accounting matters regarding whether the unaudited condensed consolidated financial statements referred to in paragraph (vi)(A)(i) below comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations, nothing came to their attention that caused them to believe that the unaudited condensed consolidated financial statements do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations;

(iv) They have compared the information in the Prospectus under selected captions with the disclosure requirements of Regulation S-K and on the basis of limited procedures specified in such letter nothing came to their attention as a result of the foregoing procedures that caused them to believe that this information does not conform in all material respects with the disclosure requirements of Items 301, 302, 402 and 503(d), respectively, of Regulation S-K;
(v) On the basis of limited procedures, not constituting an
examination in accordance with generally accepted auditing standards,
consisting of a reading of the unaudited financial statements and other
information referred to below, a reading of the latest available interim
financial statements of the Company and its subsidiaries, inspection of the
minute books of the Company and its subsidiaries since the date of the
latest audited financial statements included in the Prospectus, inquiries
of officials of the Company and its subsidiaries responsible for financial
and accounting matters and such other inquiries and procedures as may be
specified in such letter, nothing came to their attention that caused them
to believe that:

(A) (i) the unaudited consolidated statements of income,
consolidated balance sheets and consolidated statements of cash flows
included in the Prospectus do not comply as to form in all material
respects with the applicable accounting requirements of the Act and
the related published rules and regulations, or (ii) any material
modifications should be made to the unaudited condensed consolidated
statements of income, consolidated balance sheets and consolidated
statements of cash flows included in the Prospectus for them to be in
conformity with generally accepted accounting principles;

(B) any other unaudited income statement data and balance sheet
items included in the Prospectus do not agree with the corresponding
items in the unaudited consolidated financial statements from which
such data and items were derived, and any such unaudited data and
items were not determined on a basis substantially consistent with the
basis for the corresponding amounts in the audited consolidated
financial statements included in the Prospectus;

(C) the unaudited financial statements which were not included in
the Prospectus but from which were derived any unaudited condensed
financial statements referred to in Clause (A) and any unaudited
income statement data and balance sheet items included in the
Prospectus and referred to in Clause (B) were not determined on a
basis substantially consistent with the basis for the audited
consolidated financial statements included in the Prospectus;

(D) any unaudited pro forma consolidated condensed financial
statements included in the Prospectus do not comply as to form in all
material respects with the applicable accounting requirements of the
Act and the published rules and regulations thereunder or the pro
forma adjustments have not been properly applied to the historical
amounts in the compilation of those statements;

(E) as of a specified date not more than five days prior to the
date of such letter, there have been any changes in the consolidated
capital stock (other than issuances of capital stock upon exercise of
options which were outstanding on the date of the latest financial
statements included in the Prospectus) or any increase in the
consolidated long-term debt of the Company and its subsidiaries, or
any
decreases in consolidated net current assets or stockholders' equity or other items specified by the Representatives, or any increases in any items specified by the Representatives, in each case as compared with amounts shown in the latest balance sheet included in the Prospectus, except in each case for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(F) for the period from the date of the latest financial statements included in the Prospectus to the specified date referred to in Clause (E) there were any decreases in consolidated net revenues or operating profit or the total or per share amounts of consolidated net income or other items specified by the Representatives, or any increases in any items specified by the Representatives, in each case as compared with the comparable period of the preceding year and with any other period of corresponding length specified by the Representatives, except in each case for decreases or increases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(vi) In addition to the examination referred to in their report(s) included in the Prospectus and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (iii) and (vi) above, they have carried out certain specified procedures, not constituting an examination in accordance with generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Representatives, which are derived from the general accounting records of the Company and its subsidiaries, which appear in the Prospectus, or in Part II of, or in exhibits and schedules to, the Registration Statement specified by the Representatives, and have compared certain of such amounts, percentages and financial information with the accounting records of the Company and its subsidiaries and have found them to be in agreement.
RESTATED CERTIFICATE OF INCORPORATION
OF
FORRESTER RESEARCH, INC.

Forrester Research, Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of this corporation is Forrester Research, Inc. Forrester Research, Inc. was originally incorporated under the same name, and the original Certificate of Incorporation of this corporation was filed with the Secretary of State of the State of Delaware on February 16, 1996.

2. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, this Restated Certificate of Incorporation restates and integrates and further amends the provisions of the Certificate of Incorporation of this corporation.

3. The text of the Restated Certificate of Incorporation as heretofore amended or supplemented is hereby restated and further amended to read in its entirety as follows:

   ARTICLE I

   The name of this corporation is Forrester Research, Inc.

   ARTICLE II

   The registered office of this corporation in the State of Delaware is located at 1013 Centre Road, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

   ARTICLE III

   The purpose of this corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.
ARTICLE IV

The total number of shares of all classes of stock which this corporation shall have authority to issue is 25,500,000 shares, consisting of (i) 25,000,000 shares of Common Stock, $.01 par value per share ("Common Stock"), and (ii) 500,000 shares of Preferred Stock, $.01 par value per share ("Preferred Stock").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of this corporation.


   A. GENERAL. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be designated by the board of directors upon any issuance of the Preferred Stock of any series. The holders of the Common Stock shall have no preemptive rights to subscribe for any shares of any class of stock of this corporation whether now or hereafter authorized.

   B. VOTING. The holders of the Common Stock are entitled to one vote for each share held at all meetings of stockholders. There shall be no cumulative voting.

   The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of this corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

   C. DIVIDENDS. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as and when determined by the board of directors and subject to any preferential dividend rights of any then outstanding Preferred Stock.

   D. LIQUIDATION. Upon the dissolution or liquidation of this corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of this corporation available for distribution to its stockholders, subject to any preferential rights of any then outstanding Preferred Stock.
2. Preferred Stock.

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the board of directors as hereinafter provided. Any shares of Preferred Stock which may be redeemed, purchased or acquired by this corporation may be reissued except as otherwise provided by law or this Certificate of Incorporation. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purposes of voting by classes unless expressly provided in the resolution or resolutions providing for the issue of such series adopted by the board of directors as hereinafter provided.

Authority is hereby expressly granted to the board of directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by resolution or resolutions providing for the issue of the shares thereof, to determine and fix such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the General Corporation Law of the State of Delaware. Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to the Preferred Stock of any other series to the extent permitted by law and this Certificate of Incorporation. Except as otherwise provided in this Certificate of Incorporation, no vote of the holders of the Preferred Stock or Common Stock shall be a prerequisite to the designation or issuance of any shares of any series of the Preferred Stock authorized by and complying with the conditions of this Certificate of Incorporation, the right to have such vote being expressly waived by all present and future holders of the capital stock of this corporation.

ARTICLE V

The name and mailing address of the incorporator is Denise M. Aucoin, Ropes & Gray, One International Place, Boston, Massachusetts 02110-2624.

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ARTICLE VI

The election of directors need not be by written ballot unless the by-laws shall so require.

ARTICLE VII

In furtherance of and not in limitation of the powers conferred upon the board of directors by law, the board of directors shall have power to make, adopt, alter, amend and repeal from time to time by-laws of this corporation, subject to the right of the stockholders entitled to vote with respect thereto to alter and repeal by-laws made by the board of directors PROVIDED, HOWEVER, that the By-Laws shall not be altered, amended or repealed by the stockholders of this corporation except by the holders of not less than seventy-five percent (75%) of the shares of capital stock of this corporation issued and outstanding and entitled to vote generally in the election of directors.

ARTICLE VIII

A director of this corporation shall not be liable to this corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that exculpation from liability is not permitted under the General Corporation Law of the State of Delaware as in effect at the time the liability is determined. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director of this corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

ARTICLE IX

This corporation shall, to the maximum extent permitted from time to time under the law of the State of Delaware, indemnify and upon request advance expenses to any person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit, proceeding or claim, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was or has agreed to be a director or officer of this corporation or while a director or officer is or was serving at the request of this corporation as a director, officer, partner, trustee, employee or agent of any corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans,
against expenses (including attorney's fees and expenses), judgments, fines, penalties and amounts paid in settlement incurred (and not otherwise recovered) in connection with the investigation, preparation to defend or defense of such action, suit, proceeding or claim; PROVIDED, HOWEVER, that the foregoing shall not require this corporation to indemnify or advance expenses to any person in connection with any action, suit, proceeding, claim or counterclaim initiated by or on behalf of such person. Such indemnification shall not be exclusive of other indemnification rights arising under any by-law, agreement, vote of directors or stockholders or otherwise and shall inure to the benefit of the heirs and legal representatives of such person. Any person seeking indemnification under this Article IX shall be deemed to have met the standard of conduct required for such indemnification unless the contrary shall be established. Any repeal or modification of the foregoing provisions of this Article IX shall not adversely affect any right or protection of a director or officer of this corporation with respect to any acts or omissions of such director or officer occurring prior to such repeal or modification.

ARTICLE X

Until the consummation of an initial public offering of the Common Stock under the Securities Act of 1933, as amended (the "IPO"), the corporation shall have one or more directors, the number of directors to be determined from time to time by vote of a majority of the directors then in office. Immediately following the consummation of the IPO, the following provisions shall apply:

1. NUMBER OF DIRECTORS. The number of directors of this corporation shall not be less than three. The exact number of directors within the limitations specified in the preceding sentence shall be fixed from time to time by, or in the manner provided in, this corporation's by-laws.

2. CLASSES OF DIRECTORS. The board of directors shall be and is divided into three classes: Class I, Class II and Class III. No one class shall have more than one director more than any other class. If a fraction is contained in the quotient arrived at by dividing the designated number of directors by three, then, if such fraction is one-third, the extra director shall be a member of Class II, and if such fraction is two-thirds, one of the extra directors shall be a member of Class II and one of the extra directors shall be a member of Class III, unless otherwise provided from time to time by resolution adopted by the board of directors.
3. ELECTION OF DIRECTORS. Elections of directors need not be by written ballot except as and to the extent provided in the by-laws of this corporation.

4. TERMS OF OFFICE. Except as provided in Section 7 of this Article XI, each director shall serve for a term ending on the date of the third annual meeting of the stockholders following the annual meeting at which such director was elected; PROVIDED, that each initial director in Class I shall serve for a term ending on the date of the annual meeting of the stockholders in 1999; each initial director in Class II shall serve for a term ending on the date of the annual meeting of the stockholders in 1998; and each initial director in Class III shall serve for a term ending on the date of the annual meeting of the stockholders in 1997; and PROVIDED FURTHER, that the term of each director shall be subject to the election and qualification of his successor and to his earlier death, resignation or removal.

5. ALLOCATION OF DIRECTORS AMONG CLASSES IN THE EVENT OF INCREASES OR DECREASES IN THE NUMBER OF DIRECTORS. In the event of any increase or decrease in the authorized number of directors, (i) each director then serving as such shall nevertheless continue as a director of the class of which he is a member and (ii) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the board of directors among the three classes of directors so as to ensure that no one class has more than one director more than any other class. To the extent possible, consistent with the foregoing rule, any newly created directorships shall be added to those classes whose terms of office are to expire at the latest dates following such allocation, and any newly eliminated directorships shall be subtracted from those classes whose terms of offices are to expire at the earliest dates following such allocation, unless otherwise provided from time to time by resolution adopted by the board of directors.

6. REMOVAL. Directors of this corporation may be removed only for cause by the affirmative vote of the holders of at least two-thirds of the shares of the capital stock of this corporation issued and outstanding and entitled to vote generally in the election of directors cast at a meeting of the stockholders called for that purpose.

7. VACANCIES. Any vacancy in the board of directors, however occurring, including a vacancy resulting from an enlargement of the board, shall be filled only by a vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected to hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of his successor and to his earlier death, resignation or removal.
8. STOCKHOLDER NOMINATIONS AND INTRODUCTION OF BUSINESS, ETC. Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before either an annual or special meeting of stockholders shall be given in the manner provided by the by-laws of this corporation.

9. AMENDMENTS TO ARTICLE. Notwithstanding any other provisions of law, this Certificate of Incorporation or the by-laws of this corporation, each as amended, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the shares of capital stock of this corporation issued and outstanding and entitled to vote generally in the election of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article X.

ARTICLE XI

The books of this corporation may (subject to any stationary requirements) be kept outside the State of Delaware as may be designated by the board of directors or in the by-laws of this corporation.

ARTICLE XII

At any time during which a class of capital stock of this corporation is registered under Section 12 of the Securities Exchange Act of 1934 or any similar successor statute, stockholders of this corporation may not take any action by written consent in lieu of a meeting. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-Laws of this corporation, each as amended, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the shares of capital stock of this corporation issued and outstanding and entitled to vote generally in the election of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article XII.

ARTICLE XIII

Special meetings of stockholders may be called at any time by only the Chairman of the Board of Directors of this corporation, the Chief Executive Officer (or if there is no Chief Executive Officer, the President) or the Board of Directors of this corporation. Business transacted at any special meeting of stockholders shall be limited to matters relating to the
purpose or purposes stated in the notice of meeting. Notwithstanding any other provision of law, this Certificate of Incorporation or the By-Laws of this corporation, each as amended, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the shares of capital stock of this corporation issued and outstanding and entitled to vote generally in the election of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article XIII.

ARTICLE XIV

This corporation hereby elects not to be governed by Section 203 of the Delaware General Corporation Law.
IN WITNESS WHEREOF, this corporation has caused its corporate seal to be affixed hereto and this Restated Certificate of Incorporation to be signed by its President this __ day of ____, 1996.

FORRESTER RESEARCH, INC.

By: ---------------------------------
   George F. Colony
   President

Attest:

- -------------------------
Secretary

[Seal]

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AMENDED AND RESTATED
BY-LAWS
OF
FORRESTER RESEARCH, INC.
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ARTICLE 1 - STOCKHOLDERS

1.1 PLACE OF MEETINGS. All meetings of stockholders shall be held at such place within or without the State of Delaware as may be designated from time to time by the Board of Directors or the President or, if not so designated, at the registered office of the corporation.

1.2 ANNUAL MEETING. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held at 10:00 a.m. on the ________ _________ in _______ each year (unless that day be a legal holiday in the place where the meeting is to be held in which case the meeting shall be held at the same hour on the next succeeding day not a legal holiday) or at such other date and time as shall be fixed by the Board of Directors or the President and stated in the notice of the meeting. If no annual meeting is held in accordance with the foregoing provisions, the Board of Directors shall cause the meeting to be held as soon thereafter as convenient. If no annual meeting is held in accordance with the foregoing provisions, a special meeting may be held in lieu of the annual meeting, and any action taken at that special meeting shall have the same effect as if it had been taken at the annual meeting, and in such case all references in these By-Laws to the annual meeting of stockholders shall be deemed to refer to such special meeting.

1.3 SPECIAL MEETING. Special meetings of stockholders may be called at any time by the Chairman of the Board of Directors, the Chief Executive Officer (or, if there is no Chief Executive Officer, the President) or the Board of Directors. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

1.4 NOTICE OF MEETINGS. Except as otherwise provided by law, written notice of each meeting of stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. The notices of all meetings shall state the place, date and hour of the meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the corporation.

1.5 VOTING LIST. The officer who has charge of the stock ledger of the corporation shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, at a place within the city where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time of the meeting, and may be inspected by any stockholder who is present.
1.6 QUORUM. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the holders of a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business.

1.7 ADJOURNMENTS. Any meeting of stockholders may be adjourned to any other time and to any other place at which a meeting of stockholders may be held under these By-Laws by the stockholders present or represented at the meeting and entitled to vote, although less than a quorum, or, if no stockholder is present, by any officer entitled to preside at or to act as Secretary of such meeting. It shall not be necessary to notify any stockholder of any adjournment of less than 30 days if the time and place of the adjourned meeting are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.8 VOTING AND PROXIES. Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided by the General Corporation Law of the State of Delaware, the Certificate of Incorporation or these By-Laws. Each stockholder of record entitled to vote at a meeting of stockholders may vote or express such consent or dissent in person or may authorize another person or persons to vote or act for him by written proxy executed by the stockholder or his authorized agent and delivered to the Secretary of the corporation. No such proxy shall be voted or acted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

1.9 ACTION AT MEETING. When a quorum is present at any meeting, the holders of a majority of the stock present or represented and voting on a matter (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, the holders of a majority of the stock of that class present or represented and voting on a matter) shall decide any matter to be voted upon by the stockholders at such meeting, except when a different vote is required by express provision of law, the Certificate of Incorporation or these By-Laws. Any election by stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote at the election.

1.10 NOMINATION OF DIRECTORS. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nomination for election to the Board of Directors of the corporation at a meeting of stockholders may be made by the Board of Directors or by any stockholder of the corporation entitled to vote for the election of directors at such meeting who complies with the notice procedures set forth in this Section 1.10. Such nominations, other than those made by or on behalf of the Board of Directors, shall be made by notice in writing delivered or mailed by first class United States mail, postage prepaid, to the Secretary, and received not less than 60 days, nor more than 90 days prior to such meeting; provided, however, that if less than 78 days' notice or prior public disclosure of the date of the
meeting is given to stockholders, such nomination shall have been mailed or
delivered to the Secretary not later than the close of business on the 10th day
following the date on which the notice of the meeting was mailed or such public
disclosure was made, whichever occurs first. Such notice shall set forth (a) as
to each proposed nominee (i) the name, age, business address and, if known,
residence address of each such nominee, (ii) the principal occupation or
employment of each such nominee, (iii) the number of shares of stock of the
corporation which are beneficially owned by each such nominee, and (iv) any
other information concerning the nominee that must be disclosed as to nominees
in proxy solicitations pursuant to Regulation 14A under the Securities Exchange
Act of 1934, as amended (the "Exchange Act") (including such person's written
consent to be named as a nominee and to serve as a director if elected); and (b)
as to the stockholder giving the notice (i) the name and address, as they appear
on the corporation's books, of such stockholder and (ii) the class and number of
shares of the corporation which are beneficially owned by such stockholder. The
corporation may require any proposed nominee to furnish such other information
as may reasonably be required by the corporation to determine the eligibility of
such proposed nominee to serve as a director of the corporation.

The chairman of the meeting may, if the facts warrant, determine and
declare to the meeting that a nomination was not made in accordance with the
foregoing procedure, and if he should so determine, he shall so declare to the
meeting and the defective nomination shall be disregarded.

1.11 NOTICE OF BUSINESS AT ANNUAL MEETINGS. At an annual meeting of the
stockholders, only such business shall be conducted as shall have been properly
brought before the meeting. To be properly brought before an annual meeting,
business must be (i) specified in the notice of meeting (or any supplement
thereto) given by or at the direction of the Board of Directors, (ii) otherwise
properly brought before the meeting by or at the direction of the Board of
Directors, (iii) otherwise properly brought before an annual meeting by a
stockholder. For business to be properly brought before an annual meeting by a
stockholder, if such business relates to the election of directors of the
corporation, the procedures in Section 1.10 must be complied with. If such
business relates to any other matter, the stockholder must have given timely
notice thereof in writing to the Secretary. To be timely, a stockholder's notice
must be delivered to or mailed and received at the principal executive offices
of the corporation not less than 60 days nor more than 90 days prior to the
meeting; PROVIDED, HOWEVER, that in the event that less than 70 days' notice or
prior public disclosure of the date of the meeting is given or made to
stockholders, notice by the stockholder to be timely must be so received not
later than the close of business on the 10th day following the date on which
such notice of the date of the meeting was mailed or such public disclosure was
made, whichever occurs first. A stockholder's notice to the Secretary shall set
forth as to each matter the stockholder proposes to bring before the annual
meeting (i) a brief description of the business desired to be brought before the
annual meeting and the reasons for conducting such business at the annual
meeting, (ii) the name and address, as they appear on the corporation's books,
of the stockholder proposing such business, (iii) the class and number of shares
of the corporation which are beneficially owned by the stockholder, and (iv) any
material interest of the stockholder in such business. Notwithstanding anything
in these By-Laws to the
contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 1.11 and except that any stockholder proposal which complies with Rule 14a-8 of the proxy rules (or any successor provision) promulgated under the Exchange Act, and is to be included in the corporation's proxy statement for an annual meeting of stockholders shall be deemed to comply with the requirements of this Section 1.11.

The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 1.11, and if he should so determine, the chairman shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

1.12 ACTION WITHOUT MEETING. At any time during which a class of capital stock of the corporation is registered under Section 12 of the Exchange Act, stockholders may not take any action by written consent in lieu of a meeting.

1.13 ORGANIZATION. The Chairman of the Board, or in his absence the Vice Chairman of the Board designated by the Chairman of the Board, or the President, in the order named, shall call meetings of the stockholders to order, and act as chairman of such meeting; PROVIDED, HOWEVER, that the Board of Directors may appoint any stockholder to act as chairman of any meeting in the absence of the Chairman of the Board. The Secretary of the corporation shall act as secretary at all meetings of the stockholders; but in the absence of the Secretary at any meeting of the stockholders, the presiding officer may appoint any person to act as secretary of the meeting.

ARTICLE 2 - DIRECTORS

2.1 GENERAL POWERS. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law, the Certificate of Incorporation or these Bylaws. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

2.2 NUMBER; ELECTION AND QUALIFICATION. The number of directors which shall constitute the whole Board of Directors shall be determined by resolution of the Board of Directors, but following the consummation of the Company's initial public offering of common stock under the Securities Act of 1933 in no event shall such number of directors be less than three. The number of directors may be decreased at any time and from time to time by a majority of the directors then in office, but only to eliminate vacancies existing by reason of the death, resignation, removal or expiration of the term of one or more directors. The directors shall be elected at the annual meeting of stockholders by such stockholders as have the right to vote on such election. Directors need not be stockholders of the corporation.
2.3 **CLASSES OF DIRECTORS.** The Board of Directors shall be and is divided into three classes: Class I, Class II and Class III. No one class shall have more than one director more than any other class. If a fraction is contained in the quotient arrived at by dividing the designated number of directors by three, then, if such fraction is one-third, the extra director shall be a member of Class II, and if such fraction is two-thirds, one of the extra directors shall be a member of Class II and one of the extra directors shall be a member of Class III, unless otherwise provided from time to time by resolution adopted by the Board of Directors.

2.4 **TERMS OF OFFICE.** Except as otherwise provided in the Certificate of Incorporation or these By-Laws, each director shall serve for a term ending on the date of the third annual meeting of the stockholders following the annual meeting of the stockholders at which such director was elected; PROVIDED, that each initial director in Class I shall serve for a term ending on the date of the annual meeting of stockholders in 1999; each initial director in Class II shall serve for a term ending on the date of the annual meeting of stockholders in 1998; and each initial director in Class III shall serve for a term ending on the date of the annual meeting of stockholders in 1997; and PROVIDED FURTHER, that the term of each director shall be subject to the election and qualification of his successor and to his earlier death, resignation or removal.

2.5 **ALLOCATION OF DIRECTORS AMONG CLASSES IN THE EVENT OF INCREASES OR DECREASES IN THE NUMBER OF DIRECTORS.** In the event of any increase or decrease in the authorized number of directors, (i) each director then serving as such shall nevertheless continue as a director of the class of which he is a member and (ii) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to ensure that no one class has more than one director more than any other class. To the extent possible, consistent with the foregoing rule, any newly created directorships shall be added to those classes whose terms of office are to expire at the latest dates following such allocation, and any newly eliminated directorships shall be subtracted from those classes whose terms of offices are to expire at the earliest dates following such allocation, unless otherwise provided from time to time by resolution adopted by the Board of Directors.

2.6 **VACANCIES.** Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of his successor and to his earlier death, resignation or removal.

2.7 **RESIGNATION.** Any director may resign by delivering his written resignation to the corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.
2.8 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without notice at such time and place, either within or without the State of Delaware, as shall be determined from time to time by the Board of Directors; PROVIDED, that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.9 SPECIAL MEETINGS. Special meetings of the Board of Directors may be held at any time and place, within or without the State of Delaware, designated in a call by the Chairman of the Board, President, one-third or more in number of the Directors, or by one director in the event that there is only a single director in office.

2.10 NOTICE OF SPECIAL MEETINGS. Notice of any special meeting of directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director (i) by giving notice to such director in person or by telephone at least 24 hours in advance of the meeting, (ii) by sending a telegram, telecopy, or telex, or delivering written notice by hand, to his last known business or home address at least 24 hours in advance of the meeting, or (iii) by mailing written notice to his last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a special meeting of the Board of Directors need not specify the purposes of the meeting.

2.11 MEETINGS BY TELEPHONE CONFERENCE CALLS. Directors or any members of any committee designated by the directors may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.12 QUORUM. A majority of the total number of the whole Board of Directors shall constitute a quorum at all meetings of the Board of Directors. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each such director so disqualified; PROVIDED, HOWEVER, that in no case shall less than one-third (1/3) of the number of directors so fixed pursuant to Section 2.2 constitute a quorum. In the absence of a quorum at any such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, other than announcement at the meeting, until a quorum shall be present.

2.13 ACTION AT MEETING. At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a greater number is required by law, the Certificate of Incorporation or these By-Laws.

2.14 ACTION BY CONSENT. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee of the Board of Directors may be taken without a meeting, if all members of the Board or committee, as the case may be, consent to the action in
writing, and the written consents are filed with the minutes of proceedings of the Board or committee.

2.15 REMOVAL. Directors of the corporation may be removed only for cause by the affirmative vote of the holders of two-thirds of the shares of the capital stock of the corporation issued and outstanding and entitled to vote generally in the election of directors at a meeting of the stockholders called for that purpose.

2.16 COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of the General Corporation Law of the State of Delaware, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these By-Laws for the Board of Directors.

2.17 COMPENSATION OF DIRECTORS. Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary corporations in any other capacity and receiving compensation for such service.

ARTICLE 3 - OFFICERS

3.1 ENUMERATION. The officers of the corporation shall consist of a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, including a Chairman of the Board, a Vice Chairman of the Board, and one or more Vice Presidents, Assistant Treasurers, and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2 ELECTION. The President, Treasurer and Secretary shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board of Directors at such meeting or at any other meeting.
3.3 QUALIFICATION. No officer need be a stockholder. Any two or more offices may be held by the same person.

3.4 TENURE. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-Laws, each officer shall hold office until his successor is elected and qualified, unless a different term is specified in the vote choosing or appointing him, or until his earlier death, resignation or removal.

3.5 RESIGNATION AND REMOVAL. Any officer may resign by delivering his written resignation to the corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event. The Board of Directors may remove any officer at any time, with or without cause.

3.6 VACANCIES. The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of President, Treasurer and Secretary. Each such successor shall hold office for the unexpired term of his predecessor and until his successor is elected and qualified, or until his earlier death, resignation or removal.

3.7 CHAIRMAN OF THE BOARD AND VICE CHAIRMAN OF THE BOARD. The Board of Directors may appoint a Chairman of the Board. If the Board of Directors appoints a Chairman of the Board, he shall perform such duties and possess such powers as are assigned to him by the Board of Directors. If the Board of Directors appoints a Vice Chairman of the Board, he shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board and shall perform such other duties and possess such other powers as may from time to time be vested in him by the Board of Directors.

3.8 PRESIDENT. The President shall, subject to the direction of the Board of Directors, have general charge and supervision of the business of the corporation. Unless otherwise provided by the Board of Directors, he shall preside at all meetings of the stockholders and, if he is a director, at all meetings of the Board of Directors. Unless the Board of Directors has designated the Chairman of the Board or another officer as Chief Executive Officer, the President shall be the Chief Executive Officer of the corporation. The President shall perform such other duties and shall have such other powers as the Board of Directors may from time to time prescribe.

3.9 VICE PRESIDENTS. Any Vice President shall perform such duties and possess such powers as the Board of Directors or the President may from time to time prescribe. In the event of the absence, inability or refusal to act of the President, the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the President and when so performing shall have all the powers of and be subject to all the restrictions upon the President. The Board of Directors may assign to any Vice
President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.10 SECRETARY AND ASSISTANT SECRETARIES. The Secretary shall perform such duties and shall have such powers as the Board of Directors or the President may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the Secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to attend all meetings of stockholders and the Board of Directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the President or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary secretary to keep a record of the meeting.

3.11 TREASURER AND ASSISTANT TREASURERS. The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned to him by the Board of Directors or the President. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of Treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the corporation, to deposit funds of the corporation in depositories selected in accordance with these By-Laws, to disburse such funds as ordered by the Board of Directors, to make proper accounts of such funds, and to render as required by the Board of Directors statements of all such transactions and of the financial condition of the corporation.

The Assistant Treasurers shall perform such duties and possess such powers as the Board of Directors, the President or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

3.12 SALARIES. Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.
ARTICLE 4 - CAPITAL STOCK

4.1 ISSUANCE OF STOCK. Unless otherwise voted by the stockholders and subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any unissued balance of the authorized capital stock of the corporation held in its treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such consideration and on such terms as the Board of Directors may determine.

4.2 CERTIFICATES OF STOCK. Every holder of stock of the corporation shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, certifying the number and class of shares owned by him in the corporation. Each such certificate shall be signed by, or in the name of the corporation by, the Chairman or Vice Chairman, if any, of the Board of Directors, or the President or a Vice President, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation. Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, the By-Laws, applicable securities laws or any agreement among any number of stockholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

4.3 TRANSFERS. Except as otherwise established by rules and regulations adopted by the Board of Directors, and subject to applicable law, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these By-Laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the corporation in accordance with the requirements of these By-Laws.

4.4 LOST, STOLEN OR DESTROYED CERTIFICATES. The corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen, or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar.
4.5 RECORD DATE. The Board of Directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action to which such record date relates.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE 5 - GENERAL PROVISIONS
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5.1 FISCAL YEAR. Except as from time to time otherwise designated by the Board of Directors, the fiscal year of the corporation shall begin on the first day of January in each year and end on the last day of December in each year.

5.2 CORPORATE SEAL. The corporate seal shall be in such form as shall be approved by the Board of Directors.

5.3 WAIVER OF NOTICE. Whenever any notice whatsoever is required to be given by law, by the Certificate of Incorporation or by these By-Laws, a waiver of such notice either in writing signed by the person entitled to such notice or such person’s duly authorized attorney, or by telegraph, cable or any other available method, whether before, at or after the time stated in such waiver, or the appearance of such person or persons at such meeting in person or by proxy, shall be deemed equivalent to such notice.

5.4 VOTING OF SECURITIES. Except as the directors may otherwise designate, the President or Treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this corporation (with or without power of substitution) at, any meeting of stockholders or shareholders of any other corporation or organization, the securities of which may be held by this corporation.

5.5 EVIDENCE OF AUTHORITY. A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a
committee or any officer or representative of the corporation shall, as to all persons who rely on the certificate in good faith, be conclusive evidence of such action.

5.6 CERTIFICATE OF INCORPORATION. All references in these By-Laws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended or restated and in effect from time to time.

5.7 TRANSACTIONS WITH INTERESTED PARTIES. No contract or transaction between the corporation and one or more of the directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of the directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or a committee of the Board of Directors which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;

(2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(3) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee of the Board of Directors, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

5.8 SEVERABILITY. Any determination that any provision of these By-Laws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these By-Laws.

5.9 PRONOUNS. All pronouns used in these By-Laws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.
ARTICLE 6 - AMENDMENTS

6.1 BY THE BOARD OF DIRECTORS. These By-Laws may be altered, amended or repealed or new By-Laws may be adopted by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present.

6.2 BY THE STOCKHOLDERS. These Bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders only by the affirmative vote of the holders of at least seventy-five (75%) of the shares of the capital stock of the corporation issued and outstanding and entitled to vote generally in the election of directors, provided notice of such alteration, amendment, repeal or adoption of new bylaws shall have been stated in the notice of any regular or special meeting called for such purpose.
This Certifies that

is the owner of

FULLY PAID AND NONASSESSABLE SHARES OF THE COMMON STOCK, $0.01 PAR VALUE, OF

FORRESTER RESEARCH, INC.

transferable only on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

This certificate and the shares of Common Stock represented hereby are received and held subject to the laws of the State of Delaware and to the Certificate of Incorporation and the By-Laws of the Corporation, all as from time to time amended, and the owner of this certificate by accepting the same expressly assents thereto. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by the facsimile signatures of its duly authorized officers and a facsimile of its corporate seal to be hereunto affixed.

Dated:

[FORRESTER RESEARCH, INC. CORPORATE SEAL 1996 DELAWARE]

/s/       /s/
SECRETARY  PRESIDENT

[Set horizontally on right side]

COUNTERSIGNED AND REGISTERED:
THE FIRST NATIONAL BANK OF BOSTON
TRANSFER AGENT AND REGISTRAR

BY  /s/
AUTHORIZED SIGNATURE
The Corporation is authorized to issue more than one class or series of stock. Upon written request, the Corporation will furnish without charge to each stockholder a copy of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship
and not as tenants in common
UNIF GIFT MIN ACT - Custodian
under Uniform Gifts to Minors Act
(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, ______ hereby sell, assign and transfer unto _____________

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE)

 Shares of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint ______________ Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated, ______________

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

SIGNATURE(S) GUARANTEED:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.
November 5, 1996

Forrester Research, Inc.
1033 Massachusetts Avenue
Cambridge, Massachusetts 02138

Ladies and Gentlemen:

This opinion is furnished to you in connection with a registration statement on Form S-1 (the "Registration Statement"), filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, for the registration of 2,300,000 shares of Common Stock, $.01 par value (the "Shares"), of Forrester Research, Inc., a Delaware corporation (the "Company"). The Shares are to be sold pursuant to an underwriting agreement (the "Underwriting Agreement") to be entered into among the Company and Goldman, Sachs & Co. and Robertson, Stephens & Company LLP, as representatives of the several underwriters named in Schedule I to the Underwriting Agreement.

We have acted as counsel for the Company in connection with the issue and sale by the Company of the Shares. For purposes of our opinion, we have examined and relied upon such documents, records, certificates and other instruments as we have deemed necessary.

We express no opinion as to the applicability of compliance with or effect of Federal law of the law of any jurisdiction other than The Commonwealth of Massachusetts and the General Corporation Law of the State of Delaware (the "Delaware General Corporation Law").

Based upon the foregoing, we are of the opinion that upon the filing with the Secretary of State of the State of Delaware of the Company's Restated Certificate of Incorporation in the form approved by the Company's Board of Directors (the "Restated Certificate") and the sole stockholder of the Company, the Shares will have been duly authorized and, when issued and
sold by the Company in accordance with the terms of the Underwriting Agreement, will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as part of the Registration Statement and to the use of our name therein and in the related prospectus under the caption "Validity of Shares."

This opinion is to be used only in connection with the offer and sale of the Shares while the Registration Statement is in effect.

Very truly yours,

/s/ Ropes & Gray

Ropes & Gray
TAX INDEMNIFICATION AGREEMENT

This TAX INDEMNIFICATION AGREEMENT, dated as of this __ day of __, 1996, is entered into by Forrester Research, Inc., a Delaware corporation (the "Company") and George F. Colony (the "Stockholder").

RECITALS

WHEREAS, the Stockholder holds all of the outstanding shares of the Company's Common Stock, par value $.01, per share (the "Common Stock").

WHEREAS, the Company has elected to be taxed as S corporation under the Code.

WHEREAS, the Company is now contemplating offering and selling shares of its Common Stock to the public (the "Public Offering").

WHEREAS the Company plans, just prior to the completion of the Public Offering, to terminate its S corporation election.

WHEREAS, after the termination of the Company's S corporation election, the Stockholder will continue to be liable for his own federal, state, and local income taxes on the Company's Tax Items that pass through to the Stockholder under the provisions of Subchapter S of the Code and any similar provisions of state and local law for all periods prior to the time the Company ceases to be an S Corporation. The Company will be subject to a corporate level tax under Subchapter C of the Code and certain state and local taxing statutes for periods thereafter. The purpose of this Agreement is to set forth the agreement of the Company and the Stockholder with respect to certain adjustments to the federal, state, and local personal income tax liability of the Stockholder attributable to Tax Items of the Company that pass through to the Stockholder under the provisions of Subchapter S of the Code and any similar provisions of state and local law for periods during which the Company is an S Corporation.

The parties agree as follows:
Article I

DEFINITIONS

For purposes of this Agreement the following definitions shall apply:

(a) "ADJUSTMENT" shall mean any proposed or final change in any S Corporation Tax Liability initiated by the IRS, state or local taxing authority, or any other relevant taxing authority.

(b) "CODE" shall mean the Internal Revenue Code of 1986, as amended and in effect for the taxable period in question.

(c) "FINAL DETERMINATION" shall mean the final resolution of any tax Income Tax liability (including all related interest and penalties) for a taxable period. A Final Determination shall result from the first to occur of:

(i) the expiration of 30 days after IRS acceptance of a Waiver of Restrictions on Assessment and Collection of Deficiency in Tax and Acceptance of Overassessment on Federal Revenue Form 870 or 870-AD (or any successor comparable form or the expiration of a comparable period with respect to any comparable agreement or form under the laws of other jurisdictions), unless, within such period, the taxpayer gives notice to the other party of the taxpayer's intention to attempt to recover all or part of any amount paid pursuant to the Waiver by the filing of a timely claim for refund;

(ii) a decision, judgment, decree, or other order by a court of competent jurisdiction that is not subject to further judicial review (by appeal or otherwise) and has become final;

(iii) the execution of a closing agreement under section 7121 of the Code or the acceptance by the IRS or its counsel of an offer in compromise under section 7122 of the Code, or comparable agreements under the laws of other jurisdictions;

(iv) the expiration of the time for filing a claim for refund or for instituting suit in respect of a claim for refund disallowed in whole or part by the IRS or other relevant taxing authority;

(v) any other final disposition of the tax liability for such period by reason of the expiration of the applicable statute of limitations; or
(vi) any other event that the parties agree is a final and irrevocable determination of the liability at issue.

(d) “INCOME TAX” shall mean federal income taxes and state and local taxes imposed upon, or measured by, income. Income Tax includes interest, penalties, additions to tax, and additional amounts, and any related professional or other expenses.

(e) “IRS” shall mean the United States Internal Revenue Service or any successor, including, but not limited to, its agents, representatives, and attorneys.

(f) “S CORPORATION” shall mean an S Corporation within the meaning of section 1361 of the Code.

(g) “S CORPORATION TAX LIABILITY” shall mean the personal Income Tax liability of the Stockholder for Income Taxes attributable to (a) the Company's Tax Items that pass through to the Stockholder under the provisions of Subchapter S of the Code and any similar provisions of state and local law or (b) the Stockholder's receipt of indemnity payments hereunder.

(h) “TAX BENEFIT” shall mean a reduction in the personal Income Tax liability of the Stockholder (as a result of Tax Items of the Company and all other Tax Items reflected on the Stockholder's tax return) for any taxable period. The Stockholder shall be deemed to have realized or received a Tax Benefit from a Tax Item in a taxable period only if and to the extent that the Stockholder’s personal Income Tax liability for such period is less than it would have been if such liability were determined without regard to such Tax Item. The Stockholder shall be deemed to have realized or received a Tax Benefit with respect to a carryover only if, when, and to the extent the carryover is used to produce a Tax Benefit.

(i) “TAX ITEM” shall mean any item of income, gain, loss, deduction, credit, recapture of credit, or any other item which increases or decreases Income Taxes paid or payable by the Stockholder (when the Company is an S Corporation) or by the Company.

Article II

INDEMNIFICATION FOR CERTAIN TAXES

The Stockholder shall pay to the Company an amount equal to any Tax Benefit realized or received arising from an Adjustment with respect to a Tax Item of the Company for any taxable period in which the Company was taxable as an S Corporation.

The Company shall pay and indemnify the Stockholder for any S Corporation Tax Liability arising from an Adjustment with respect to a Tax Item of the Company.
Any payment required under this Article shall be made by the earlier of (1) 20 days after the Stockholder receives a refund or credit, (2) 20 days after a Final Determination with respect to such tax, (3) with respect to a carryover, 20 days after the Stockholder files a tax return on which the carryover produces a Tax Benefit, or (4) 20 days after the determination by the parties or pursuant to Article IV that such payment is due.

Article III

COOPERATION AND EXCHANGE OF INFORMATION

Whenever the Stockholder or the Company becomes aware of an issue which it believes gives rise to payment or indemnification from the other party under Article II, the Stockholder or the Company (as the case may be) shall promptly give notice of the issue to the other party. The indemnitor and its representatives, at the indemnitor’s expense, shall be entitled to participate in all conferences, meetings, or proceedings with the IRS or other taxing authority with respect to the issue.

The parties agree to consult and cooperate with each other in the negotiation and settlement or litigation of any Adjustment that may give rise to any payment or an indemnification payment under this Agreement. All decisions with respect to such negotiation and settlement or litigation shall be made by the parties after full, good faith consultation or pursuant to the dispute resolution provisions of Article IV.

Article IV

DISPUTES

If the parties are, after negotiation in good faith, unable to agree upon the appropriate application of this Agreement, the controversy shall be settled by the "Big 6" accounting firm remaining on the list of firms set forth on Schedule A hereto after the Company and the Stockholder, commencing with the Company, shall have objected seriatim, to the other firms on the list (the "Accounting Firm"). The decision of the Accounting Firm shall be final, and each of the Company and the Stockholder agree immediately to pay to the other any amount due under this Agreement pursuant to such decision. The expenses of the Accounting Firm shall be borne one-half by the Company and one-half by the Stockholder unless the Accounting Firm specifies otherwise.

Article V

MISCELLANEOUS

Section 5.1 TERM OF AGREEMENT. This Agreement shall become effective as of the date of its execution and shall continue in full force and effect indefinitely.
Section 5.2  SEVERABILITY. If any term of this Agreement is held by a court of competent jurisdiction to be unenforceable, the remainder of the terms set forth herein shall remain in full force and effect and shall in no way be impaired. The parties stipulate that they would have executed the remaining terms without including any which may hereafter be declared unenforceable. In the event that any term is held to be unenforceable, the parties shall use their best efforts to find an alternative means to achieve the same or substantially the same result as that contemplated by such term.

Section 5.3  ASSIGNMENT. Except by operation of law or in connection with the sale of all or substantially all the assets of a party, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by the Stockholder without the written consent of the Company or by the Company without the written consent of the Stockholder. Any attempt to assign any right or obligations arising under this Agreement without such consent shall be void. However, the provisions of this Agreement shall be binding upon inure to the benefit of, and be enforceable by the parties and their respective successors and permitted assigns.

Section 5.4  FURTHER ASSURANCES. Subject to the provisions of this Agreement, the parties shall acknowledge such other instruments and documents, and take all other actions, as may be reasonably required in order to effectuate the purposes of this Agreement.

Section 5.5  PARTIES IN INTEREST. Except as herein otherwise specifically provided, nothing in this Agreement expressed or implied is intended to confer any right or benefit upon any person, firm, or corporation other than the parties and their respective successors and permitted assigns.

Section 5.6  WAIVERS, ETC. No failure or delay on the part of the parties in exercising any power or right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement nor consent to any departure by the parties therefrom shall in any event be effective unless it shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose which given.

Section 5.7  SET-OFF. All payments to be made by any party under this Agreement shall be made without set-off, counterclaim, or withholding, all of which are expressly waived.

Section 5.8  CHANGE OF LAW. If, due to any change in applicable law or regulations or the interpretation thereof by any court or other governing body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement shall be impracticable or impossible, the parties shall use their best efforts to find an
alternative means to achieve the same or substantially the same results as are contemplated by such provision.

Section 5.9 HEADINGS. Descriptive headings are for convenience only and shall not control or affect the meaning of any provision of this Agreement.

Section 5.10 COUNTERPARTS. For the convenience of the parties, any number of counterparts of this Agreement may be executed by the parties and each executed counterpart shall be an original instrument.

Section 5.11 NOTICES. All notices provided for in this Agreement shall be validly given if in writing and delivered personally or sent by registered mail, postage prepaid

if to the Company, at
General Counsel
Forrester Research, Inc.
1033 Massachusetts Ave.
Cambridge, MA 02138

copy to:
Ann L. Milner, Esquire
Ropes & Gray
One International Place
Boston, MA 02110-2624

if to the Stockholder, to:
George F. Colony
c/o Forrester Research, Inc.
1033 Massachusetts Ave.
Cambridge, MA 02138

or to such other addresses as any party may, from time to time, designate in a written notice given in a like manner. Notice given by mail shall be deemed delivered five calendar days after the date mailed.

Section 5.12 GOVERNING LAW. This Agreement shall be governed by the domestic substantive laws of The Commonwealth of Massachusetts without regard to any choice or
conflict of laws rule or provision that would cause the application of the domestic substantive laws of any other jurisdiction.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed as of the day and year first written above.

FORRESTER RESEARCH, INC.

By: ____________________________
   Name: 
   Title: 

______________________________
George F. Colony

-7-
Arthur Andersen LLP
Coopers & Lybrand LLP
Deloitte & Touche LLP
Ernst & Young LLP
KPMG Peat Marwick LLP
Price Waterhouse LLP
FIRST AMENDMENT TO LEASE
August 28, 1995

This First Amendment to Lease (the "First Amendment") is hereby entered into as of the 28th day of August, 1995 by and between Advent Realty Limited Partnership II, a Delaware limited partnership with an address at 45 Milk Street, Boston, Massachusetts ("Landlord"), and Forrester Research, Inc., a Massachusetts corporation with an address at 1033 Massachusetts Avenue, Cambridge, Massachusetts ("Tenant").

WHEREAS, Landlord and Tenant entered into that certain Lease dated as of May 1, 1995, with respect to the second floor and a portion of the third floor ("Premises") of the building located at 1033 Massachusetts Avenue, Cambridge, Massachusetts (the "Building");

WHEREAS, Article XVII of the Lease describes the procedure for adding the Third Floor Expansion Area to the Premises on the Third Floor Delivery Date;

WHEREAS, Tenant wishes to add a portion of the Third Floor Expansion Area to the Premises prior to the Third Floor Delivery Date;

and WHEREAS, Landlord and Tenant wish to amend the definition of the Third Floor Delivery Date;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein and in the Lease, Landlord and Tenant hereby agree as follows:

1. Definitions.

(a) Capitalized terms and phrases used herein shall have the same meanings as set forth in the Lease.

(b) The term "Initial Expansion Area" shall mean that portion of the Third Floor Expansion Area consisting of 2,326 rentable square feet and described on Exhibit A-1 attached hereto and made a part hereof.

(c) The term "Initial Expansion Area Delivery Date" shall mean September 1, 1995.

(d) Landlord and Tenant agree to amend the meaning of the term Third Floor Delivery Date to be January 1, 1997.
2. Delivery.
--------

(a) On the Initial Expansion Area Delivery Date Landlord shall deliver to Tenant and Tenant hereby agrees to thereupon lease from Landlord, as an addition to the Premises upon the terms and conditions then in effect under the Lease as amended herein and for the balance of the Term, the Initial Expansion Area. The Rentable Floor Area of the Premises shall, as of the Initial Expansion Area Delivery Date, be deemed to include the Initial Expansion Area, for a total of 22,974 square feet. The Initial Expansion Area shall be delivered to Tenant, as-is, in the same condition as existing on the date of the Lease, reasonable wear and tear excepted, and free of tenants and occupants.

(b) On the Third Floor Delivery Date Landlord shall deliver to Tenant the balance of the Third Floor Expansion Area as set forth in the Lease.

3. Construction.
-------------

(a) In addition to Tenant's right to submit Tenant's Improvement Request to Landlord for leasehold improvements to the Third Floor Expansion Area, Tenant may, upon written notice to Landlord, request that Landlord construct leasehold improvements to the Initial Expansion Area. Such construction shall be subject to the procedures set forth Article XVII of the Lease.

(b) Notwithstanding Tenant's right to request that Landlord construct leasehold improvements either to the Initial Expansion Area or to the Third Floor Expansion Area, Landlord and Tenant agree that the total allowance for leasehold improvements contemplated by Section (c)(2)(a) of Article XVII shall be equal to $20,144.00.

(c) Tenant shall, subject to the reimbursement procedures for leasehold improvements set forth in the Lease, cause a demising wall to be constructed as set forth in Exhibit A-2 attached hereto in the location shown in Exhibit A-1 attached hereto. Landlord agrees that at expiration of the Term, or earlier termination of the Lease, Tenant shall not be required to remove any items related to such construction.

4. Annual Basic Rent.
-----------------

(a) The Annual Basic Rent for the period commencing on the Initial Expansion Area Delivery Date and continuing through December 31, 1996 shall be the amount
provided in Section 1.1 of the Lease increased by $34,890. ($15.00 x 2,326) and shall be due and payable effective on the Initial Expansion Area Delivery Date.

(b) The Annual Basic Rent for the period commencing on the Third Floor Delivery Date and continuing through June 30, 1997 shall be the amount provided in Section 1.1 of the Lease increased by $86,970. ($15.00 x 5,798).

(c) For the period commencing on July 1, 1997 and continuing for the balance of the Term of the Lease, the Annual Basic Rent shall be the amount provided in Section 1.1 of the Lease appropriately increased for the addition of the Third Floor Expansion Area by multiplying 5,798 by the square foot rental rates set forth in Section 1.1 of the Lease.

5. Parking.

(a) As of the Initial Expansion Area Delivery Date, Tenant's Parking shall be increased from twenty (20) spaces to twenty-three (23) spaces.

(b) As of the Third Floor Delivery Date, Tenant's Parking shall be increased from twenty-three (23) spaces to twenty-six (26) spaces.

6. RATIFICATION. In all respects not amended hereby the Lease is hereby ratified and confirmed.

Executed as a sealed Massachusetts instrument.

LANDLORD:         ADVENT REALTY LIMITED PARTNERSHIP II
BY:               Advent Realty GP II Limited Partnership, its General Partner
BY:               Advent Realty, Inc., its General Partner
BY:               /s/ Arthur I. Segel
----------------------------------------
Michael A. Ruane, Chairman or
Arthur I. Segel, President

TENANT:           FORRESTER RESEARCH, INC.
BY:               /s/ George F. Colony
----------------------------------------
George F. Colony, President
SECOND AMENDMENT TO LEASE

This Second Amendment to Lease ("Second Amendment") is dated as of May 21, 1996 between Advent Realty Limited Partnership II, a Delaware limited partnership with an address at 45 Milk Street, Boston, Massachusetts 02110 ("Landlord"), and Forrester Research, Inc., a Delaware corporation with an address at 1033 Massachusetts Avenue, Cambridge, Massachusetts 02138 ("Tenant").

WHEREAS, Landlord and Tenant have entered into that certain Lease dated as of May 1, 1995 demising the second floor and a portion of the third floor of the Building, and granting Tenant certain rights with respect to the third, fourth, fifth and sixth floors of the Building, and that certain First Amendment to Lease dated as of August 28, 1995 adding to the Premises certain space on the third floor of the Building (as so amended, the "Lease");

WHEREAS, Landlord and Tenant desire to add to the Premises the remainder of the third floor and the entire fifth and sixth floors of the Building in accordance with the Lease and on the terms contained herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual covenants herein contained, Landlord and Tenant hereby agree as follows. Terms not defined herein shall have the same meaning as in the Lease.

1. TERM COMMENCEMENT AND EXPIRATION DATES. Landlord and Tenant hereby confirm that the Term Commencement Date is June 12, 1995 and that the Term Expiration Date is January 31, 2001. Landlord and Tenant hereby reconfirm that pursuant to that certain Consent to Sublease dated March 28, 1996 between Landlord, Tenant and The Stubbins Associates, Inc., the term of the Lease with respect to the fifth and sixth floors of the Building commences May 21, 1996 and expires June 8, 2001.

2. MEASUREMENT OF THE PREMISES AND THE BUILDING. Effective May 21, 1996, Section 1.1 of the Lease shall be amended by deleting the defined term "RENTABLE FLOOR AREA OF THE PREMISES" and substituting therefor the following:

"RENTABLE FLOOR AREA OF THE PREMISES:

        47,974 Square Feet
THE PREMISES:
          Second Floor:  13,223 Square Feet
          Third Floor:   9,751 Square Feet
          Fifth Floor:  12,500 Square Feet
          Sixth Floor:  12,500 Square Feet"

Effective June 3, 1996, Section 1.1 of the Lease shall be amended by deleting the defined term "RENTABLE FLOOR AREA OF THE PREMISES" and substituting therefor the
following:

"RENTABLE FLOOR AREA OF THE PREMISES:

Second Floor: 13,223 Square Feet
Third Floor: 13,223 Square Feet
Fifth Floor: 12,500 Square Feet
Sixth Floor: 12,500 Square Feet"

Notwithstanding anything to the contrary contained in this Lease, the first floor of the Building shall be deemed to contain two areas comprising 4,273 rentable square feet and 2,459 rentable square feet respectively, the mezzanine floor of the Building shall be deemed to contain two areas comprising 4,957 rentable square feet and 694 rentable square feet respectively, and the fourth floor of the Building shall be deemed to contain 12,500 rentable square feet.

Section 1.1 of the Lease is hereby amended by deleting the defined term "TOTAL RENTABLE FLOOR AREA OF THE BUILDING" and substituting therefor the following:

"TOTAL RENTABLE FLOOR AREA OF THE BUILDING: 76,329 Square Feet"

3. ANNUAL BASIC RENT. Effective May 21, 1996, Section 1.1 of the Lease shall be amended by deleting the defined term "ANNUAL BASIC RENT" and substituting therefor the following:

"ANNUAL BASIC RENT:

<table>
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<tr>
<th>TIME PERIOD</th>
<th>ANNUAL RATE</th>
<th>CALCULATION</th>
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<tr>
<td>June 12, 1995 through August 31, 1995</td>
<td>$293,019.65</td>
<td>$17.05 x 13,223 rsf + $9.10 x 7,425 rsf</td>
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<tr>
<td>September 1, 1995 through December 11, 1995</td>
<td>$327,909.65</td>
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<td>December 12, 1995 through May 20, 1996</td>
<td>$386,938.40</td>
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<tr>
<td>May 21, 1996 through June 2, 1996</td>
<td>$861,938.40</td>
<td>$17.05 x 20,648 rsf + $15.00 x 2,326 rsf + $19.00 x 25,000 rsf</td>
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</table>
June 3, 1996 through June 11, 1997 $914,018.40 $17.05 x 20,648 rsf + $15.00 x 5,798 rsf + $19.00 x 25,000 rsf
June 12, 1997 through June 30, 1997 $924,755.36 $17.57 x 20,648 rsf + $15.00 x 5,798 rsf + $19.00 x 25,000 rsf
July 1, 1997 through June 11, 1999 $939,656.22 $17.57 x 26,446 rsf + $19.00 x 25,000 rsf
June 12, 1999 through January 31, 2001 $950,763.54 $19.00 x 25,000 rsf
February 1, 2001 through June 8, 2001 $475,000.00 $19.00 x 25,000 rsf

4. THIRD FLOOR EXPANSION AREA. The defined term "Third Floor Delivery Date" is hereby revised to mean June 3, 1996.

5. PARKING. Effective September 1, 1996, Section 1.1 of the Lease shall be amended by deleting the defined term "PARKING" and substituting therefor the following:

"PARKING: Fifty-seven (57) spaces"

The parking plan dated July 3, 1996 attached hereto as Exhibit A shall effective such date be substituted for the parking plans attached to the side letter agreement dated May 1, 1995 between Landlord and Tenant, which is attached to the Lease as Exhibit G.

Until September 1, 1996 Landlord shall permit Linea 5, inc. and The Stubbins Associates, Inc. to continue to use the parking spaces which they were entitled to use immediately prior to May 21, 1996, provided that Landlord shall receive payment therefor at the rate payable by Tenant under the Lease for parking spaces.

6. MISCELLANEOUS. In Article XIII of the Lease, the words "Rider Section 3" are hereby deleted, and the words "Articles XVII and XVIII" are substituted therefor.

Except as expressly modified herein, all the terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and confirmed.
IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in multiple counterparts under seal as of the date first above written.

Landlord:

ADVENT REALTY LIMITED PARTNERSHIP II

By: Advent Realty GP II Limited Partnership, its General Partner

By: Advent Realty, Inc., its General Partner

By: /s/ Arthur I. Segal

----------------------------------------

Tenant:

FORRESTER RESEARCH, INC.

By: /s/ George F. Colony

----------------------------------------

George F. Colony, President
## Statement Regarding Computation of Pro Forma Per Share Earnings

<table>
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<tr>
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<th>YEAR ENDED DECEMBER 31,</th>
<th>NINE MONTHS ENDED SEPTEMBER 30,</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1995</td>
<td>1996</td>
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<tr>
<td><strong>Computation of income per common share:</strong></td>
<td></td>
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<tr>
<td>Pro forma net income</td>
<td>1,288,266</td>
<td>1,464,252</td>
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<tr>
<td>Shares:</td>
<td></td>
<td></td>
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<tr>
<td>Weighted average shares outstanding</td>
<td>6,000,000</td>
<td>6,000,000</td>
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<tr>
<td>Add:</td>
<td></td>
<td></td>
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<tr>
<td>Shares issuable from assumed exercise of options as determined by the application of the treasury stock method.</td>
<td>293,449</td>
<td>293,449</td>
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<tr>
<td>Weighted average common and common equivalent shares outstanding</td>
<td>6,293,449</td>
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<tr>
<td>Pro forma net income per common share</td>
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<td></td>
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<tr>
<td></td>
<td>$0.20</td>
<td>$0.23</td>
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CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this registration statement.

ARTHUR ANDERSEN LLP

Boston, Massachusetts

November 5, 1996
By his execution hereof, the undersigned hereby consents to being named as a director of Forrester Research, Inc. in the Registration Statement on Form S-1 as set forth therein.

Date: 10/5/96  Signature: /s/ Robert M. Galford

-----------------------  -------------------------------
Robert M. Galford
Exhibit 99.2

By his execution hereof, the undersigned hereby consents to being named as a director of Forrester Research, Inc. in the Registration Statement on Form S-1 as set forth therein.

Date: 9/29/96

Signature: /s/ George R. Hornig

George R. Hornig
By his execution hereof, the undersigned hereby consents to being named as a director of Forrester Research, Inc. in the Registration Statement on Form S-1 as set forth therein.

Date: 9/19/96

Signature: /s/ Christopher W. Mines

Christopher W. Mines
By his execution hereof, the undersigned hereby consents to being named as a director of Forrester Research, Inc. in the Registration Statement on Form S-1 as set forth therein.

Date: 9/19/96

Signature: /s/ Michael H. Welles

Michael H. Welles
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH'S ENDED SEPTEMBER 30, 1996 INCLUDED IN ITS REGISTRATION STATEMENT ON FORM S-1 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1. U.S. DOLLARS

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