UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 000-21433

FORRESTER RESEARCH, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	04-2797789
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification Number)
400 TECHNOLOGY SQUARE CAMBRIDGE, MASSACHUSETTS	02139
(Address of principal executive offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (617) 613-6000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

TITLE OF EACH CLASS	Common Stock, $.01 par value

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [X] No [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2004 (based on the closing price as quoted by the Nasdaq National Market as of such date) was approximately $259,361,783.

As of March 2, 2005, 21,682,360 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Company's Annual Meeting of Stockholders for the year ended December 31, 2004 are incorporated by reference into Part III hereof.

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This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "anticipates," "intends," "plans," "estimates," or similar expressions are intended to identify these forward-looking statements. These statements are based on our current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

ITEM 1. BUSINESS

GENERAL

Forrester Research, Inc. is an independent technology research company that conducts research and provides pragmatic and forward-thinking advice about technology's impact on business. We offer products and services in four major areas: Research, Data, Consulting and Community. Our products and services are targeted to senior management, business strategists, and marketing and technology professionals at $1 billion-plus companies who collaborate with us to align their technology investments with their business goals.

Research serves as the foundation for all our offerings and consists primarily of annual memberships to our WholeView(R) Research that provide comprehensive access to our core research on a wide range of business and technology topics. These include the impact that the application of technologies may have on business models, operational strategy, financial results, investment priorities, organizational effectiveness, and staffing requirements. In addition to our WholeView Research, we also provide several client-focused products and services in our Data, Consulting, and Community offerings. Each of these allows our clients to interact directly with analysts and explore in greater detail the issues and topics covered by our WholeView Research on a client-specific basis.

We were incorporated in Massachusetts on July 7, 1983 and reincorporated in Delaware on February 21, 1996. In February 2003, we acquired Giga Information Group, Inc., or Giga, a global technology advisory firm. Giga's products and services enhanced our offerings by providing objective research, pragmatic advice and personalized consulting on information technology. We have worked carefully to integrate Giga into Forrester in a manner that preserves and enhances the core features that both companies' customers have valued most.

Our Internet address is www.forrester.com. We make available free of charge, on or through the investor information section of our Web site, annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

INDUSTRY BACKGROUND

Emerging technologies play a central role in companies' efforts to remain both competitive and cost-efficient in an increasingly complex global business environment. Developing comprehensive and coordinated business strategies is difficult because as the economy and technology change, consumers and businesses adopt new methods of buying and selling, and markets grow increasingly dynamic.

Consequently, companies rely on external sources of expertise that provide independent business advice spanning a variety of areas including technology, business strategy, and consumer behavior. We believe there is a need for objective research that is thematic, prescriptive, and executable, and that provides a comprehensive perspective on the integrated use of technology in business.

FORRESTER'S SOLUTION

Our business and technology expertise enables us to offer our clients the best available research on changing business models and technologies, technology investments, implementation changes, and customer trends. Our solution provides our clients with:

WHOLEVIEW 2. We provide our clients with a comprehensive and unified view of technology's impact on business, which we call WholeView 2, the primary component of which is WholeView 2 Research which provides our clients with comprehensive access to our core research offerings. Our WholeView 2 Research combines with our Data, Consulting and Community engagement opportunities to offer clients access to the research, data, analysts, and peer insights they need to:

- Assess potential new markets, competitors, products, and services.

- Anticipate technology-driven business model shifts.

- Understand how technology affects consumers and can improve business processes.

- Educate, inform, and align strategic decision-makers in their organizations.

- Navigate technology implementation challenges and optimize technology investments.

- Capitalize on emerging technologies.

A UNIFIED SET OF SERVICES TO BUILD BUSINESS AND TECHNOLOGY STRATEGIES. Clients may combine our WholeView Research with Data, Consulting and Community offerings to enhance their understanding and the value of the core research offerings on a customer-specific basis.

EXPERTISE ON EMERGING TECHNOLOGIES. We started our business in 1983 and have a long history of, and extensive experience in, identifying technology trends and providing research and executable advice on the impact of technology on business. Our research analysts have many years of industry experience, are frequent speakers at business and technology conferences, and are often quoted in the media. They enjoy direct access to the leaders and decision-makers within large enterprises and technology vendors. We provide our research analysts with training to ensure that they have the skills to challenge conventional viewpoints and provide prescriptive, executable insight and research to our clients.

FORRESTER'S STRATEGY

We seek to maintain and enhance our position as a leading independent technology research firm and to capitalize on demand for our research by:

IDENTIFYING AND DEFINING NEW BUSINESS MODELS, TECHNOLOGIES, AND MARKETS. We seek to differentiate ourselves from other research firms by delivering pragmatic and forward-thinking research and analysis on the impact of technology on business models and technology infrastructure. We believe that our research methodology and our creative culture allow us to identify and analyze rapid shifts in the use of technology before these changes appear on the horizons of most users, vendors, and other research firms. Our early identification of these shifts enables us to help our clients capitalize on emerging business models and technologies.

LEVERAGING THE WHOLEVIEW. Our business model, technology platform, and research methodologies allow us to sell existing products and to rapidly introduce new products and services without incurring significant incremental costs. We intend to continue to use our business model, technology platform and research methodologies to both increase sales of our existing research and introduce innovative new products. Our Data, Consulting, and Community offerings complement, enhance and supplement our research offerings, and many are designed to address clients' customized needs.

USING TARGETED, GLOBAL SALES CHANNELS. We sell our products and services directly through our headquarters in Cambridge, Massachusetts, and through our research centers and sales offices in various locations in North America, Europe, and Asia. We also sell our products and services through independent sales representatives in select international locations, including Australia and South America. We continually seek to increase average sales volume per sales representative, lengthen the average tenure of our sales representatives and sales management, and shorten our sales cycle through marketing initiatives. Effective January 2005, we redefined our geographic regions to more closely align with our client base. Our three regions are now Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific.

GROWING OUR CLIENT BASE WORLDWIDE AND INCREASING SALES TO EXISTING CLIENTS. We believe that our products and services can be successfully marketed and sold to new client companies worldwide and to new units and divisions within our existing client companies. We believe that within our client base of approximately 1,866 client companies as of December 31, 2004, there is opportunity to sell additional products and services. In addition, we intend to expand our international presence as the growing impact of technology on business innovation creates demand for external sources of objective research.

DEVELOPING AND RETAINING OUTSTANDING RESEARCH PROFESSIONALS. The knowledge and experience of our analysts are critical elements of our ability to provide high-quality products and services. We employ outstanding research professionals from varied backgrounds and a wide range of industries. We believe that our culture, which emphasizes quality, cooperation, and creativity, helps us to develop and retain high-caliber research professionals. We provide a competitive compensation structure, as well as recognition and rewards for excellent individual and team performance.

OPTIMIZING THE USE OF TECHNOLOGY. Our technology platform allows us to conduct, design, sell, and deliver our products and services via the Internet. Through this platform we can:

- Create tools that allow us to perform, and clients to use, research on the Internet.

- Improve fulfillment of sales leads.

- Accelerate the production of our research.

We intend to continue to use emerging technologies to improve the reach and quality of our products and services.

PRODUCTS AND SERVICES

We offer our clients a selection of engagement opportunities in the areas of Research, Data, Consulting, and Community. Research serves as the foundation of all our offerings and is composed of annually renewable memberships to WholeView 2 Research that provide our clients comprehensive access to research containing unified guidance on business strategy, technology investments, implementation changes, and customer trends. We also offer a flexible selection of products and services categorized as Data, Consulting, and Community designed to customize the insights from WholeView 2 Research to clients' specific needs.

WHOLEVIEW 2 RESEARCH

In February 2004, we introduced WholeView 2 Research, a holistic, unified offering that provides clients with comprehensive access to our core research offerings designed to inform their strategic decision-making. Like the original WholeView Research product introduced in January 2002, WholeView 2 Research consists of a library of cross-linked documents that interconnects our reports, data, product rankings, and research archives and allows clients to move barrier-free across our research. WholeView 2 Research is an integrated product that incorporates those topic areas formerly addressed by Giga's core research product and thus preserves and enhances the core features of both Forrester and Giga research products.

WholeView 2 Research addresses the interplay of business demands and technology capabilities through two components: Business View and IT View.

- BUSINESS VIEW consists of research targeting industry-specific challenges, trends, and best practices. This research is particularly targeted to marketers, business strategists, product developers, and customer experience managers. In general, our Business View is composed of the research that previously formed our original WholeView Research package, specifically, our core business strategy research offerings, Technographics(R), and TechRankings(R).

- Business Strategy Research. Formerly referred to as TechStrategy, this research provides qualitative industry and technology research that analyzes the impact of technology change and informs strategic decision-making.

- Technographics. Technographics provides primary data and quantitative research that analyzes how technology is considered, bought, and used by consumers and businesses. Consumer Technographics delivers both primary data and quantitative research, based on surveys of over 300,000 households in North America and Europe, which is analyzed and categorized into relevant market segments to help organizations capitalize on changing consumer behavior. Business Technographics is an ongoing quantitative research program that provides comprehensive, in-depth assessments of what motivates businesses to choose certain technologies and vendors over others.

- TechRankings. TechRankings consists of customizable, interactive research databases and Web tools that evaluate enterprise technologies on the basis of hands-on laboratory testing and measurement of characteristics weighted by us. TechRankings research synthesizes a rigorous combination of product evaluation results, market analysis, and user interviews to provide detailed, objective guidance to clients as they select and implement emerging technologies.

- IT VIEW consists of research that provides an extensive focus on information technology management and technology investment issues, as well as developments in technology products and services. This research delivers insight into the issues challenging IT professionals, technology product designers, and marketers and business strategists at technology providers. In general, IT View is composed of the research that previously formed Giga's core research product.

Clients subscribing to our WholeView 2 Research may choose between two membership levels:

- WHOLEVIEW 2 MEMBER LICENSES include access to the written research, as well as Unlimited Inquiry with all analysts, one Event seat, and ForrTel(TM) access.

- Unlimited Inquiry. Unlimited Inquiry enables clients to contact any of our analysts for quick feedback on projects they may have underway, to discuss ideas and models in the research, or to answer questions about unfolding industry events. Typically, Unlimited Inquiry sessions are 30-minute phone calls, scheduled upon client request, or e-mail responses coordinated through our Client Resource Center.

- Event Seat. Events bring together senior executives for one- or multi-day conferences to network with their peers and to hear business leaders discuss the impact of technology on business.

- ForrTel. ForrTels are hour-long audio teleconferences on selected topics that typically are held daily. They consist of an analyst-led presentation followed by questions from participants. Members may access the analyst Web presentation and participate in the subsequent forum for questions and discussion among all attendees.

- WHOLEVIEW 2 READER LICENSES provide access to our written research.

Both Member and Reader clients receive access to our Client Resource Center which is a call center dedicated to providing additional information about our research, methodologies, coverage areas, and sources. The Client Resource Center is available on demand to help clients navigate our Web Site, find relevant data and forecasts, and put clients in contact with the appropriate analyst for inquiries.

DATA

Our Data products and services focus on consumers' and business users' attitudes about and behavior toward technology, including ownership, future purchases, and adoption trends. These products incorporate extensive survey research designed and analyzed by our staff. Clients can leverage our Technographics research or choose to have us conduct data analysis on their behalf. Our Data products include:

- CONSUMER AND BUSINESS TECHNOGRAPHICS DATA & SERVICES. Our Technographics Data & Services leverage our core research findings to provide an in-depth understanding of how consumers and businesses think about and use technology. We combine respondent data sets from our Technographics surveys into three offerings: Consumer Technographics North America, Consumer Technographics Europe, and Business Technographics North America. We also provide insight into how consumers think about, buy, and use technology in the categories of devices and media, healthcare, financial services, retail, and travel. Additionally, clients have access to a Technographics data specialist to help them use the research effectively to meet their specific business needs.

- CONSUMER TECHNOGRAPHICS OMNIBUS SURVEY. The Technographics Omnibus Survey provides our clients with the ability to contact 5,000 U.S. households that already have responded to our most recent annual benchmark survey, and ask a specific new question. We append the responses to the full benchmark survey, as well as the client-specific question, so that a client can conduct multiple cross-tabs on the data. In effect, with the Technographics Omnibus survey, clients have access to custom data at a much lower cost than full-scale, customized research.

- CUSTOM CONSUMER RESEARCH. Leveraging our experience and data from our Technographics research, our Custom Consumer Research advisors collaborate with clients' teams to design research agendas aimed at understanding those clients' consumers. The Custom Consumer Research team thoroughly assesses each project to recommend a methodology that will best answer our clients' strategic questions. We employ a wide range of methodologies to accomplish this, including: custom surveys, custom segmentations, in-depth interviews, and focus groups.

- FORRESTER'S ULTIMATE CONSUMER PANEL. Forrester's Ultimate Consumer Panel is a new, opt-in single-source panel that leverages technology to passively and continuously capture a vast amount of offline and online consumer behavior. The panel comprises more than 10,000 U.S. consumers from whom data is collected from electronic monthly credit card statements, bank account statements, online behavior and activities and survey data about a large range of topics. Ultimate data helps clients benchmark themselves against competitors, evaluate the effectiveness of pricing and packaging strategies, and optimize multichannel sales efforts.

CONSULTING

Our Consulting services leverage our WholeView 2 Research to deliver customized research services designed to assist clients in executing corporate strategy, promoting new initiatives, or making large technology investments. Programs and deliverables are designed collaboratively by a research analyst and a client.

Through our consulting services, we help our clients develop a combination of existing and custom research to address a range of issues, including:

- Market Strategy

- Effective Use of Technology

- Innovation & Organizational Design

- Supply & Demand Networks

- IT Sourcing

COMMUNITY

Our Community offerings are designed to foster effective connections between peers, analysts and the relevant research. Each of our Community programs provides exclusive networking opportunities, advice on best practices, and targeted analysis. Community products and services include annual memberships in the Forrester Oval Program(TM), participation in Web Site Reviews and Boot Camps, and attendance at Forrester Events.

- FORRESTER OVAL PROGRAM. Our Forrester Oval Program is an exclusive offering for senior executives at large companies worldwide. Clients may choose to participate in one or more Forrester Oval Programs. Memberships are available in the CIO Group and the CMO Group and various councils, including the

Analyst Relations & Marketing Council and several IT Councils and Marketing Councils. Members receive access to the following:

- senior analyst teams for individual research-related questions,
- membership-directed research which includes comprehensive coverage of industry trends and best practices,
- exclusive industry-specific benchmark data, and
- peer-to-peer networking through premier event meetings and group audio-conferences.

- WEB SITE REVIEWS AND OTHER BOOT CAMPS. Our Web Site Reviews provide targeted, action-oriented assessments of clients' Web sites, extranets, or intranets. Feedback is based on comprehensive examination of the site by our analysts, as well as any additional information a client provides about its Web strategies. Other Boot Camps focus on Web design and strategy and the customer experience across multiple interaction channels.

- FORRESTER EVENTS. We host multiple Events in various locations in North America and Europe throughout the year. Events build upon past Forrester and Giga conferences to bring together senior executives to network with their peers and to hear business leaders discuss the impact of technology on business.

PRICING AND CONTRACT SIZE

We derive our revenue from client contracts consisting of two categories of revenue: research and advisory services and other. All the product and service offerings listed above are composed of research, advisory services and other, or some combination of the two. Research offerings generate research revenues only, and Consulting offerings consist solely of advisory services revenues. Our Data and Community offerings, however, generate a combination of research and advisory services and other revenues. Within Data, we recognize revenue from our Technographics Data & Services and Forrester Ultimate Consumer Panel product as research revenue, and revenue from Custom Consumer Research and the Technographics Omnibus Survey as advisory services revenue. Within Community, revenue from memberships to the Forrester Oval Program is recognized as research services revenue, and revenue from events is recognized as other revenue in our advisory services and other revenue classification.

Contract pricing for annual memberships for research only is principally a function of the number of recipients at the client. Pricing of contracts for research and advisory services is a function of the number of research recipients and the amount and type of advisory services. The average contract for annual memberships for research only at December 31, 2004 was approximately $40,300, an increase of 5% from $38,200 at December 31, 2003. The average contract for an annual membership for research which also included advisory services at December 31, 2004 was approximately $94,600, an increase of 21% from $78,400 at December 31, 2003.

We believe that the agreement value of contracts to purchase research and advisory services provides a significant measure of our business volume. We calculate agreement value as the total revenues recognizable from all research and advisory service contracts in force at a given time, without regard to how much revenue has already been recognized. Agreement value increased 9% to $137.1 million at December 31, 2004 from $126.3 million at December 31, 2003.

RESEARCH ANALYSTS AND METHODOLOGY

We employ a structured methodology in our research that enables us to identify and analyze technology trends, markets, and audiences and ensures consistent research quality and recommendations across all coverage areas. Our research provides consistent research themes and comprehensive coverage of business and technology issues across our coverage areas.

We ascertain the issues important to technology users through thousands of interactions and surveys with vendors and business, marketing, and IT professionals, and accordingly, the majority of our research is determined directly by the issues our clients face each day. We use the following primary research inputs:

- Confidential interviews with early adopters and mainstream users of new technologies.

- In-depth interviews with technology vendors and suppliers of related services.

- Ongoing briefings with vendors to review current positions and future directions.

- Continuous dialogue with our clients to identify technology issues in the marketplace.

Our Technographics research combines our qualitative research methodology with traditional survey research methodologies such as correlation, frequency distribution, cross-tabulation, and multivariate statistics to produce research reports, quantitative survey data, and data briefs. Third-party data vendors are frequently used for data collection and tabulation.

Our TechRankings research combines in-depth product test results and user interviews with market and strategic analysis to score attributes of emerging technologies. We then apply this research and strategic analysis to determine the weighting of each attribute and create interactive scorecards, databases, and reports.

Collaboration between analysts is an integral part of our process, leading to higher-quality research and a unified perspective. All of our WholeView 2 Research begins either with a client or vendor catalyst or with discussion sessions among analysts to generate ideas for research. Analysts test ideas throughout the research process at both informal and weekly research meetings. Our reports are consistent in format, and we require our analysts to write in a structure that combines graphics with easy-to-read text to deliver concise, decisive, relevant, and objective research to our clients. At the final stage of the research process, senior analysts meet to test the conclusions of each research report. An analyst who has not been involved in the creation of a particular report reviews the report to ensure quality, clarity, and readability. All research is reviewed and graded by senior research management.

SALES AND MARKETING

We sell our products and services directly through our headquarters in Cambridge, Massachusetts, and through our research centers and sales offices in various locations in North America, Europe, and Asia. We also sell our products and services through independent sales representatives in select international locations, including Australia and South America. We employed 195 sales representatives as of December 31, 2004, an increase of 3% from 190 as of December 31, 2003. Our direct sales force consists of:

- Sales directors who focus on high-level client contact and service.

- Account managers who are responsible for maintaining and leveraging the current client base by renewing and selling additional products and services to existing clients.

- Account executives who develop new business in assigned territories.

- Telesales (inside sales) representatives who focus on smaller client prospects and renewals.

We also sell our research products directly online through our Web site and use local independent sales representatives to market and sell our products and services internationally in selected international markets.

Our marketing activities are designed to increase awareness of the Forrester brand and further our reputation as a leader in emerging technology research. We actively promote brand awareness via our Web site, Forrester Events, extensive worldwide press relations, and direct mail campaigns. In February 2005, we published the first issue of the Forrester magazine, a high quality periodical containing articles of interest relating to the technology industry. We also employ an integrated direct marketing strategy that uses Internet, mail, and telephone channels for identifying and attracting high-quality sales leads. We encourage our analysts to increase our visibility by having their research ideas selectively distributed through various Internet, print, and television outlets.

As of December 31, 2004, our research was delivered to 1,866 client companies. No single client company accounted for more than 3% of our revenues for the year ended December 31, 2004.

COMPETITION

We believe that the principal competitive factors in our industry include the following:

- Quality of research and analysis and related services.

- Ability to offer products and services that meet the changing needs of organizations for research and analysis.

- Customer service.

- Independence from vendors and clients.

- Timely delivery of information.

- Ability to leverage new technologies.

- Price.

We believe that we compete favorably with respect to each of these factors. We believe that our early focus on emerging technologies is a significant competitive advantage. Additionally, we believe that our WholeView approach, research methodology and easy-to-read formats distinguish us from our competitors.

We compete principally in the market for research and advisory services about and relating to technology and its impact on business. Our principal direct competitors include other providers of similar services, such as Gartner Group, as well as Internet and digital media measurement services. In addition, our indirect competitors include the internal planning and marketing staffs of our 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. Our indirect competitors could choose to compete directly against us in the future. In addition, there are relatively few barriers to entry into our market, and new competitors could readily seek to compete against us in one or more market segments addressed by our research. Increased competition could adversely affect our operating results through pricing pressure and loss of market share. There can be no assurance that we will be able to continue to compete successfully against existing or new competitors.

EMPLOYEES

As of December 31, 2004, we employed a total of 593 persons, including 203 research staff and 195 sales representatives.

Our culture emphasizes certain key values -- including client service, quality, and creativity -- that we believe are critical to our future growth. We promote these values through rigorous training and frequent recognition for achievement. We encourage teamwork and promote and recognize individuals who foster these values. Each new employee whom we hire undergoes a three-day training process. This training includes workshops and presentations by our executives, which focus on our products and services, corporate culture, values, and goals, and provide individuals with the skills necessary to achieve our goals.

All members of our research staff participate in our incentive compensation bonus plan. Their performance is measured against individual and team goals to determine an eligible bonus that is funded by our overall performance against key business metrics. Individual and team goals include on-time delivery of high-quality research and advisory services support to clients. In addition, analysts, research directors, and research management are eligible to receive equity awards under our equity incentive plan.

All of our direct sales representatives participate in our annual sales incentive compensation plan. Under this plan, we pay commissions monthly to sales personnel based upon attainment of net bookings against established quotas. In addition, all account managers, account executives, regional managers, and regional directors are eligible to participate in our equity incentive plan based on performance.

RISKS AND UNCERTAINTIES

We are subject to risks and uncertainties that could cause our actual future activities and results of operations to be materially different from those set forth in forward-looking statements made by us. These risks and uncertainties include:

FLUCTUATIONS IN OUR OPERATING RESULTS. Our revenues and earnings may fluctuate from quarter to quarter based on a variety of factors, many of which are beyond our control, and which may affect our stock price. These factors include, but are not limited to:

- Trends in technology spending in the marketplace

- Timing and size of new and renewal memberships for our research from clients.

- Utilization of our advisory services by our clients.

- Timing of revenue-generating Events sponsored by us.

- Introduction and marketing of new products and services by us and our competitors.

- Hiring and training of new analysts and sales personnel.

- Changes in demand for our research and advisory services.

- General economic conditions.

As a result, our operating results in future quarters may be below the expectations of securities analysts and investors, which could have an adverse effect on the market price for our common stock. Factors such as announcements of new products, services, offices, or strategic alliances by us or the technologies services industry may have a significant impact on the market price of our common stock. The market price for our common stock may also be affected by movements in prices of stocks in general.

A DECLINE IN RENEWALS FOR OUR MEMBERSHIP-BASED RESEARCH SERVICES. Our success depends in large part upon renewals of memberships for our research products. Approximately 76%, 66%, and 57% of our client companies with memberships expiring during the years ended December 31, 2004, 2003, and 2002, respectively, renewed one or more memberships for our products and services. These renewal rates are not necessarily indicative of the rate of future retention of our revenue base. The increase in renewal rates from 2003 to 2004 is reflective of the acquisitions of Giga and GigaGroup during 2003 and an improving economic environment. Any future declines in renewal rates could have an adverse effect on our revenues.

ABILITY TO DEVELOP AND OFFER NEW PRODUCTS AND SERVICES. Our future success will depend in part on our ability to offer new products and services. These new products and services must successfully gain market acceptance by addressing specific industry and business organization sectors and by anticipating and identifying 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 risky and costly. We may not be able to introduce new, or assimilate acquired, products or services successfully. Our failure to do so would adversely affect our ability to maintain a competitive position in our market and continue to grow our business.

LOSS OF KEY MANAGEMENT. Our future success will depend in large part upon the continued services of a number of our key management employees. The loss of any one of them, in particular George F. Colony, our founder, Chairman of the Board, and Chief Executive Officer, could adversely affect our business.

ABILITY TO ATTRACT AND RETAIN QUALIFIED PROFESSIONAL STAFF. Our future success will depend in large measure upon the continued contributions of our senior management team, research analysts, and experienced sales and marketing personnel. Thus, our future operating results will be largely dependent upon our ability to retain the services of these individuals and to attract additional professionals from a limited pool of qualified candidates. We experience competition in hiring and retaining professionals from developers of Internet and emerging-technology products, other research firms, management consulting firms, print and electronic publishing companies and financial services companies, many of which have substantially greater ability, either through cash or equity, to attract and compensate professionals. If we lose professionals or are unable to attract new talent, we will not be able to maintain our position in the market or grow our business.

FAILURE TO ANTICIPATE AND RESPOND TO MARKET TRENDS. Our success depends in part upon our ability to anticipate rapidly changing technologies and market trends and to adapt our research to meet the changing information needs of our clients. The technology and commerce sectors that we analyze undergo frequent and often dramatic changes. The environment of rapid and continuous change presents significant challenges to our ability to provide our clients with current and timely analysis, strategies and advice on issues of importance to them. Meeting these challenges requires the commitment of substantial resources. Any failure to continue to provide insightful and timely analysis of developments, technologies, and trends in a manner that meets market needs could have an adverse effect on our market position and results of operations.

COMPETITION. We compete in the market for research products and services with other independent providers of similar services. We may also face increased competition from Internet-based research firms. Some of our competitors have substantially greater financial, information-gathering, and marketing resources than we do. In addition, our indirect competitors include the internal planning and marketing staffs of our 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. Our indirect competitors may choose to compete directly against us in the future. In addition, there are relatively few barriers to entry into our market, and new competitors could readily seek to compete against us in one or more market segments addressed by our products and services. Increased competition could adversely affect our operating results through pricing pressure and loss of market share.

This list of uncertainties and risks is not exhaustive. Certain factors that could affect our actual future activities and results and cause actual results to differ materially from those contained in forward-looking statements made by us include, but are not limited to, those discussed above as well as those discussed in other reports filed by us with the Securities and Exchange Commission.

EXECUTIVE OFFICERS

The following table sets forth information about our directors and executive officers as of March 8, 2005.

NAME	AGE	POSITION
George F. Colony	51	Chairman of the Board, Chief Executive Officer, and President
Neil Bradford	32	President, Forrester Americas
Charles W. Chang	54	President, Forrester Asia Pacific
Robert W. Davidson	57	President, Forrester EMEA
Warren Hadley	36	Chief Financial Officer and Treasurer
Brian E. Kardon	47	Chief Strategy and Marketing Officer
Daniel Mahoney	56	Chief Research and Client Officer
Gail S. Mann, Esq.	53	Chief Legal Officer and Secretary
George Orlov	47	Chief Information Officer and Chief Technology Officer
Timothy M. Riley	53	Chief People Officer
Henk W. Broeders	52	Director
Robert M. Galford	52	Director
George R.		

Hornig........................ 50
Director Michael H.
Welles....................... 50
Director

George F. Colony, Forrester's founder, has served as Chairman and Chief Executive Officer since its inception in July 1983.

Neil Bradford became president, Forrester Americas (formerly managing director, Forrester North America) in August 2003. Mr. Bradford previously served as managing director, Forrester Global from 2001 to 2003 and as managing director of Forrester Research Ltd. from 1999 to 2001, a role he assumed after Forrester's acquisition in November 1999 of Fletcher Research Limited, a UK-based research firm co-founded by Mr. Bradford in 1997. Prior to co-founding Fletcher and joining Forrester, Mr. Bradford was a consultant at McKinsey and Company, a management consulting firm, from 1995 to 1997.

Charles W. Chang became president, Forrester Asia Pacific, in September 2004. Prior to joining Forrester, Mr. Chang was a managing director and founder of Twin Cypress Group, a consulting firm advising businesses in North America and the Pacific Rim about investment opportunities. From 1998 to 1999, Mr. Chang was a senior vice president of Business Objects, a business intelligence software company, and from 1999 to 2000 he was senior vice president, business intelligence, of Informix Corporation, an information management software company. Prior to 2001, Mr. Chang spent many years in various management positions with IBM Corporation.

Robert W. Davidson became president, Forrester Europe, Middle East, Africa (EMEA) (formerly, managing director, Forrester Europe) in June 2001. Prior to joining Forrester, Mr. Davidson was vice president and corporate controller from 2000 to 2001 and vice president, finance from 1998 to 2000 for Baan Company N.V., a software solutions and services company. From 1996 to 1998, Mr. Davidson served as chief operating officer, Europe of PSI/Vicorp, a software solutions company.

Warren Hadley became our chief financial officer and treasurer in February 2002. Mr. Hadley previously was our director of finance from 1999 to 2002 and served as our assistant treasurer from 2000 to 2001. Mr. Hadley was our corporate controller from 1996 to 1999. Prior to joining Forrester, Mr. Hadley served as an audit manager for MacDonald, Levine, Jenkins, an accounting firm, from 1993 to 1995.

Brian E. Kardon became our chief strategy and marketing officer (formerly vice president, strategy and marketing), in January 2003. Prior to joining Forrester, Mr. Kardon was president of First Act, Inc., a children's musical instrument company. From 1999 to 2001 Mr. Kardon served as the executive vice president at HomePortfolio, an online marketplace for home design, products, and services, and from 1995 to 1999, he was senior vice president and chief marketing officer of Cahners Business Information (now Reed Business Information). After graduating from The Wharton School in 1987 with his MBA, Mr. Kardon worked at Braxton Associates, the strategy consulting division of Deloitte Consulting, from 1987 to 1995. At Braxton, Mr. Kardon rose to the position of director of the marketing strategy practice.

Daniel Mahoney became our chief research and client officer in September 2004. Mr. Mahoney previously was our vice president, research from 2003 to 2004 in conjunction with Forrester's acquisition of Giga. Prior to that, he was senior vice president of research at Giga from 1997 to 2003. Prior to joining Giga, Mr. Mahoney was the general manager of Intranet Partners, an Intranet consulting company, from 1996 to 1997; the general manager of Dataquest North America, a technology information provider, in 1996; and director of systems development for Household Credit Services, the credit card division of Household International, Inc. from 1993 to 1996.

Gail S. Mann, Esq. became our chief legal officer and secretary in February 2004. Ms. Mann previously was of counsel to the law firm of Morse, Barnes-Brown & Pendleton, P.C. from 2002 until joining Forrester, Vice President and Associate General Counsel of Harcourt General, Inc., a global multimedia publishing company, and its affiliate, The Neiman Marcus Group, a high end specialty retailer, from 1999-2001, and Vice President and Assistant General Counsel of Digital Equipment Corporation from 1994 to 1998.

George M. Orlov became our chief information officer and chief technology officer in December 2004. Prior to joining Forrester, Mr. Orlov was chief information officer and chief technology officer for Callisma, Inc., a professional services firm focused on technology infrastructure from 2000 until 2003, when the company was acquired by SBC Communications. Mr. Orlov served as vice president and chief information officer at Pacific Gas & Electric from 1998 to 2000, and prior thereto, he held the same position with Commonwealth Edison Company from 1996 to 1998.

Timothy M. Riley, Forrester's chief people officer (formerly vice president, strategic growth), joined Forrester in August 1997. Prior to joining Forrester, Mr. Riley served as the vice president of human resources at Renaissance Solutions, a strategy and knowledge management consulting firm, from 1993 to 1997. Mr. Riley served as director of human resources at Bolt Beranek and Newman, a technology research and development company, from 1987 to 1993.

ITEM 2. PROPERTIES

Our headquarters are located in approximately 125,000 square feet of office space in Cambridge, Massachusetts, of which the Company occupies approximately 93,200 square feet. This facility accommodates research, marketing, sales, technology, and operations personnel. The lease term of this facility was extended effective January 1, 2005 and expires in September 2011. We have the option to extend this lease for an additional five-year term.

We also have leased office space for our research centers in Amsterdam, Frankfurt, London, and Santa Clara, and for our sales office in Paris.

We believe that our existing facilities are adequate for our current needs and that additional facilities are available for lease to meet future needs.

ITEM 3. LEGAL PROCEEDINGS

We are not currently a party to any material legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5(A). MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the Nasdaq National Market under the symbol "FORR." On March 2, 2005, the closing price of our common stock was $14.98.

As of March 2, 2005 there were approximately 52 stockholders of record of our common stock.

The following table represents the ranges of high and low sale prices of our common stock for the fiscal years ended December 31, 2003, and December 31, 2004:

	2003		2004	
	HIGH	LOW	HIGH	LOW
First Quarter	$17.40	$11.61	$19.67	$16.01
Second Quarter	$16.65	$13.85	$19.50	$16.48
Third Quarter	$17.29	$13.33	$18.82	$15.24
Fourth Quarter	$19.97	$14.14	$18.10	$12.66

We did not declare or pay any dividends during the fiscal years ended December 31, 2003 or 2004. We anticipate that future earnings, if any, will be retained for the development of our business, and we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

ITEM 5(C). CHANGES IN SECURITIES AND USE OF PROCEEDS

In October 2001, we announced a program authorizing the repurchase of up to $50 million of our common stock ("the stock repurchase program"). During the quarter ended December 31, 2004, we purchased the following shares of our common stock under the stock repurchase program:

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PROGRAMS	MAXIMUM DOLLAR VALUE THAT MAY YET BE PURCHASED UNDER THE STOCK REPURCHASE PROGRAM (IN THOUSANDS)
October 1 - October 31..........	--	--	2,732,414	$5,132
November 1 - November 30........	211,200	$16.40	2,943,614	$1,668
December 1 - December 31........	102,000	$16.36	3,045,614	$ --
Total..........................	1,151,181	$16.44	3,045,614	$ --

All purchases of our common stock were made under the stock repurchase program.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The selected financial data presented below is derived from our consolidated financial statements and should be read in connection with those statements.

	YEAR ENDED DECEMBER 31,				
	2000	2001	2002	2003	2004
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
CONSOLIDATED STATEMENT OF INCOME DATA:					
Revenues:					
Research services	$123,717	$126,935	$70,955	$ 92,289	$ 94,347
Advisory services and other	33,430	32,185	25,981	33,710	44,132
Total revenues	157,147	159,120	96,936	125,999	138,479
Operating expenses:					
Cost of services and fulfillment	45,470	49,113	34,026	50,047	54,687
Selling and marketing	57,957	58,334	30,745	41,017	46,867
General and administrative	18,632	16,854	12,732	14,674	16,364
Depreciation and amortization	7,683	10,069	8,078	6,256	3,691
Amortization of intangible assets	261	1,025	328	8,778	6,461
Reorganization costs	--	3,108	12,170	2,594	8,396
Integration costs	--	--	--	1,055	--
Total operating expenses	130,003	138,503	98,079	124,421	136,466
Income (loss) from operations	27,144	20,617	(1,143)	1,578	2,013
Other income, net; Gains on sales of marketable securities; (Impairments) gains from non-marketable investments	6,893	6,425	1,421	1,598	4,220
Income before income tax provision	34,037	27,042	278	3,176	6,233
Income tax provision (benefit)	12,423	8,925	(311)	985	2,101
Net income	$ 21,614	$ 18,117	$ 589	$ 2,191	$ 4,132
Basic net income per common share	$ 1.03	$ 0.80	$ 0.03	$ 0.10	$ 0.19
Diluted net income per common share	$ 0.88	$ 0.76	$ 0.02	$ 0.10	$ 0.18
Basic weighted average common shares outstanding	20,989	22,551	23,189	22,555	22,024
Diluted weighted average common shares outstanding	24,526	23,907	23,653	22,837	22,442

	DECEMBER 31,				
	2000	2001	2002	2003	2004
	(IN THOUSANDS)				
CONSOLIDATED BALANCE SHEET DATA:					
Cash, cash equivalents, and marketable securities............................	$174,739	$205,182	$194,631	$126,733	$127,440
Working capital.........................	$115,547	$155,412	$157,443	$ 77,171	$ 75,967
Deferred revenue.........................	$102,527	$ 59,930	$ 42,123	$ 68,630	$ 72,357
Total assets............................	$303,803	$305,152	$278,273	$310,975	$302,872
Total stockholders' equity..............	$176,928	$220,398	$213,868	$208,322	$199,846

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We derive revenues from memberships to our research product offerings and from our advisory services and events available through what we refer to as Research, Data, Consulting, and Community offerings. We offer contracts for our research products that are typically renewable annually and payable in advance. Research revenues are recognized as revenue ratably over the term of the contract. Accordingly, a substantial portion of our billings are initially recorded as deferred revenue. Clients purchase advisory services offered through our Data, Consulting and Community products and services to supplement their memberships to our research. Billings attributable to advisory services are initially recorded as deferred revenue and are recognized as revenue when performed. Event billings are also initially recorded as deferred revenue and are recognized as revenue upon completion of each event. Consequently, changes in the number and value of client contracts, both net decreases as well as net increases, impact our revenues and other results over a period of several months.

Our primary operating expenses consist of cost of services and fulfillment, selling and marketing expenses, general and administrative expenses, depreciation and amortization and amortization of intangible assets. Cost of services and fulfillment represents the costs associated with the production and delivery of our products and services, and it includes 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, sales commissions, and other costs incurred in marketing and selling our products and services. General and administrative expenses include the costs of the technology, operations, finance, and strategy groups and our other administrative functions. Overhead costs are allocated over these categories according to the number of employees in each group. Amortization of intangible assets represents the cost of amortizing acquired intangible assets such as customer base, research content and trademarks.

In February 2003, we acquired Giga Information Group, Inc. ("Giga"), a global technology advisory firm, pursuant to a cash tender offer and second step merger. The results of Giga's operations have been included in our consolidated financial statements since February 28, 2003.

As part of the acquisition of Giga, we acquired an equity investment in GigaGroup S.A. ("GigaGroup"). GigaGroup was created in 2000 through the spin-off of Giga's French subsidiary, and held an exclusive agreement to distribute all Giga research and certain services in France, Belgium, Netherlands, Luxemburg, Switzerland, Italy, Spain, and Portugal. In November 2003, we acquired the assets of GigaGroup. The results of GigaGroup's operations have been included in our consolidated financial statements since November 30, 2003.

Agreement value, client retention, dollar retention and enrichment are metrics we believe are important to understanding our business. We believe that the "agreement value" of contracts to purchase research and advisory services provides a significant measure of our business volume. We calculate agreement value as the total revenues recognizable from all research and advisory service contracts in force at a given time, without regard to how much revenue has already been recognized. No single client accounted for more than 2% of agreement value at December 31, 2004. We calculate client retention as the number of client companies who renewed with memberships as a percentage of those that would have expired. We calculate dollar retention as a percentage of the dollar value of all client membership contracts renewed during the most recent twelve month fiscal period to the total dollar value of all client membership contracts that expired during the period. We calculate enrichment as a percentage of the dollar value of client membership contracts renewed during the period to the dollar value of the corresponding expiring contracts. Client retention, dollar retention, and enrichment are not necessarily indicative of the rate of future retention of our revenue base. A summary of our key metrics is as follows:

	YEAR ENDED DECEMBER 31, 2003	2004	ABSOLUTE INCREASE	PERCENTAGE INCREASE
Agreement Value (In Millions)	$126.3	$137.1	$10.8	8.6%
Client Retention	66.0%	76.0%	10.0	--
Dollar Retention	78.0%	85.0%	7.0	--
Enrichment	99.0%	107.0%	8.0	--

	YEAR ENDED DECEMBER 31, 2002	2003	ABSOLUTE INCREASE	PERCENTAGE INCREASE
Agreement Value (In Millions)	$78.1	$126.3	$48.2	61.7%
Client Retention	57.0%	66.0%	9.0	--
Dollar Retention	71.0%	78.0%	7.0	--
Enrichment	87.0%	99.0%	12.0	--

The increase in agreement value from 2003 to 2004 is primarily due to increases in average contract sizes and in the number of clients. The average contract for annual memberships for research only at December 31, 2004 was approximately $40,300, an increase of 5% from $38,200 at December 31, 2003. The average contract for an annual membership for research which also included advisory services at December 31, 2004 was approximately $94,600, an increase of 21% from $78,400 at December 31, 2003. Client retention, dollar retention and enrichment increases in 2003 and 2004 reflect an improving economic environment. The increase in agreement value, client retention, dollar retention and enrichment from 2002 to 2003 is primarily attributable to the acquisition of Giga, and to a lesser extent, the acquisition of GigaGroup.

REORGANIZATIONS

Since July 2001, we have reorganized our workforce and consolidated our facilities several times in response to market conditions and in connection with the integration of Giga and GigaGroup in August 2003 and January 2004, respectively.

A summary of the key items related to the reorganizations is as follows:

(IN THOUSANDS)	JANUARY 10, 2002	JULY 24, 2002	AUGUST 5, 2003	JANUARY 28, 2004
Workforce reduction	$ 3,471	$ 908	$1,230	$2,510
Facility consolidation and other related costs	3,863	1,158	--	4,693
Depreciable assets	2,863	766	--	1,861
Total reorganization charge	$10,197	$2,832	$1,230	$9,064
Accrued severance and facility consolidation costs as of December 31, 2004	$ 438	$ 239	$ --	$4,660

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our policies and estimates, including but not limited to, those related to our revenue recognition, allowance for doubtful accounts, non-marketable investments, goodwill and other intangible assets and income taxes. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We consider the following accounting policies to be those that require that most subjective judgment or those most important to the portrayal of our financial condition and results of operations. If actual results differ significantly from management's estimates and projections, there could be a material effect on our financial statements. This is not a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles, with no need for management's judgment in their application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. For a discussion of our other accounting policies, see Note 1 in the Notes to Consolidated Financial Statements in Item 15 of this Annual report on Form 10-K, beginning on page F-7.

- REVENUE RECOGNITION. We generate revenues from licensing research, performing advisory services, and hosting events. We execute contracts that govern the terms and conditions of each arrangement. Revenues from contracts that contain multiple deliverables are allocated among the separate units based on their relative fair values, which requires us to make estimates of such fair values. The amount of revenue recognized is limited to the amount that is not contingent on future performance conditions. Research service revenues are recognized ratably over the term of the agreement. Advisory service revenues are recognized during the period in which the services are performed. Events revenues are recognized upon completion of the events and are included in our advisory services and other revenue classification. While our historical business practice has been to offer membership contracts with a non-cancelable term, we do from time to time, in response to competitive conditions, offer clients the right to cancel their membership contracts prior to the end of the contract term. For these cancelable contracts that can be terminated during the contract term, any refund would be issued on a pro-rata basis only. Reimbursed out of pocket expenses are recorded as advisory revenue. Furthermore, our revenue recognition determines the timing of commission expenses that are deferred and expensed to operations as the related revenue is recognized. We evaluate the recoverability of deferred commissions at each balance sheet date. As of December 31, 2004, deferred revenues and deferred commissions totaled $72.4 million and $6.8 million, respectively.

- ALLOWANCE FOR DOUBTFUL ACCOUNTS. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make contractually obligated payments that totaled approximately $1.0 million as of December 31, 2004. Management makes judgments regarding the collectibility of accounts receivable by specifically analyzing historical bad debts, customer concentrations, current economic trends, and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required and if the financial condition of our customers were to improve, the allowances may be reduced accordingly.

- NON-MARKETABLE INVESTMENTS. We hold minority interests in technology-related companies and equity investment funds that totaled approximately $13.4 million as of December 31, 2004. These investments are in companies that are not publicly traded, and, therefore, because no established market for these securities exists, the estimate of the fair value of our investments requires significant judgment. We have a policy in place to review the fair value of our investments on a regular basis to evaluate the carrying value of the investments in these companies which consists primarily of reviewing the investee's revenue and earnings trends relative to predefined milestones and overall business prospects. We record impairment charges when we believe that an investment has experienced a decline in value that is other than temporary. During the year ended December 31, 2004, we have no investments that have experienced a decline in value which we believe is permanent or temporary and accordingly no impairment charges have been recorded. We recorded net impairment charges that totaled approximately $2.4 million and $4.1 million during the years ended December 31, 2003 and 2002, respectively. Future adverse changes in market conditions or poor operating results of underlying investments could result in losses or an inability to recover the carrying value of the investments that may not be reflected in an investment's current carrying value, thereby possibly requiring an impairment charge in the future.

- GOODWILL AND INTANGIBLE ASSETS. At December 31, 2004, we had goodwill and identified intangible assets with finite lives related to our acquisitions that totaled approximately $52.9 million and $7.0 million, respectively. SFAS No. 142, "Goodwill and Other Intangible Assets," requires that goodwill and intangible assets with indefinite lives no longer be amortized but instead be measured for impairment at least annually or whenever events indicate that there may be an impairment. In order to determine if an impairment exists, we compare the reporting unit's carrying value to the reporting unit's fair value. Determining the reporting unit's fair value requires us to make estimates based on market conditions and operational performance. Absent an event that indicates a specific impairment may exist, we have selected November 30th as the date of performing the annual goodwill impairment test. This analysis did not show an impairment as of November 30, 2004 and as of December 31, 2004, we believe that the carrying value of our goodwill is not impaired. Future events could cause us to conclude that impairment indicators exist and that goodwill associated with our acquired businesses is impaired. Any resulting impairment loss could have a material adverse impact on our financial condition and results of operations.

  Intangible assets with finite lives consist of acquired customer base, research content and trademarks and are valued according to the future cash flows they are estimated to produce. These assigned values are amortized on an accelerated basis which matches the periods in which those cash flows are estimated to be produced. We continually evaluate whether events or circumstances have occurred that indicate that the estimated remaining useful life of our intangible assets may warrant revision or that the carrying value of these assets may be impaired. To compute whether assets have been impaired, the estimated undiscounted future cash flows for the estimated remaining useful life of the assets are compared to the carrying value. To the extent that the future cash flows are less than the carrying value, the assets are written down to the estimated fair value of the asset.

- INCOME TAXES. We have deferred tax assets related to temporary differences between the financial statement and tax bases of assets and liabilities as well as operating loss carryforwards (primarily from stock option exercises and the acquisition of Giga) that totaled approximately $42.9 million as of December 31, 2004. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and the carryforwards expire. Although realization is not assured, based upon the level of our historical taxable income and our estimates of future taxable income over the periods during which the deferred tax assets are deductible and the carryforwards expire, management believes it is more likely than not that we will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced if our estimates of future taxable income during the carry-forward periods are incorrect.

RESULTS OF OPERATIONS

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

	YEAR ENDED DECEMBER 31,		
	2002	2003	2004
Research services	73%	73%	68%
Advisory services and other	27	27	32
Total revenues	100	100	100
Cost of services and fulfillment	35	40	39
Selling and marketing	31	32	34
General and administrative	13	12	12
Depreciation and amortization	9	5	3
Amortization of intangible assets	--	7	5
Reorganization costs	13	2	6
Integration costs	--	1	--
(Loss) income from operations	(1)	1	1
Other income, net	5	3	2
Gains on sales of marketable securities	--	--	1
(Impairments) gains from non-marketable investments	(4)	(1)	--
Income before income tax provision	--	3	4
Income tax (benefit) provision	(1)	1	2
Net income	1%	2%	2%

YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

REVENUES

	YEAR ENDED DECEMBER 31,			
	2003	2004	ABSOLUTE INCREASE	PERCENTAGE INCREASE
Revenues (in millions)	$126.0	$138.5	$12.5	10%
Revenues from research services (in millions)	$ 92.3	$ 94.3	$ 2.0	2%
Advisory services and other revenues (in millions)	$ 33.7	$ 44.1	$10.4	31%
Revenues attributable to customers outside of the United States (in millions)	$ 36.6	$ 45.7	$ 9.1	25%
Revenues attributable to customers outside of the United States as a percentage of total revenue	29%	33%	4%	--
Number of clients	1,812	1,866	54	3%
Number of research employees	193	203	10	5%
Number of events	8	9	1	13%

The increase in total revenues as well as the increase in the number of clients is primarily a result of the acquisitions of Giga and GigaGroup which closed on February 28, 2003 and November 30, 2003, respectively. The increase in revenues is also attributable to the effects of foreign currency translation which resulted in approximately a 2% positive effect on revenues in 2004. No single client company accounted for more than 3% of revenues during 2003 or 2004.

Research services revenues as a percentage of total revenues declined from 73% in 2003 to 68% in 2004 as customer demand is shifting towards advisory services, which is reflected in the increase in advisory services and other revenues. The increase in advisory services revenues was partially offset by decreasing events revenues. Beginning in 2004, clients purchasing WholeView 2 research member licenses receive event seats as part of the WholeView2 membership package. The revenue for these packaged event seats is recognized ratably as research services resulting in a decrease in advisory services and other revenues. This decrease in advisory services and other revenues in 2004 was partially offset by increases in revenues from sales of event sponsorships to third parties.

The increase in international revenues in dollars and as a percentage of total revenues is primarily attributable to the acquisition of GigaGroup combined with the favorable effects of foreign currency translation in 2004 as compared to 2003.

COST OF SERVICES AND FULFILLMENT

	YEAR ENDED DECEMBER 31, 2003	YEAR ENDED DECEMBER 31, 2004	ABSOLUTE INCREASE (DECREASE)	PERCENTAGE INCREASE (DECREASE)
Cost of services and fulfillment (in millions)...	$50.0	$54.7	$4.7	9%
Cost of services and fulfillment as a percentage of total revenues.............................	40%	39%	(1)%	--

The increase in cost of services and fulfillment is primarily attributable to increased compensation costs resulting from an increase in the number of research employees, increased incentive compensation paid for the performance of advisory services, and increased survey costs.

SELLING AND MARKETING

	YEAR ENDED DECEMBER 31, 2003	YEAR ENDED DECEMBER 31, 2004	ABSOLUTE INCREASE	PERCENTAGE INCREASE
Selling and marketing expenses (in millions)......	$41.0	$46.9	$5.9	14%
Selling and marketing expenses as a percentage of total revenues..................................	32%	34%	2%	--

The increase in selling and marketing expenses and in these expenses as a percentage of total revenues is related to increased compensation and related office expenses primarily attributable to the acquisition of GigaGroup at the end of 2003, as well as increased professional fees related to the Forrester magazine, the first issue of which was published in February 2005.

GENERAL AND ADMINISTRATIVE

	YEAR ENDED DECEMBER 31, 2003	YEAR ENDED DECEMBER 31, 2004	ABSOLUTE INCREASE	PERCENTAGE INCREASE
General and administrative expenses (in millions)......................................	$14.7	$16.4	$1.7	12%
General and administrative expenses as a percentage of total revenues...................	12%	12%	--	--

The increase in general and administrative expenses is primarily attributable to the amount provided for doubtful accounts, annual increases in compensation costs and increases in audit and professional fees related to compliance with the requirements of the Sarbanes-Oxley Act and regulations thereunder.

DEPRECIATION AND AMORTIZATION. Depreciation expense decreased 41% to $3.7 million in 2004 from $6.3 million in 2003. The decrease is primarily attributable to computer and software assets purchased prior to 2002 becoming fully depreciated and to the write-off of certain depreciable assets in connection with office vacancies.

AMORTIZATION OF INTANGIBLE ASSETS. Amortization of intangible assets decreased to $6.5 million in 2004 from $8.8 million in 2003. This decrease in amortization expense is primarily attributable to the accelerated method we are using to amortize our acquired intangible assets according to the expected cash flows to be received from these assets. Specifically, research content and registered trademarks that were acquired in connection with the Giga acquisition in 2003 were fully amortized by the end of 2004.

REORGANIZATION COSTS. Reorganization costs were $8.4 million in 2004 and consisted primarily of costs associated with lease losses, revisions to the lease loss estimates related to prior reorganizations and fixed-asset write-offs resulting from office vacancies.

OTHER INCOME, NET. Other income, net decreased 15% to $2.9 million in 2004 from $3.4 million in 2003. The decrease is primarily attributable to lower average cash and investment balances available for investment in 2004 as compared to 2003.

GAINS ON SALES OF MARKETABLE SECURITIES. In 2004, we sold a total of approximately 47,000 shares of Greenfield Online, Inc. and received net proceeds of approximately $701,000. Upon consummation of Greenfield's initial public offering, we also received a conversion payment of approximately $463,000. Accordingly, in the year ended December 31, 2004, we recognized a gain of approximately $1.1 million related to these sales. In 2003, gains of $509,000 resulted from the sale of debt securities.

IMPAIRMENTS (GAINS) FROM NON-MARKETABLE INVESTMENTS. During the year ended December 31, 2004, we have no investments that have experienced a decline in value which we believe is other than temporary and accordingly no impairment charges have been recorded. Impairments of non-marketable investments resulted in net charges of $2.4 million during 2003.

PROVISION FOR INCOME TAXES. During 2004, we recorded an income tax provision of $2.1 million reflecting an effective tax rate of 33.7%. During 2003, we recorded an income tax provision of $1.0 million reflecting an effective tax rate of 31%. The increase in our effective tax rate for fiscal year 2004 resulted primarily from our tax-exempt investment income comprising a smaller percentage of our estimated total pre-tax income in 2004 as compared to 2003.

YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

REVENUES

	YEAR ENDED DECEMBER 31,		ABSOLUTE INCREASE	PERCENTAGE INCREASE
	2002	2003	(DECREASE)	(DECREASE)
Revenues (in millions)	$ 96.9	$126.0	$29.1	30%
Revenues from research services (in millions)	$ 71.0	$ 92.3	$21.3	30%
Advisory services and other revenues (in millions)	$ 26.0	$ 33.7	$ 7.7	30%
Revenues attributable to customers outside of the United States (in millions)	$ 27.8	$ 36.6	$ 8.8	32%
Revenues attributable to customers outside of the United States as a percentage of revenue	29%	29%	--	--
Number of clients	1,125	1,812	687	61%
Number of research employees	101	193	92	91%
Number of events	14	8	(6)	(43)%

The increases in total revenues, revenues from research services and in the number of clients are primarily attributable to the Giga acquisition which closed on February 28, 2003, and as such, Giga's operations have been included in the consolidated financial statements since February 28, 2003. No single client company accounted for more than 3% of revenues during 2003 or 2002.

The increase in advisory services and other revenues is primarily attributable to increases in the number of clients and in the number of research employees delivering advisory services, which more than offset the decrease in event revenue attributable to our holding fewer events during 2003 than during 2002. The increase in the number of clients and research employees in our research organization is primarily attributable to the acquisition of Giga.

The increase in international revenues is primarily attributable to the acquisition of Giga. We invoice our United Kingdom customers in pound sterling, the functional currency of our London subsidiary; our continental European customers in euros, the functional currency of our Amsterdam subsidiary and all other international customers in U.S. dollars.

Assuming the acquisition of Giga occurred on January 1, 2002 whereby pre-acquisition revenues of Giga would be added to Forrester's revenues, total revenues would have been $160.1 million in 2002 compared to $136.6 million in 2003. The decrease of $24.0 million is primarily attributable to a more difficult economic environment in 2002, resulting in lower revenues in 2003 because of the annual nature of our contracts and the related revenue recognition policies.

COST OF SERVICES AND FULFILLMENT

	YEAR ENDED DECEMBER 31, 2002	YEAR ENDED DECEMBER 31, 2003	ABSOLUTE INCREASE	PERCENTAGE INCREASE
Cost of services and fulfillment (in millions)	$34.0	$50.0	$16.0	47%
Cost of services and fulfillment as a percentage of total revenues	35%	40%	5%	--

The increases in cost of services and fulfillment and cost of services and fulfillment as a percentage of total revenues are primarily attributable to greater compensation costs as a result of increased headcount. The increased headcount in our research organization was primarily attributable to the acquisition of Giga, which provided for an additional 91 research personnel at the time of acquisition.

SELLING AND MARKETING

	YEAR ENDED DECEMBER 31, 2002	YEAR ENDED DECEMBER 31, 2003	ABSOLUTE INCREASE	PERCENTAGE INCREASE
Selling and marketing expenses (in millions)	$30.7	$41.0	$10.3	34%
Selling and marketing expenses as a percentage of total revenues	31%	32%	1%	--

The increase in selling and marketing expenses and selling and marketing expenses as a percentage of total revenues is primarily attributable to greater compensation costs as a result of increased headcount. The increased headcount in our sales organization is primarily attributable to the acquisition of Giga, which provided for an additional 82 sales personnel at the time of acquisition.

GENERAL AND ADMINISTRATIVE

	YEAR ENDED DECEMBER 31, 2002	YEAR ENDED DECEMBER 31, 2003	ABSOLUTE INCREASE (DECREASE)	PERCENTAGE INCREASE (DECREASE)
General and administrative expenses (in millions)	$12.7	$14.7	$2.0	16%
General and administrative expenses as a percentage of total revenues	13%	12%	(1)%	--

The increase in general and administrative expenses is primarily due to greater compensation costs and professional fees as a result of the Giga acquisition. The decrease in general and administrative expenses as a percentage of revenues is primarily attributable to an increased revenue base as a result of the acquisition of Giga.

DEPRECIATION AND AMORTIZATION. Depreciation expense decreased 23% to $6.3 million in 2003 from $8.1 million in 2002. The decrease in these expenses was principally due to the write-off of certain depreciable assets in connection with the workforce reorganizations in January 2002 and July 2002 as well as property and equipment becoming fully depreciated in 2003 which is partially offset by additional depreciation expense from fixed assets acquired as part of the acquisition of Giga and other capital expenditures during 2003.

AMORTIZATION OF INTANGIBLE ASSETS. Amortization of intangible assets increased to $8.8 million in 2003 from $328,000 in 2002. This increase in amortization expense is a result of the amortization of intangible assets acquired in connection with the acquisition of Giga.

INTEGRATION COSTS. We incurred integration costs of $1.1 during 2003. These integration costs are related to our acquisition of Giga, and are primarily related to orientation events for Forrester and Giga employees and data migration.

REORGANIZATION COSTS. During 2003, reorganization costs of $2.6 million related to severance and related benefits costs in connection with the termination of approximately 30 positions, as well as revisions to the lease loss estimates related to prior reorganizations. During 2002, reorganization costs of $12.2 million related to facility consolidation costs, severance and related benefits costs in connection with the termination of approximately 147 positions, and losses incurred in the disposal of certain depreciable assets.

OTHER INCOME, NET. Other income, net decreased 38% to $3.4 million in 2003 from $5.5 million in 2002. Other income, net consists primarily of interest income. The decrease in other income, net is primarily due to declines in interest income resulting from lower cash and investment balances available for investment as a result of the cash paid for the acquisition of Giga, coupled with lower returns on invested capital.

GAINS ON SALES OF MARKETABLE SECURITIES. In 2003, gains of $509,000 resulted from the sale of debt securities.

IMPAIRMENTS (GAINS) FROM NON-MARKETABLE INVESTMENTS. Impairments of non-marketable investments resulted in net charges of $2.4 million during 2003 compared to $4.1 million during 2002.

PROVISION FOR INCOME TAXES. During 2003, we recorded an income tax provision of $1.0 million reflecting an effective tax rate of 31%. During 2002, we recorded a tax benefit of $311,000 reflecting an effective tax rate of (111.9%). In 2002, after subtracting our tax-exempt investment income, we had a loss before our income tax provision. The increase in our effective tax rate for fiscal year 2003 resulted primarily from our tax-exempt investment income comprising a smaller percentage of our total pre-tax income in 2003 as compared to 2002.

RESULTS OF QUARTERLY OPERATIONS

The following tables set forth a summary of our unaudited quarterly operating results for each of our eight most recently ended fiscal quarters. We have derived this information from our unaudited interim consolidated financial statements, which, in the opinion of our management, have been prepared on a basis consistent with our financial statements contained elsewhere in this annual report and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation in accordance with generally accepted accounting principles in the United States when read in conjunction with our consolidated financial statements and related notes included elsewhere in this annual report. Historically, our total revenues, operating profit, and net income in the fourth quarter have reflected the significant positive contribution of revenues attributable to advisory services performed and Forum events held in the fourth quarter. As a result, we have historically experienced a decline in total revenues, operating profit, and net income from the quarter ended December 31 to the quarter ended March 31. Our quarterly operating results are not necessarily indicative of future results of operations.

	THREE MONTHS ENDED							
	MAR. 31, 2003	JUN. 30, 2003	SEP. 30, 2003	DEC. 31, 2003	MAR. 31, 2004	JUN. 30, 2004	SEP. 30, 2004	DEC. 31, 2004
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)							
Research services	$18,506	$25,865	$23,798	$24,120	$22,989	$23,046	$23,544	$24,768
Advisory services and other	5,976	8,113	8,410	11,211	8,740	11,875	10,335	13,182
Total revenues	24,482	33,978	32,208	35,331	31,729	34,921	33,879	37,950
Cost of services and fulfillment	9,525	14,330	12,525	13,667	13,139	14,377	13,266	13,905
Selling and marketing	7,752	11,022	10,749	11,494	11,060	11,605	11,036	13,166
General and administrative	3,277	3,781	3,927	3,689	3,411	3,985	4,291	4,677
Depreciation and amortization	1,693	1,839	1,520	1,204	1,031	1,026	744	890
Amortization of intangible assets	924	2,608	2,608	2,638	2,344	1,384	1,384	1,349
Reorganization costs	--	--	1,230	1,364	1,957	6,794	--	(355)
Integration costs	31	740	167	117	--	--	--	--
Income (loss) from operations	1,280	(342)	(518)	1,158	(1,213)	(4,250)	3,158	4,318
Other income, net	1,086	819	787	751	826	662	680	699
Gains on sales of marketable securities	509	--	--	--	--	--	678	394

(Impairments) gains from non-
marketable
investments.......... (300)
(272) -- (1,782) -- 57 313 (89)
------- ------- ------- -------
------- ------- ------- -------
Income (loss) before income tax
provision (benefit)...........
2,575 205 269 127 (387) (3,531)
4,829 5,322 Income tax
provision (benefit).... 798 64
83 40 (130) (1,183) 1,618 1,796
------- ------- ------- -------
------- ------- ------- -------
Net income
(loss)............... $ 1,777 $
141 $ 186 $ 87 $ (257) $(2,348)
$ 3,211 $ 3,526 ======= =======
======= ======= ======= =======
======= ======= Basic net
income (loss) per common
share..........................
$ 0.08 $ 0.01 $ 0.01 $ 0.00 $
(0.01) $ (0.11) $ 0.15 $ 0.16
======= ======= ======= =======
======= ======= ======= =======
Diluted net income (loss) per
common
share.................... $
0.08 $ 0.01 $ 0.01 $ 0.00 $
(0.01) $ (0.11) $ 0.14 $ 0.16
======= ======= ======= =======
======= ======= ======= =======

AS A PERCENTAGE OF REVENUES

	MAR. 31, 2003	JUN. 30, 2003	SEP. 30, 2003	DEC. 31, 2003	MAR. 31, 2004	JUN. 30, 2004	SEP. 30, 2004	DEC. 31, 2004
Research services	76%	76%	74%	68%	72%	66%	69%	65%
Advisory services and other	24	24	26	32	28	34	31	35
Total revenues	100	100	100	100	100	100	100	100
Cost of services and fulfillment	39	42	39	39	41	41	39	37
Selling and marketing	32	32	33	33	35	33	33	35
General and administrative	13	11	12	10	11	11	13	12
Depreciation and amortization	7	5	5	3	3	3	2	2
Amortization of intangible assets	4	8	8	7	8	4	4	4
Reorganization costs	--	--	4	4	6	19	--	(1)
Integration costs	--	2	1	--	--	--	--	--
Income (loss) from operations	5	(1)	(2)	3	(4)	(11)	9	11
Other income, net	4	3	2	2	3	1	2	2
Gains on sales of marketable investments	2	--	--	--	--	--	2	1
(Impairments) gains from non-marketable investments	--	(1)	--	(5)	--	--	1	--
Income (loss) before income tax provision (benefit)	11	1	1	0	(1)	(10)	14	14
Income tax provision (benefit)	3	--	--	0	--	(3)	5	5
Net income (loss)	7%	0%	1%	0%	(1)%	(7)%	9%	9%

LIQUIDITY AND CAPITAL RESOURCES

We have financed our operations primarily through funds generated from operations. Memberships for research services, which constituted approximately 68% of our revenues during 2004, are annually renewable and are generally payable in advance. We generated cash from operating activities of $18.0 million during 2004 and $4.1 million during 2003. The increase in cash from operations is due to the acquisition of Giga during the first quarter of 2003, which amplified the effect of the seasonality of our business where the majority of our cash flows from operations are generated in the first quarter of each calendar year. We acquired Giga on February 28, 2003 and, as such, realized substantially less cash flow from operations in the first quarter of 2003 as compared to the first quarter of 2004.

During 2004, we generated $9.0 million of cash from investing activities, consisting primarily of $176.5 million received from net sales of marketable securities, offset by $161.3 million for net purchases of non-marketable investments and $3.7 million for purchases of property and equipment. We regularly invest excess funds in short- and intermediate-term interest-bearing obligations of investment grade.

In the first quarter of 2003, we acquired Giga pursuant to a cash tender offer and second step merger. The aggregate purchase price was $62,510,000 in cash.

As part of the acquisition of Giga, we acquired an equity investment in GigaGroup. GigaGroup was created in 2000 through the spin-off of Giga's French subsidiary, and held an exclusive agreement to distribute all Giga research and certain services in France, Belgium, Netherlands, Luxemburg, Switzerland, Italy, Spain, and Portugal. In November 2003, we acquired the assets of GigaGroup for a total purchase price of $4.1 million, consisting of $2.9 million in cash, $118,000 of direct acquisition costs, $521,000 of outstanding accounts receivable due to us, and the contribution of the equity investment in GigaGroup valued at $619,000.

In June 2000, we committed to invest $20.0 million in two technology-related private equity investment funds with capital contributions required to be funded over a period of up to five years. As of December 31, 2004, we had contributed approximately $17.9 million to the funds. The timing and amount of future contributions are entirely within the discretion of the investment funds. In July, 2000, we adopted a cash bonus plan to pay bonuses, after the return of invested capital, measured by the proceeds of a portion of the share of net profits from these investments, if any, to certain key employees who must remain employed with us at the time any bonuses become payable under the plan, subject to the terms and conditions of the plan. The principal purpose of this cash bonus plan was to retain key employees by allowing them to participate in a portion of the potential return from Forrester's technology-related investments if they remained employed by the Company. The plan was established at a time when technology and internet companies were growing significantly, and providing incentives to retain key employees during that time was important. To date, we have not paid any bonuses under this plan.

In December 2003, we committed to invest an additional $2.0 million over an expected period of 2 years in an annex fund of one of the two private equity investment funds. As of December 31, 2004, we had contributed approximately $1.6 million to the annex fund. The timing of this additional investment is within the discretion of the fund.

During 2004, we used $12.4 million of cash in financing activities, consisting of $17.8 million for repurchases of our common stock, offset by $54,000 in proceeds from the return in a structured stock repurchase program and $5.3 million in proceeds from the exercise of employee stock options and issuance of common stock under our employee stock purchase plan.

As of December 31, 2004, in connection with our stock repurchase program we had repurchased 3.1 million shares of common stock at an aggregate cost of approximately $50.1 million. In February 2005, our Board of Directors authorized an additional $50.0 million to purchase common stock under the stock repurchase program.

During the three months ended March 31, 2004, we entered into a structured stock repurchase agreement giving us the right to acquire shares of our common stock in exchange for an up-front net payment of $1.5 million. The $1.5 million up-front net payment was recorded in stockholders' equity as a reduction of additional paid-in capital. Upon expiration of this agreement in May 2004, we received approximately $1.6 million in cash which was recorded as an increase to additional paid-in capital in the accompanying consolidated balance sheet.

During the three month period ended December 31, 2003, we entered into a similar agreement in exchange for an up-front net payment of $2.0 million. Upon expiration of this agreement in February 2004, we received 119,000 shares which was recorded as treasury stock. During each of the three month periods ended March 31, 2003, June 30, 2003 and September 30, 2003, we entered into similar agreements in exchange for up-front net payments of $2.0 million. Upon expiration of each of these agreements, we received approximately $2.1 million of cash. During each of the three month periods ended September 30, 2002 and December 31, 2002, we entered into similar agreements in exchange for up-front net payments of $2.0 million. Upon expiration of each of these agreements, in 2002 and 2003, respectively, Forrester received 143,524 and 144,291 shares, respectively, which were recorded as treasury stock.

As of December 31, 2004, we had cash and cash equivalents of $37.3 million and marketable securities of $90.1 million. We do not have a line of credit and do not anticipate the need for one in the foreseeable future. We plan to continue to introduce new products and services and expect to make the requisite investments in our infrastructure during the next 12 months. We believe that our current cash balance, marketable securities, and cash flows from operations will satisfy working capital, financing activities, and capital expenditure requirements for at least the next two years.

As of December 31, 2004, we had future contractual obligations as follows for operating leases:

CONTRACTUAL OBLIGATIONS	FUTURE PAYMENTS BY YEAR (IN THOUSANDS) TOTAL	2005	2006	2007	2008	2009	THEREAFTER
Operating leases................	$47,165	$9,100	$7,205	$7,649	$6,315	$7,246	$9,650

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

* The above table does not include future minimum rentals to be received under subleases of $2.2 million. The above table also does not include the remaining $2.5 million of capital commitments to the private equity funds described above due to the uncertainty as to the timing of capital calls made by such funds.

Accrued costs related to the reorganizations previously discussed are expected to be paid in the following years:

	2005	2006	2007	2008	2009	THEREAFTER
Workforce reduction........................	$ 442	$ --	$ --	$ --	$ --	$ --
Facility consolidation and other related costs.....................................	1,760	1,315	1,226	184	198	212
Total.......................................	$2,202	$1,315	$1,226	$184	$198	$212

We do not maintain any off-balance sheet financing arrangements.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board (FASB) revised Statement of Financial Accounting Standard (SFAS) No. 123 (SFAS No. 123-R) which requires the measurement of the cost of employee services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. The measured cost is to be recognized over the period during which an employee is required to provide service in exchange for the award, usually the vesting period. The provisions of this statement are effective for all employee equity awards granted on or after July 1, 2005 and to any unvested awards outstanding as of July 1, 2005. Retrospective application is permitted. The adoption of this statement is expected to have a material adverse impact on our results of operations. We are currently assessing the transition method we will use upon adoption.

In December 2004, the FASB issued SFAS No. 153, Exchanges of Nonmonetary Assets, which eliminates the exception of fair value measurement for nonmonetary exchanges of similar productive assets in existing accounting literature and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Adoption of this statement is not expected to have a material impact on our financial position and results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion about our market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates and foreign currency exchange rates. We do not use derivative financial instruments.

INTEREST RATE SENSITIVITY. We maintain an investment portfolio consisting mainly of federal and state government obligations and corporate obligations, with a weighted-average maturity of less than one year. These available-for-sale securities are subject to interest rate risk and will fall in value if market interest rates increase. We have the ability to hold our fixed income investments until maturity (except for any future acquisitions or mergers). Therefore, we would not expect our operating results or cash flows to be affected to any significant degree by a sudden change in market interest rates on our securities portfolio. The following table provides information about our investment portfolio. For investment securities, the table presents principal cash flows and related weighted-average interest rates by expected maturity dates.

Principal amounts by expected maturity in US dollars (dollars in thousands):

	FAIR VALUE AT DECEMBER 31, 2004	YEAR ENDING DECEMBER 31, 2005	YEAR ENDING DECEMBER 31, 2006	YEAR ENDING DECEMBER 31, 2007
Cash equivalents..................	$ 9,933	$ 9,933	$ --	$ --
Weighted average interest rate.....	1.90%	1.90%	--%	--%
Investments.......................	$88,110	$25,112	$35,458	$27,540
Weighted average interest rate.....	3.18%	2.88%	3.22%	3.41%
Total portfolio...................	$98,043	$35,045	$35,458	$27,540
Weighted average interest rate.....	3.05%	2.60%	3.22%	3.41%

FOREIGN CURRENCY EXCHANGE. We invoice our United Kingdom customers in pound sterling, the functional currency of our London subsidiary; our continental European customers in euros, the functional currency of our Amsterdam subsidiary and all other international customers in U.S. dollars. On a global level, we face exposure to movements in foreign currency exchange rates. This exposure may change over time as business practices evolve and could have a material adverse impact on our results of operations. To date, the effect of changes in currency exchange rates has not had a significant impact on our financial position or our results of operations. Accordingly, we have not entered into any hedging agreements. However, we are prepared to hedge against fluctuations that the euro, or other foreign currencies, will have on foreign exchange exposure if this exposure becomes material. As of December 31, 2004, the total assets related to non-US dollar denominated currencies were approximately $22.9 million.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements listed in the following Index to Financial Statements are filed as a part of this 2004 Annual Report on Form 10-K under Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

FORRESTER RESEARCH, INC.

INDEX TO FINANCIAL STATEMENTS

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On April 7, 2004, our Audit Committee of the Board of Directors dismissed Deloitte & Touche LLP ("Deloitte") as Forrester's independent auditor and approved the selection of BDO Seidman, LLP to serve as Forrester's independent auditor for the fiscal year ended December 31, 2004.

Deloitte's reports on our consolidated financial statements for each of the years ended December 31, 2003 and December 31, 2002 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles. Deloitte's reports contained explanatory paragraphs relating to the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" and the application of procedures relating to certain disclosures of financial statement amounts related to the 2001 financial statements that were audited by other auditors who have ceased operations. During the years ended December 31, 2003 and December 31, 2002 and through the date hereof, there were no disagreements with Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to Deloitte's satisfaction, would have caused it to make reference to the subject matter in connection with its report on our consolidated financial statements for such years. There were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

We provided Deloitte with a copy of the foregoing disclosures. A letter from Deloitte addressed to the Securities and Exchange Commission is included as Exhibit 16 to this 2004 Annual Report on Form 10-K and states that Deloitte agrees with such disclosure.

During the years ended December 31, 2003 and December 31, 2002 and through April 7, 2004 (the date BDO Seidman, LLP was appointed), we did not consult BDO Seidman, LLP with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, or any other matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

ITEM 9A. CONTROLS AND PROCEDURES

CONTROLS AND PROCEDURES

We have performed an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Exchange Act). Based on that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures were effective as of December 31, 2004 to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. As a result of this evaluation, there were no significant changes in our internal control over financial reporting during the three months ended December 31, 2004 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control system is designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

We have performed an evaluation under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our internal control over financial reporting. Our management used the framework in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) to perform this evaluation. Based on that evaluation, our management, including our CEO and CFO, concluded that our internal control over financial reporting was effective as of December 31, 2004.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2004 has been audited by BDO Seidman, LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Forrester Research, Inc.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that Forrester Research, Inc. and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Forrester Research, Inc. and subsidiaries as of December 31, 2004 and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year then ended, and our report dated March 14, 2005 expressed an unqualified opinion.

/s/ BDO SEIDMAN, LLP

Boston, Massachusetts
March 14, 2005

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information regarding Executive Officers of the registrant is included in Item 1 in Part I of this 2004 Annual Report on Form 10-K under the section captioned "Executive Officers". The information set forth under the sections captioned "Election of Directors" and "Compliance with Section 16(a) of the Securities Exchange Act of 1934" in our Proxy Statement for our Annual Meeting of Stockholders for the year ended December 31, 2004 (the "2004 Proxy Statement"), is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the caption "Executive Compensation" of the 2004 Proxy Statement, except for the Report of the Compensation Committee is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information relating to security ownership of certain beneficial owners of our common stock and security ownership of our management may be found under the section captioned "Security Ownership of Certain Beneficial Owners and Management" in the 2004 Proxy Statement, and is incorporated herein by reference. The information relating to the compensation plans under which our equity securities are authorized for issuance may be found under the section captioned "Equity Compensation Plan Information" in the 2004 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item may be found under the section captioned "Certain Relationships and Related Transactions" in the 2004 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item may be found under the section captioned "Independent Auditors Fees and Matters" in the 2004 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements. The financial statements filed as part of this report are listed at Page F-1 and indexed on Page 30.

2. Financial Statements Schedules. None.

3. Exhibits. A complete listing of exhibits required is given in the Exhibit Index that precedes the exhibits filed with this report on page E-1 hereof.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FORRESTER RESEARCH, INC.

BY: /s/ GEORGE F. COLONY

George F. Colony
Chairman of the Board and Chief
Executive Officer

Date: March 14, 2005

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

SIGNATURE
CAPACITY
IN WHICH
SIGNED
DATE -----
---- -----

---- /s/
GEORGE F.
COLONY
Chairman
of the
Board and
Chief
March 14,
2005 - ---

Executive
Officer
(principal
George F.
Colony
executive
officer)
/s/ WARREN
HADLEY
Chief
Financial
Officer
(principal
March 14,
2005 - ---

-----
financial
and
accounting
officer)
Warren
Hadley /s/
HENK W.
BROEDERS
Member of
the Board
of
Directors
March 14,
2005 - ---

----- Henk
W.
Broeders
/s/ ROBERT
M. GALFORD
Member of
the Board
of
Directors
March 14,
2005 - ---

Robert M.
Galford
/s/ GEORGE
R. HORNIG
Member of
the Board
of
Directors
March 14,
2005 - ---

George R.
Hornig /s/
MICHAEL H.
WELLES
Member of
the Board
of
Directors
March 14,
2005 - ---

Michael H.
Welles

FINANCIAL STATEMENTS -- REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Forrester Research, Inc.:

We have audited the accompanying consolidated balance sheet of Forrester Research, Inc. and subsidiaries (the "Company") as of December 31, 2004, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended. 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 audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Forrester Research, Inc. and subsidiaries as of December 31, 2004 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 14, 2005 expressed an unqualified opinion.

/s/ BDO SEIDMAN, LLP

Boston, Massachusetts
March 14, 2005

REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Forrester Research, Inc.:

We have audited the accompanying consolidated balance sheet of Forrester Research, Inc. and subsidiaries (the "Company") as of December 31, 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the 2003 and 2002 financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company was not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 2003 and 2002 consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2003, and the results of its operations and its cash flows for the years ended December 31, 2003 and 2002, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 11, 2004
(March 14, 2005 with respect to Note 13)

FORRESTER RESEARCH, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

DECEMBER 31,	2003	2004
CURRENT ASSETS:		
Cash and cash equivalents	$ 22,385	$ 37,328
Marketable securities (Note 5)	104,348	90,112
Accounts receivable, net of allowance for doubtful accounts of $1,409 and $1,017 in 2003 and 2004, respectively (Note 14)	40,013	39,210
Deferred commissions	5,999	6,834
Prepaid expenses and other current assets	7,079	5,509
Total current assets	179,824	178,993
LONG-TERM ASSETS:		
Property and equipment, net (Note 14)	8,266	6,410
Goodwill, net (Note 3)	57,006	52,875
Deferred income taxes (Note 7)	40,159	42,860
Intangible assets, net (Note 3)	13,456	6,992
Non-marketable investments (Note 6)	10,284	13,430
Other assets	1,980	1,312
Total long-term assets	131,151	123,879
Total assets	$310,975	$302,872
CURRENT LIABILITIES:		
Accounts payable	$ 2,566	$ 3,741
Accrued expenses (Note 14)	31,457	26,928
Deferred revenue	68,630	72,357
Total current liabilities	102,653	103,026
COMMITMENTS (NOTES 8 AND 11)		
STOCKHOLDERS' EQUITY (NOTE 9):		
Preferred stock, $.01 par value Authorized -- 500 shares Issued and outstanding -- none	--	--
Common stock, $.01 par value Authorized -- 125,000 shares Issued -- 24,355 and 24,729 shares in 2003 and 2004, respectively Outstanding -- 22,461 and 21,684 shares in 2003 and 2004, respectively	243	247
Additional paid-in capital	172,523	180,310
Retained earnings	66,945	71,077
Treasury stock -- 1,894 and 3,045 shares in 2003 and 2004, respectively, at cost	(30,300)	(50,056)
Accumulated other comprehensive loss	(1,089)	(1,732)
Total stockholders' equity	208,322	199,846
Total liabilities and stockholders' equity	$310,975	$302,872

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEARS ENDED DECEMBER 31,		
	2002	2003	2004
REVENUES:			
Research services	$70,955	$ 92,289	$ 94,347
Advisory services and other	25,981	33,710	44,132
Total revenues	96,936	125,999	138,479
OPERATING EXPENSES:			
Cost of services and fulfillment	34,026	50,047	54,687
Selling and marketing	30,745	41,017	46,867
General and administrative	12,732	14,674	16,364
Depreciation and amortization	8,078	6,256	3,691
Amortization of intangible assets (Note 3)	328	8,778	6,461
Reorganization costs (Note 4)	12,170	2,594	8,396
Integration costs	--	1,055	--
Total operating expenses	98,079	124,421	136,466
(Loss) income from operations	(1,143)	1,578	2,013
Other income, net	5,539	3,443	2,867
Gains on sales of marketable securities (Note 5)	--	509	1,072
(Impairments) gains from non-marketable investments (Note 6)	(4,118)	(2,354)	281
Income before income tax provision	278	3,176	6,233
Income tax (benefit) provision (Note 7)	(311)	985	2,101
Net income	$ 589	$ 2,191	$ 4,132
Basic net income per common share	$ 0.03	$ 0.10	$ 0.19
Diluted net income per common share	$ 0.02	$ 0.10	$ 0.18
Basic weighted average common shares outstanding	23,189	22,555	22,024
Diluted weighted average common shares outstanding	23,653	22,837	22,442

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS)

ACCUMULATED COMMON STOCK
TREASURY STOCK OTHER ----------
---------- ADDITIONAL ---------
----------- COMPREHENSIVE
NUMBER OF $.01 PAR PAID-IN
RETAINED NUMBER OF INCOME
SHARES VALUE CAPITAL EARNINGS
SHARES COST (LOSS) --------- --
------ --------- -------- ----
----- -------- ------------
Balance, December 31,
2001......... 23,053 $230
$156,043 $64,165 -- -- $ (40)
Issuance of common stock under
stock option plans, including
tax
benefit....................
924 9 12,880 -- -- -- --
Issuance of common stock under
employee stock purchase plan,
including tax
benefit........... 68 1 1,012 -
- -- -- -- Purchase of common
stock.......... -- -- -- --
1,204 (20,085) -- Structured
stock repurchases,
net............................
-- -- (2,000) -- -- -- -- Net
income.......................
-- -- -- 589 -- -- --
Unrealized gain on marketable
securities, net of tax
provision......................
-- -- -- -- -- -- 1,360
Cumulative translation
adjustment.....................
-- -- -- -- -- -- (296) ------
---- -------- ------- ----- ---
----- ------- Total
comprehensive income....
Balance, December 31,
2002......... 24,045 240
167,935 64,754 1,204 (20,085)
1,024 Issuance of common stock
under stock option plans,
including tax
benefit....................
242 3 3,338 -- -- -- --
Issuance of common stock under
employee stock purchase plan,
including tax
benefit........... 68 -- 958 --
-- -- -- Purchase of common
stock.......... -- -- -- -- 690
(10,215) -- Structured stock
repurchases,
net............................
-- -- 292 -- -- -- -- Net
income.......................
-- -- -- 2,191 -- -- --
Unrealized loss on marketable
securities, net of tax
provision......................
-- -- -- -- -- -- (693)
Cumulative translation
adjustment.....................
-- -- -- -- -- -- (1,420) -----
- ---- -------- ------- ----- -
------- ------- Total
comprehensive income....
Balance, December 31,
2003......... 24,355 $243
$172,523 $66,945 1,894
$(30,300) $(1,089) Issuance of

common stock under stock option plans, including tax benefit.................... 291 4 4,437 -- -- -- -- Issuance of common stock under employee stock purchase plan, including tax benefit........... 83 -- 1,296 -- -- -- -- Purchase of common stock.......... -- -- -- -- 1,032 (17,756) -- Structured stock repurchases, net............................ -- -- 2,054 -- 119 (2,000) -- Net income........................ -- -- -- 4,132 -- -- -- Unrealized gain on marketable securities, net of tax provision....................... -- -- -- -- -- -- 235 Cumulative translation adjustment..................... -- -- -- -- -- -- (878) ------ ---- -------- ------- ----- --- ----- ------- Total comprehensive income.... Balance, December 31, 2004......... 24,729 $247 $180,310 $71,077 3,045 $(50,056) $(1,732) ====== ==== ======== ======= ===== ======== =======

TOTAL STOCKHOLDERS' COMPREHENSIVE EQUITY INCOME --- ---------- ------------- Balance, December 31, 2001......... $220,398 Issuance of common stock under stock option plans, including tax benefit.................... 12,889 Issuance of common stock under employee stock purchase plan, including tax benefit........... 1,013 Purchase of common stock.......... (20,085) Structured stock repurchases, net............................ (2,000) Net income........................ 589 $ 589 Unrealized gain on marketable securities, net of tax provision....................... 1,360 1,360 Cumulative translation adjustment..................... (296) (296) -------- ------- Total comprehensive income.... $ 1,653 ======= Balance, December 31, 2002......... 213,868 Issuance of common stock under stock option plans, including tax benefit.................... 3,341 Issuance of common stock under employee stock purchase plan, including tax benefit........... 958 Purchase of common stock.......... (10,215) Structured stock repurchases, net............................ 292 Net income........................ 2,191 $ 2,191 Unrealized loss on marketable securities, net of tax provision....................... (693) (693) Cumulative

translation
adjustment......................
(1,420) (1,420) -------- ------
- Total comprehensive
income.... $ 78 =======
Balance, December 31,
2003......... $208,322 Issuance
of common stock under stock
option plans, including tax
benefit.....................
4,441 Issuance of common stock
under employee stock purchase
plan, including tax
benefit........... 1,296
Purchase of common
stock.......... (17,756)
Structured stock repurchases,
net.............................
54 Net
income........................
4,132 $ 4,132 Unrealized gain
on marketable securities, net
of tax
provision.......................
235 235 Cumulative translation
adjustment......................
(878) (878) -------- -------
Total comprehensive income....
$ 3,489 ======= Balance,
December 31, 2004.........
$199,846 ========

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

YEARS ENDED DECEMBER 31,	2002	2003	2004
Cash flows from operating activities:			
Net income	$ 589	$ 2,191	$ 4,132
Adjustments to reconcile net income to net cash provided by operating activities --			
Depreciation and amortization	8,078	6,256	3,691
Amortization of intangible assets	328	8,778	6,461
Impairments (gains) from non-marketable investments (Note 6)	4,118	2,354	(281)
Realized gains on sales of marketable securities	--	(509)	(1,072)
Tax benefit from exercises of employee stock options	2,618	527	411
Deferred income taxes	(2,243)	(128)	(158)
Loss on disposals of property and equipment	92	--	--
Non-cash reorganization costs (Note 4)	3,629	--	1,558
Increase in provision for doubtful accounts	246	--	309
Amortization of premium on marketable securities	1,053	832	924
Changes in assets and liabilities, net of acquisitions --			
Accounts receivable	6,608	(11,044)	1,283
Deferred commissions	920	(2,426)	(835)
Prepaid expenses and other current assets	(70)	559	1,763
Accounts payable	(1,194)	(530)	1,152
Accrued expenses	(1,476)	(1,741)	(3,564)
Deferred revenue	(17,735)	(1,004)	2,232
Net cash provided by operating activities	5,561	4,115	18,006
Cash flows from investing activities:			
Net cash paid in acquisitions (Note 2)	--	(59,964)	--
Purchases of property and equipment	(1,031)	(1,441)	(3,664)
Purchases of non-marketable investments (Note 6)	(4,775)	(3,250)	(3,613)
Decrease (increase) in other assets	61	(1,315)	1,081
Purchases of marketable securities	(261,530)	(184,151)	(161,344)
Proceeds from sales and maturities of marketable securities	266,324	263,093	176,509
Net cash (used in) provided by investing activities	(951)	12,972	8,969
Cash flows from financing activities:			
Proceeds from issuance of common stock under stock option plans and employee stock purchase plan	11,284	3,772	5,279
Repurchase of common stock	(20,085)	(8,215)	(17,756)
Structured stock repurchases, net	(2,000)	(1,708)	54
Net cash used in financing activities	(10,801)	(6,151)	(12,423)
Effect of exchange rate changes on cash and cash equivalents	(77)	(30)	391
Net (decrease) increase in cash and cash equivalents	(6,268)	10,906	14,943
Cash and cash equivalents, beginning of year	17,747	11,479	22,385
Cash and cash equivalents, end of year	$ 11,479	$ 22,385	$ 37,328
Supplemental disclosure of cash flow information: Cash paid for income taxes	$ 2,904	$ 968	$ 1,265

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2004

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

Forrester Research, Inc. ("Forrester" or the "Company") is an independent technology research company that conducts research and provides pragmatic and forward-thinking advice about technology's impact on business. Forrester's products and services are targeted to senior management, business strategists, and marketing and technology professionals at $1 billion-plus companies who collaborate with Forrester to align their technology investments with their business goals.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Forrester and its wholly owned subsidiaries. All intercompany balances have been eliminated in consolidation.

MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Forrester considers the more significant of these estimates to be revenue recognition, allowance for doubtful accounts, non-marketable investments, goodwill and intangible assets and income taxes. On an ongoing basis, management evaluates its estimates. Actual results could differ from these estimates.

FINANCIAL INSTRUMENTS

Forrester's financial instruments consist of cash equivalents, marketable securities, accounts receivable and accounts payable. The estimated fair value of these financial instruments approximates their carrying value. The fair market value of marketable securities is based on market quotes. Forrester's cash equivalents and marketable securities are generally investment-grade corporate bonds and obligations of the federal government or municipal issuers.

CASH, CASH EQUIVALENTS, AND MARKETABLE INVESTMENTS

Forrester considers all short-term, highly liquid investments with original maturities at the time of purchase of 90 days or less to be cash equivalents. Forrester accounts for investments in marketable securities as available-for-sale securities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, Accounting for Certain Investments in Debt and Equity Securities. Under SFAS No. 115, 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. Forrester continually evaluates whether any marketable investments have been impaired and, if so, whether such impairment is temporary or other than temporary.

CONCENTRATIONS OF CREDIT RISK

Forrester has no significant off-balance sheet risk such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. Financial instruments that potentially subject Forrester to concentrations of credit risk are principally cash equivalents, marketable securities, and accounts receivable. Forrester places its investments in highly rated securities. No single customer accounted for greater than 10% of revenues or accounts receivable in any of the periods presented.

DEFERRED COMMISSIONS

Commissions incurred in acquiring new or renewing existing contracts are deferred and expensed to operations as the related revenue is recognized. Forrester evaluates the recoverability of deferred commissions at each balance sheet date.

INTANGIBLE ASSETS AND IMPAIRMENT OF LONG-LIVED ASSETS SUBJECT TO AMORTIZATION

Forrester continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of long-lived assets and certain identifiable intangible assets may warrant revision or that the carrying value of these assets may be impaired. To compute whether assets have been impaired, the estimated undiscounted future cash flows for the estimated remaining useful life of the assets are compared to the carrying value. To the extent that the future cash flows are less than the carrying value, the assets are written down to the estimated fair value of the asset.

FOREIGN CURRENCY

The functional currencies of Forrester's wholly owned subsidiaries are their respective local currencies. The financial statements of the subsidiaries are translated to United States dollars using period-end exchange rates for assets and liabilities and average exchange rates during the corresponding period for revenues and expenses. Translation gains and losses as a result of this translation are accumulated as a component of accumulated other comprehensive loss. Net gains and losses resulting from foreign exchange transactions are included in other income in the consolidated statements of income and were not significant during the periods presented.

ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of accumulated other comprehensive loss as of December 31, 2003 and 2004 are as follows (in thousands):

	2003	2004
Unrealized gain on marketable securities, net of taxes......	$ 964	$ 1,199
Cumulative translation adjustment...........................	(2,053)	(2,931)
Total accumulated other comprehensive loss..................	$(1,089)	$(1,732)

REVENUE RECOGNITION

Forrester generates revenues from licensing research, performing advisory services and hosting events. Forrester executes contracts that govern the terms and conditions of each arrangement. Revenues from contracts that contain multiple deliverables are allocated among the separate units based on their relative fair values; however, the amount recognized is limited to the amount that is not contingent on future performance conditions. Research service revenues are recognized ratably over the term of the agreement. Advisory services are recognized during the period in which the services are performed. Events revenues are recognized upon completion of the events. While historical business practice has been to offer contracts with a non-cancelable term, Forrester does from time to time, in response to competitive conditions, offer clients the right to cancel their contracts prior to the end of the contract term. For these cancelable contracts that can be terminated during the contract term, any refund would be issued on a pro-rata basis only. Reimbursed out of pocket expenses are recorded as advisory revenue.

STOCK-BASED COMPENSATION

SFAS No. 123, Accounting for Stock-Based Compensation, and SFAS No. 148, Accounting for Stock-Based Compensation -- Transition and Disclosure, require 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. Forrester has determined for 2004 to continue to account for stock-based compensation for employees under Accounting Principles Board ("APB") Opinion No. 25 and elect the disclosure-only alternative under SFAS No. 123. There is no compensation expense related to option grants reflected in the accompanying consolidated financial statements.

If compensation cost for Forrester's stock option plans had been determined consistent with SFAS No. 123, net income for the years ended December 31, 2002, 2003 and 2004 would have been approximately as follows (in thousands, except per share data):

	YEARS ENDED DECEMBER 31,		
	2002	2003	2004
Net income as reported	$ 589	$ 2,191	$ 4,132
Less: Total stock-based employee compensation expense determined under fair value based method for all awards	(8,546)	(6,874)	(7,163)
Pro-forma net income (loss)	$(7,957)	$(4,683)	$(3,031)
Basic net income per share -- as reported	$ 0.03	$ 0.10	$ 0.19
Diluted net income per share -- as reported	$ 0.02	$ 0.10	$ 0.18
Basic and diluted net loss per share -- pro-forma	$ (0.34)	$ (0.21)	$ (0.14)

The assumptions underlying this computation are included in Note 10 to the consolidated financial statements.

DEPRECIATION AND AMORTIZATION

Forrester provides for depreciation and amortization of property and equipment, computed using the straight-line method, over estimated useful lives of assets as follows:

	ESTIMATED USEFUL LIFE
Computers and equipment	2 to 5 Years
Computer software	3 Years
Furniture and fixtures	7 Years
Leasehold improvements	Shorter of Life of the Asset or Life of Lease

Forrester provides for amortization of intangible assets, computed using an accelerated method according to the expected cash flows to be received from the underlying assets over the respective lives as follows:

	ESTIMATED USEFUL LIFE
Customer relationships	5 Years
Research content	1 Year
Registered trademarks	1 Year

INCOME TAXES

Forrester's provision (benefit) for income taxes is composed of a current and a deferred provision. The current income tax provision is calculated as the estimated taxes payable or refundable on tax returns for the current year. The deferred income tax provision is calculated for the estimated future tax effects attributable to temporary differences and carryforwards using expected enacted tax rates in effect in the years during which the differences are expected to reverse. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

NET INCOME PER COMMON SHARE

Basic net income per common share is computed by dividing net income by the basic weighted average number of common shares outstanding during the period. Diluted net income per common share is computed by dividing net income by the diluted weighted average number of common and common equivalent shares outstanding during the period. The weighted average number of common equivalent shares outstanding has been determined in accordance with the treasury-stock method. Common stock equivalents consist of common stock issuable upon the exercise of outstanding stock options.

Basic and diluted weighted average common shares are as follows (in thousands):

	2002	2003	2004
Basic weighted average common shares outstanding...........	23,189	22,555	22,024
Weighted average common equivalent shares..................	464	282	418
Diluted weighted average common shares outstanding.........	23,653	22,837	22,442

As of December 31, 2002, 2003 and 2004, options to purchase approximately 3,428,000, 1,980,000, and 3,391,000 shares of common stock, respectively, were outstanding but not included in the diluted weighted average common share calculation as the effect would have been anti-dilutive.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board (FASB) revised SFAS No. 123 (SFAS No. 123-R) which requires the measurement of the cost of employee services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. The measured cost is to be recognized over the period during which an employee is required to provide service in exchange for the award, usually the vesting period. The provisions of this statement are effective for all employee equity awards granted on or after July 1, 2005 and to any unvested awards outstanding as of July 1, 2005. Retrospective application is permitted. The adoption of this statement is expected to have a material adverse impact on Forrester's results of operations. Forrester is currently assessing the transition method to be used upon adoption.

In December 2004, the FASB issued SFAS No. 153, Exchanges of Non-monetary Assets, which eliminates the exception of fair value measurement for nonmonetary exchanges of similar productive assets in existing accounting literature and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Adoption of this statement is not expected to have a material impact on Forrester's financial position or results of operations.

(2) ACQUISITIONS

GIGA INFORMATION GROUP, INC.

On February 28, 2003, Forrester acquired Giga Information Group, Inc. ("Giga"), a global technology advisory firm, pursuant to a cash tender offer and second step merger. The acquisition increased the number of client companies. The aggregate purchase price was $62,510,000 in cash which consisted of $60,347,000 for the acquisition of all outstanding shares of Giga common stock; $981,000 of direct acquisition costs; and $1,182,000 for severance related to 27 employees of Giga terminated as a result of the acquisition. The results of Giga's operations have been included in Forrester's consolidated financial statements since February 28, 2003. Forrester elected to treat the acquisition of Giga as a stock purchase for income tax purposes and, accordingly, the goodwill and intangible assets are not deductible for income tax purposes.

Integration costs related to the acquisition of Giga are primarily related to orientation events to familiarize Forrester and Giga employees and data migration. These are reflected as a separate component of income from operations.

The following table summarizes the estimated fair values of the Giga assets acquired and liabilities assumed.

	FEBRUARY 28, 2003 (IN THOUSANDS)
Assets:	
Cash	$ 5,302
Accounts receivable	10,458
Prepaid expenses and other current assets	1,396
Property and equipment, net	2,108
Goodwill	39,883
Intangible assets	19,484
Deferred income taxes	18,666
Non-marketable investments and other assets	1,366
Total assets	$98,663
Liabilities:	
Accounts payable	$ 1,485
Accrued expenses	9,655
Capital lease obligations	204
Deferred revenue	24,809
Total liabilities	$36,153
Net assets acquired	$62,510

The acquired intangible assets are being amortized using an accelerated method according to the expected cash flows to be received from the underlying assets over their respective lives as follows:

	ASSIGNED VALUE (IN THOUSANDS)	USEFUL LIFE
Amortized intangible assets:		
Customer relationships	$17,070	5 years
Research content	1,844	1 year
Registered trademarks	570	1 year
Subtotal	$19,484	

The weighted-average useful life of the total acquired intangible assets is 5 years. Amortization expense related to the identifiable intangible assets acquired from Giga was approximately $8,421,000 and $5,412,000 during the years ended December 31, 2003 and 2004, respectively.

As of December 31, 2004, $27,613,000 of the goodwill from the acquisition was allocated to the North American reporting unit and $8,361,000 was allocated to the European reporting unit. As of December 31, 2003, $31,522,000 of the goodwill from the acquisition was allocated the North American reporting unit and $8,361,000 was allocated to the European reporting unit. In 2004, Forrester recognized $3,818,000 of deferred tax assets related to the acquisition which reduced the original goodwill which was allocated to the North American reporting unit.

The following table presents pro forma financial information as if the acquisition of Giga had been completed as of January 1, 2002.

	2002	2003
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
Revenues	$160,096	$136,573
(Loss) income from operations	$ (8,036)	$ 1,135
Net (loss) income	$ (4,822)	$ 705
Basic net (loss) income per common share	$ (0.21)	$ 0.03
Diluted net (loss) income per common share	$ (0.21)	$ 0.03

GIGAGROUP S.A.

As part of the acquisition discussed above, Forrester acquired an equity investment in GigaGroup S.A. ("GigaGroup"). GigaGroup was created in 2000 through the spin-off of Giga's French subsidiary, and held an exclusive agreement to distribute all Giga research and certain services in France, Belgium, Netherlands, Luxemburg, Switzerland, Italy, Spain, and Portugal. During 2003, prior to the acquisition discussed below, Forrester recognized revenues of approximately $964,000 related to this distribution agreement.

On November 30, 2003, Forrester acquired the assets of GigaGroup (excluding the CXP International portion of the business). The acquisition increased the number of client companies and allows Forrester to sell Giga research and services in France, Belgium, Netherlands, Luxemburg, Switzerland, Italy, Spain and Portugal. The aggregate purchase price of $4,124,000 consisted of $2,866,000 in cash, $118,000 of direct acquisition costs, $521,000 of outstanding accounts receivable due to Forrester and the contribution of the equity investment in GigaGroup valued at $619,000. Prior to the acquisition, the equity investment of $1,215,000 was accounted for using the cost method and, accordingly, was valued at cost unless a permanent impairment in its value occurred or the investment was liquidated. In connection with the acquisition, an impairment of $596,000 to the carrying value of the investment was included in impairments of non-marketable investments in the consolidated statements of income and, as such, the remaining value of the investment of $619,000 was included in the purchase price.

Forrester elected to treat the acquisition of GigaGroup as an asset purchase for income tax purposes and, as such, the goodwill and intangible assets are deductible for income tax purposes.

The results of GigaGroup's operations have been included in Forrester's consolidated financial statements since December 1, 2003. GigaGroup's historical financial position and results of operations prior to the date of acquisition were not material to Forrester's financial position and results of operations.

The following table summarizes the estimated fair values of the GigaGroup assets acquired and liabilities assumed which reflects the final allocation of purchase price in 2004.

	NOVEMBER 30, 2003
	(IN THOUSANDS)
Assets:	
Accounts receivable	$ 615
Goodwill	3,657
Intangible assets	1,990
Other assets	91
Total assets	$6,353
Liabilities:	
Accrued expenses	$1,172
Deferred revenue	1,057
Total liabilities	$2,229
Net assets acquired	$4,124

The acquired intangible asset is being amortized using an accelerated method according to the expected cash flows to be received from the underlying asset over its respective life as follows:

	ASSIGNED VALUE	USEFUL LIFE
	(IN THOUSANDS)	
Amortized intangible asset:		
Customer relationships	$1,990	5 years
Subtotal	$1,990	

Amortization expense related to the identifiable intangible asset acquired from GigaGroup was approximately $80,000 and $922,000 during the years ended December 31, 2003 and 2004, respectively.

The goodwill of $3,879,000 and $3,657,000 as of December 31, 2003 and 2004, respectively, was allocated to the European reporting unit.

(3) GOODWILL AND OTHER INTANGIBLE ASSETS

SFAS No. 142, Goodwill and Other Intangible Assets, requires that goodwill and intangible assets with indefinite lives no longer be amortized but instead be measured for impairment at least annually or whenever events indicate that there may be an impairment. Forrester adopted SFAS No. 142 effective January 1, 2002. In connection with the SFAS No. 142 transitional goodwill impairment evaluation, Forrester was required to perform an assessment whether there was an indication that goodwill was impaired as of the date of adoption. Through an independently obtained appraisal, it was determined that the carrying amount of goodwill did not exceed fair value and as a result no transitional impairment loss existed. Forrester has selected November 30th as its date of performing the annual goodwill impairment test. Forrester compared each reporting unit's carrying value to its estimated fair value as of November 30, 2004 and determined that no impairment of its goodwill had occurred.

A summary of Forrester's intangible assets as of December 31, 2003 and 2004 is as follows:

DECEMBER 31, 2003	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT
	(IN THOUSANDS)		
Amortizable intangible assets:			
Customer base	$19,960	$6,906	$13,054
Research content	2,444	2,137	307
Trademarks	570	475	95
Total	$22,974	$9,518	$13,456

DECEMBER 31, 2004	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT
	(IN THOUSANDS)		
Amortizable intangible assets:			
Customer base	$19,960	$12,968	$6,992
Research content	2,444	2,444	--
Trademarks	570	570	--
Total	$22,974	$15,982	$6,992

Amortization expense related to identifiable intangible assets was approximately $328,000, $8,778,000 and $6,461,000 during the years ended December 31, 2002, 2003 and 2004, respectively. Estimated amortization expense related to identifiable intangible assets that will continue to be amortized is as follows:

	AMOUNTS (IN THOUSANDS)
Year ending December 31, 2005	3,494
Year ending December 31, 2006	2,062
Year ending December 31, 2007	1,228
Year ending December 31, 2008	208
Total	$6,992

(4) REORGANIZATIONS

JANUARY 28, 2004 REORGANIZATION

On January 28, 2004, Forrester announced a reduction of its workforce by approximately 15 positions in connection with the integration of GigaGroup's operations. As a result, Forrester recorded an initial reorganization charge of approximately $9.1 million in the year ended December 31, 2004. Approximately 53% of the terminated employees had been members of the sales force, while 27% and 20% had held administrative and research roles, respectively. The initial charge consisted primarily of severance and related benefits costs, office consolidation costs, such as contractual lease commitments for space that was vacated, the write-off of related leasehold improvements and furniture and fixtures, and other payments for professional services incurred in connection with the reorganization.

The costs related to the January 28, 2004 reorganization are as follows:

	TOTAL CHARGE	NON-CASH CHARGES	CASH PAYMENTS	ACCRUED AS OF DECEMBER 31, 2004
	(IN THOUSANDS)			
Workforce reduction	$2,510	$ --	$2,068	$ 442
Facility consolidation and other related costs	4,693	(303)	778	4,218
Depreciable assets	1,861	1,861	--	--
Total	$9,064	$1,558	$2,846	$4,660

The accrued costs related to the January 28, 2004 reorganization are expected to be paid in the following periods:

	2005	2006	2007	2008	2009	THEREAFTER	ACCRUED AS OF DECEMBER 31, 2004
	(IN THOUSANDS)						
Workforce reduction	$ 442	$ --	$ --	$ --	$ --	$ --	$ 442
Facility consolidation and other related costs	1,158	1,240	1,226	184	198	212	4,218
Total	$1,600	$1,240	$1,226	$184	$198	$212	$4,660

AUGUST 5, 2003 REORGANIZATION

On August 5, 2003, Forrester announced a reduction of its work force by approximately 30 positions in connection with the integration of Giga. As a result, Forrester recorded a reorganization charge of approximately $1.2 million in the year ended December 31, 2003. Approximately 53% of the terminated employees had been members of the sales force, while 35% and 12% had held research and administrative roles, respectively. The charge consisted primarily of severance and related benefits costs, and other payments for professional services incurred in connection with the reorganization.

The costs related to the August 5, 2003 reorganization are as follows:

	TOTAL INITIAL CHARGE	CASH PAYMENTS	ACCRUED AS OF DECEMBER 31, 2003
	(IN THOUSANDS)		
Workforce reduction	$1,230	$1,060	$170

The remaining liabilities associated with the August 5, 2003 reorganization were paid in 2004 and accordingly there was no accrual remaining at December 31, 2004.

JULY 24, 2002 REORGANIZATION

On July 24, 2002, Forrester announced a reduction of its work force by approximately 21 positions in response to conditions and demands of the market. As a result, Forrester recorded an initial reorganization charge of approximately $2.6 million during the year ended December 31, 2002. Approximately 31% of the terminated employees were members of the sales force, while 41% and 28% held research and administrative roles, respectively. The initial charge consisted primarily of severance and related benefits costs, office consolidation costs, such as contractual lease commitments for space that was vacated, the write-off of related leasehold improvements, and other payments for professional services incurred in connection with the reorganization. Additional depreciable assets that were written off consisted primarily of computer equipment, software and furniture and fixtures related to vacated locations in connection with the reorganization.

In 2003, Forrester revised the estimates of the July 24, 2002 reorganization charge to provide for additional losses for office consolidation costs resulting in an additional reorganization charge of $269,000.

Total costs related to the July 24, 2002 reorganization are as follows:

	TOTAL INITIAL CHARGE	NON-CASH CHARGES	2002 CASH PAYMENTS	ACCRUED AS OF DECEMBER 31, 2002
	(IN THOUSANDS)			
Workforce reduction	$ 908	$ --	$ 857	$ 51
Facility consolidation and other related costs	889	--	228	661
Depreciable assets	766	766	--	--
Total	$2,563	$766	$1,085	$712

	ACCRUED AS OF DECEMBER 31, 2002	2003 CASH PAYMENTS	2003 SUBSEQUENT REVISION	ACCRUED AS OF DECEMBER 31, 2003
	(IN THOUSANDS)			
Workforce reduction	$ 51	$ 51	$ --	$ --
Facility consolidation and other related costs	661	206	269	724
Total	$712	$257	$269	$724

	ACCRUED AS OF DECEMBER 31, 2003	2004 CASH PAYMENTS	ACCRUED AS OF DECEMBER 31, 2004
	(IN THOUSANDS)		
Workforce reduction	$ --	$ --	$ --
Facility consolidation and other related costs	724	485	239
Total	$724	$485	$239

The accrued costs related to the July 24, 2002 reorganization are expected to be paid in the following periods:

	2005	2006	ACCRUED AS OF DECEMBER 31, 2004
	(IN THOUSANDS)		
Facility consolidation and other related costs	$164	$75	$239

JANUARY 10, 2002 REORGANIZATION

On January 10 2002, Forrester announced a reduction of its work force by approximately 126 positions in response to conditions and demands of the market and a slower economy. As a result, Forrester recorded an initial reorganization charge of approximately $9.3 million in the three months ended March 31, 2002. Approximately 39% of the terminated employees were members of the sales force, while 33% and 28% held research and administrative roles, respectively. The initial charge consisted primarily of severance and related benefits costs, office consolidation costs, such as contractual lease commitments for space that was vacated, the write-off of related leasehold improvements, and other payments for professional services incurred in connection with the reorganization. Additional depreciable assets that were written off included computer equipment, software, and furniture and fixtures related to terminated employees and vacated locations in connection with the reorganization.

During the three months ended September 30, 2002, Forrester revised the estimates of the January 2002 reorganization charge to provide for additional losses for office consolidation costs and the write-off of related leasehold improvements due to deteriorating real estate market conditions. As a result, Forrester recorded an additional reorganization charge during the three months ended September 30, 2002 of approximately $593,000. Forrester also concluded that approximately $74,000 of the initial reorganization charge associated with severance was excess, and accordingly, reversed that amount through reorganization costs in the statement of income during the three months ended September 30, 2002.

In 2003, Forrester revised the estimates of the January 2002 reorganization charge to provide for additional losses for office consolidation costs due to the continued deteriorating real estate market conditions resulting in an additional reorganization charge of $1.1 million.

In 2004, Forrester concluded that approximately $668,000 of the initial reorganization charge associated with contractual lease commitments for space that was vacated was excess, and accordingly, reversed that amount through reorganization costs in the statement of income during the year ended December 31, 2004.

Total costs related to the January 10, 2002 reorganization are as follows:

(IN THOUSANDS)	TOTAL INITIAL CHARGES	2002 SUBSEQUENT REVISION	NON-CASH CHARGE	CASH PAYMENTS	ACCRUED AS OF DECEMBER 31, 2002
Workforce reduction..............	$3,545	$(74)	$ --	$3,471	$ --
Facility consolidation and other related costs..................	2,934	502	--	598	2,838
Depreciable assets...............	2,772	91	2,863	--	--
Total...........................	$9,251	$519	$2,863	$4,069	$2,838

(IN THOUSANDS)	ACCRUED AS OF DECEMBER 31, 2002	CASH PAYMENTS	2003 SUBSEQUENT REVISION	ACCRUED AS OF DECEMBER 31, 2003
Facility consolidation and other related costs........................	$2,838	$1,356	$1,095	$2,577

(IN THOUSANDS)	ACCRUED AS OF DECEMBER 31, 2003	CASH PAYMENTS	2004 SUBSEQUENT REVISION	ACCRUED AS OF DECEMBER 31, 2004
Facility consolidation and other related costs........................	$2,577	$1,471	$(668)	$438

The accrued costs related to the January 10, 2002 reorganization are expected to be paid in 2005.

JULY 12, 2001 REORGANIZATION

On July 12, 2001, Forrester announced a sales force reorganization and general work force reduction in response to conditions and demands of the market and a slower economy. As a result, Forrester reduced its work force by 111 positions, closed sales offices in Atlanta, Los Angeles, Melbourne, New York, and Zurich, and recorded a reorganization charge of approximately $3.1 million during the year ended December 31, 2001. During the three months ended March 31, 2002, management concluded that approximately $163,000 of the reorganization charge was excess, and accordingly, reversed that amount through reorganization costs in the statement of income during that period. All liabilities associated with the July 12, 2001 reorganization were paid in 2001 or 2002, accordingly, there was no accrual remaining at December 31, 2004.

(5) MARKETABLE SECURITIES

Forrester's available-for-sale securities at December 31, 2004 consist of $88.1 million of investments in debt securities consisting of federal obligations, state and municipal bonds and corporate bonds and

$2.0 million in equity securities. All investments are recorded at fair market value, with any unrealized gains and losses reported as a separate component of accumulated other comprehensive income (loss).

The aggregate market value, amortized cost, unrealized gains and unrealized losses of the investments in federal obligations, state and municipal bonds and corporate bonds, are as follows (in thousands):

AS OF DECEMBER 31, 2003	MARKET VALUE	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES
Federal agency obligations	$ 11,530	$ 11,583	$ 294	$347
State and municipal bonds	36,640	36,308	344	7
Corporate bonds	56,178	55,499	692	12
	$104,348	$103,384	$1,330	$366

AS OF DECEMBER 31, 2004	MARKET VALUE	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES
Federal agency obligations	$13,320	$13,510	$ --	$190
State and municipal bonds	36,841	36,779	121	59
Corporate bonds	37,949	37,701	362	114
	$88,110	$87,990	$483	$363

The following table summarizes the maturity periods of the federal obligations, state and municipal bonds and corporate bonds as of December 31, 2004:

	2005	2006	2007	TOTAL
Federal agency obligations	$ --	$10,342	$ 2,978	$13,320
State and municipal bonds	21,946	7,569	7,326	36,841
Corporate obligations	3,165	17,548	17,236	37,949
	$25,111	$35,459	$27,540	$88,110

The following table shows the gross unrealized losses and market value of Forrester's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized position:

AS OF DECEMBER 31, 2004	LESS THAN 12 MONTHS		12 MONTHS OR GREATER	
	MARKET VALUE	UNREALIZED LOSSES	MARKET VALUE	UNREALIZED LOSSES

----- ---------- Federal agency obligations.................. $ 2,978 $ 22 $10,341 $168 State and municipal bonds.................... 7,418 46 1,010 13 Corporate bonds.............................. 8,603 89 4,661 25 ------- ---- ------- ---- $18,999 $157 $16,012 $206 ======= ==== ======= ====

The unrealized losses in all investment types were caused by increasing market interest rates. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. Because Forrester has the ability and the intent to hold these investments until a recovery of market value, Forrester does not consider these investments to be other-than-temporarily impaired at December 31, 2004.

Gross realized losses on sales of the federal obligations, state and municipal bonds and corporate bonds for the year ended December 31, 2002 which were calculated based on specific identification, were approximately $287,000. Gross realized gains on sales of the federal obligations, state and municipal bonds and corporate bonds for the years ended December 31, 2003 which were calculated based on specific identification were approximately $509,000.

Forrester owns common stock of Greenfield Online, Inc. ("Greenfield"), an Internet-based market research firm. In July 2004, Greenfield (NASDAQ: SRVY) completed an initial public offering. Upon consummation of the offering, Forrester received a conversion payment of approximately $463,000, and participated in the offering by selling approximately 21,000 shares for which Forrester received net proceeds of approximately $256,000. In December 2004, Forrester sold approximately 26,000 shares and received net proceeds of approximately $445,000. Accordingly, in the year ended December 31, 2004, Forrester recognized a gain of approximately $1.1 million related to these sales. As of December 31, 2004, the fair value of this investment is approximately $2.0 million.

(6) NON-MARKETABLE INVESTMENTS

At December 31, 2003 and 2004, the carrying value of non-marketable investments is as follows (in thousands):

	2003	2004
Private equity funds..	$ 9,354	$12,767
Doculabs, Inc.	340	340
comScore Networks, Inc.	323	323
Greenfield Online, Inc.	267	--
	$10,284	$13,430

In June 2000, Forrester committed to invest $20.0 million in two technology-related private equity investment funds with capital contributions required to be funded over a period of up to five years. During the years ended December 31, 2003 and 2004, Forrester contributed approximately $3.3 million and $2.4 million, respectively, to these investment funds, resulting in total cumulative contributions of approximately $17.9 million to date. One of these investments is being accounted for using the cost method and, accordingly, is valued at cost unless an other than temporary impairment in its value occurs or the investment is liquidated. The other investment is being accounted for using the equity method. During the years ended December 31, 2002 and 2003, Forrester recorded net impairments to these investments of approximately $2,383,000 and $861,000, respectively, which are included in the consolidated statements of income. During the years ended December 31, 2003 and 2004, gains of $419,000 and $281,000, respectively, were recorded in the consolidated statements of income related to distributions received. During the years ended December 31, 2002, 2003 and 2004, fund management charges of approximately $484,000, $410,000 and $338,000, respectively, were included in other income, net in the consolidated statements of income. Fund management charges are recorded as a reduction of the investments' carrying value.

Forrester has adopted a cash bonus plan to pay bonuses, after the return of invested capital, measured by the proceeds of a portion of its share of net profits from these investments, if any, to certain key employees, subject to the terms and conditions of the plan. The payment of such bonuses would result in compensation expense with respect to the amounts so paid. To date, no bonuses have been paid under this plan. The principal purposes of this cash bonus plan was to retain key employees by allowing them to participate in a portion of the potential return from Forrester's technology-related investments if they remained employed by the Company. The plan was established at a time when technology and internet companies were growing significantly, and providing incentives to retain key employees during that time was important.

In December 2003, Forrester committed to invest an additional $2.0 million over an expected capital contribution period of 2 years in an annex fund of one of the two private equity investment funds. The annex fund investment is outside of the scope of the previously mentioned bonus plan. During the year ended December 31, 2004, Forrester contributed $1.6 million to this annex fund. This investment is being accounted for using the cost method and, accordingly, is valued at cost unless an other than temporary impairment in its value occurs or the investment is liquidated.

The timing of the recognition of future gains or losses from these investment funds is beyond Forrester's control. As a result, it is not possible to predict when Forrester will recognize such gains or losses, if Forrester will award cash bonuses based on the net profit from such investments, or when Forrester will incur compensation expense in connection with the payment of such bonuses. If the investment funds realize large gains or losses on their investments, Forrester could experience significant variations in its quarterly results unrelated to its business operations. These variations could be due to significant gains or losses or to significant compensation expenses. While gains may offset compensation expenses in a particular quarter, there can be no assurance that related gains and compensation expenses will occur in the same quarters.

During the years ended December 31, 2002, 2003 and 2004, Forrester recognized revenues of approximately $234,000, $133,000, and $188,000 respectively, related to a core research and advisory services contract purchased by one of the private equity investment firms.

In March 2000, Forrester invested $1.0 million in the common stock of Doculabs, Inc. ("Doculabs"), an independent technology research firm. In March 2001, Forrester invested an additional $2.0 million, resulting in approximately a 10.4% ownership interest in Doculabs. This investment is being accounted for using the cost method and, accordingly, is being valued at cost unless an impairment in its value that is other than temporary occurs or the investment is liquidated. In December 2003, Forrester determined that its investment had been impaired. As a result, Forrester recorded a write-down of $1,186,000 to impairments (gains) from non-marketable investments in the consolidated statement of income during the year ended December 31, 2003. As of December 31, 2004, Forrester determined that no further impairment had occurred.

During the years ended December 31, 2002 and 2003, Forrester expensed approximately $931,000, and $11,000, respectively, to the cost of services and fulfillment related to services purchased from Doculabs.

In July 2000, Forrester invested $1.6 million to purchase preferred shares of comScore Networks, Inc. ("comScore"), a provider of infrastructure services which utilizes proprietary technology to accumulate comprehensive information on consumer buying behavior, resulting in approximately a 1.2% ownership interest. This investment is being accounted for using the cost method and, accordingly, is valued at cost unless a permanent impairment in its value occurs or the investment is liquidated. In September 2001, Forrester determined that its investment in comScore had been permanently impaired due to an additional round of financing at a significantly lower valuation. As a result, Forrester recorded a write-down of $836,000 in the consolidated statement of income. In June 2002, Forrester determined that its investment in comScore had been permanently impaired due to an additional round of financing at a significantly lower valuation. As a result, Forrester recorded a write-down of $271,000 in the consolidated statement of income. In June 2003, Forrester determined that its investment in comScore had been permanently impaired due to an additional round of financing at a significantly lower valuation. As a result, Forrester recorded a further write-down of $130,000 in the consolidated statement of income. As of December 31, 2004, Forrester determined that no further permanent impairment had occurred.

As of December 31, 2003, Forrester owned an approximately 1.1% ownership in a holding company that was a majority shareholder of Greenfield Online, Inc. ("Greenfield"), an Internet-based market research firm. As a result of this investment, Forrester effectively owned approximately a 1.1% ownership in Greenfield. This investment was being accounted for using the cost method and, accordingly, was being valued at cost unless an impairment in its value that is other than temporary occurs or the investment is liquidated. No impairments were recorded for 2002 and 2003. In July 2004, Greenfield (NASDAQ: SRVY) completed an initial public offering in which Forrester's ownership interest was converted to approximately 136,000 shares. As of December 31, 2004, the remaining investment of approximately $2.0 million was included in marketable securities in the accompanying consolidated balance sheet.

In September 2001, Forrester sold its Internet AdWatch(TM) product to Evaliant Media Resources LLC ("Evaliant"), a privately held international provider of online advertising data, in exchange for membership interest in Evaliant representing approximately a 8.3% ownership interest. This investment was being accounted for using the cost method and, accordingly, was being valued at cost unless an impairment in its value that was other than temporary occurred or the investment was liquidated. In March 2002, Forrester determined that its investment had been impaired. As a result, Forrester recorded a write-down of approximately $1,464,000, which was included in the consolidated statement of income during the year ended December 31, 2002, reducing the carrying value to approximately $250,000. Substantially all of Evaliant's assets were sold in June 2002 resulting in no gain or loss on the transaction.

(7) INCOME TAXES

Forrester accounts for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax base of assets and liabilities as well as operating loss carryforwards. Forrester measures deferred taxes based on enacted tax rates assumed to be in effect when these differences reverse.

Income (loss) before income tax provision (benefit) for the years ended December 31, 2002, 2003, and 2004 consists of the following (in thousands):

	2002	2003	2004
Domestic	$(581)	$1,446	$4,944
Foreign	859	1,730	1,289
Total	$ 278	$3,176	$6,233

The components of the income tax provision (benefit) for the years ended December 31, 2002, 2003, and 2004 are as follows (in thousands):

	2002	2003	2004
Current --			
Federal	$(1,187)	$335	$ 36
State	80	(84)	49
Foreign	625	420	352
	(482)	671	437
Deferred --			
Federal	(614)	174	1,545
State	(330)	140	731
Foreign	(416)	--	(12)
	(1,360)	314	2,264

	2002	2003	2004
Less -- valuation allowance	1,531	--	(600)
Income tax (benefit) provision	$ (311)	$985	$2,101

A reconciliation of the federal statutory rate to Forrester's effective tax rate for the years ended December 31, 2002, 2003 and 2004 is as follows:

	2002	2003	2004
Income tax provision at federal statutory rate	35.0%	35.0%	35.0%
Increase (decrease) in tax resulting from --			
State tax provision, net of federal benefit	2.9	1.2	8.1
Non-deductible expenses	30.8	3.7	3.0
Tax-exempt interest income	(679.1)	(17.7)	(7.5)
Other, net	(52.2)	8.8	1.5
Change in valuation allowance	550.7	--	(6.4)
Effective income tax rate	(111.9)%	31.0%	33.7%

The components of deferred income taxes as of December 31, 2003 and 2004 are as follows (in thousands):

	2003	2004
Non-deductible reserves and accruals	$ 2,953	$ 1,257
Depreciation and amortization	738	878
Deferred commissions	(2,189)	(2,755)
Net operating loss and other carryforwards	40,188	55,044
Gross deferred tax asset	41,690	54,424
Less -- Valuation allowance	(1,531)	(11,564)
Net deferred tax asset	$ 40,159	$ 42,860

Forrester has aggregate net operating loss carryforwards for federal tax purposes of approximately $118.3 million primarily related to exercises of employee stock options and operating loss carryforwards acquired in connection with the acquisition of Giga. The net operating losses relating to the exercises of stock options were recorded as a benefit to additional paid-in capital within stockholders' equity and will expire between the years 2012 and 2023. The use of these net operating loss carryforwards may be limited pursuant to Internal Revenue Code Section 382 as a result of future ownership changes.

During the year ended December 31, 2004, Forrester reversed $600,000 of valuation allowance primarily related to its state net operating losses because utilization of these carryforwards became probable. Forrester has not provided a valuation allowance for the remaining net deferred tax assets, primarily its federal net operating loss carryforwards, as management believes Forrester will have sufficient time to realize these assets during the applicable carryforward period.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and the carryforwards expire. Although realization is not assured, based upon the level of historical taxable income of Forrester and projections for Forrester's future taxable income over the periods during which the deferred tax assets are deductible and the carryforwards expire, management believes it is more likely than not that Forrester will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

No amount for U.S. income tax has been provided on undistributed earnings of Forrester's foreign subsidiaries because Forrester considers such earnings to be indefinitely reinvested. In the event of distribution of those earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes, subject to an adjustment, if any, for foreign tax credits and amounts already included in U.S. income under I.R.C. Section 956, and foreign withholding taxes payable to certain foreign tax authorities. Determination of the amount of U.S. income tax liability that would be incurred is not practicable because of the complexities associated with the hypothetical calculation.

The calculation of Forrester's tax liabilities includes addressing uncertainties in the application of complex tax regulations in a multitude of jurisdictions. Forrester recognizes liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on estimates of whether, and to the extent to which, additional taxes would be due. If payment of these amounts proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period in which it is determined that the liabilities are no longer necessary. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result. Uncertainties are recorded in accordance with SFAS No. 5, Loss Contingencies. As of December 31, 2004, Forrester has accrued $1.2 million related to probable and reasonably estimable losses resulting from tax matters including, but not limited to, transfer pricing, foreign audits and statutory reorganizations.

(8) COMMITMENTS

Forrester leases its office space and certain office equipment under operating leases. Approximate future minimum rentals for operating leases are as follows (in thousands):

2005	$ 9,100
2006	7,205
2007	7,649
2008	6,315
2009	7,246
Thereafter	9,650
Total minimum lease payments	$47,165

Future minimum rentals have not been reduced by minimum sublease rentals to be received of $2,232,000 due in the future under subleases. These rentals are due as follows: $1,181,000 in 2005, $721,000 in 2006, and $330,000 in 2007.

Aggregate rent expenses, net of sublease income, were approximately $8,323,000, $7,688,000 and $7,711,000 for the years ended December 31, 2002, 2003, and 2004, respectively.

(9) STOCKHOLDERS' EQUITY

PREFERRED STOCK

Forrester has authorized 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.

TREASURY STOCK

In October 2001, Forrester announced a program authorizing the repurchase of up to $50 million of Forrester's common stock. The shares repurchased were used, among other things, in connection with Forrester's employee stock option and purchase plans. As of December 31, 2004, Forrester had repurchased approximately 3,045,000 shares of common stock at an aggregate cost of $50.1 million, including commissions paid for the acquisition of the common stock. In February 2005, the Board of Directors authorized an additional $50.0 million to purchase common stock under the stock repurchase program.

During the three months ended March 31, 2004, Forrester entered into a structured stock repurchase agreement giving Forrester the right to acquire shares of Forrester's common stock in exchange for an up-front net payment of $1.5 million. The $1.5 million up-front net payment was recorded in stockholders' equity as a reduction of additional paid-in capital. Upon expiration of this agreement in May 2004, Forrester received approximately $1.6 million in cash which was recorded as an increase to additional paid-in capital in the accompanying consolidated balance sheet.

During the three month period ended December 31, 2003, Forrester entered into a similar agreement in exchange for an up-front net payment of $2.0 million. Upon expiration of this agreement in February 2004, Forrester received 119,000 shares which was recorded as treasury stock. During each of the three month periods ended March 31, 2003, June 30, 2003 and September 30, 2003, Forrester entered into similar agreements in exchange for up-front net payments of $2.0 million. Upon expiration of each of these agreements, Forrester received approximately $2.1 million of cash. During each of the three month periods ended September 30, 2002 and December 31, 2002, Forrester entered into similar agreements in exchange for up-front net payments of $2.0 million. Upon expiration of each of these agreements, in 2002 and 2003, respectively, Forrester received 143,524 and 144,291 shares, respectively, which were recorded as treasury stock.

(10) STOCK OPTION PLANS

In February 1996, Forrester adopted the Forrester Research, Inc. 1996 Equity Incentive Plan, which has been subsequently amended (the "Plan"). The Plan provides for the issuance of incentive stock options ("ISOs") and non-qualified stock options ("NSOs") to purchase up to 13,500,000 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 Forrester stock must be granted at an exercise price not less than 110% of the fair market value at the date of grant. Options generally vest ratably over three to four years and expire after 10 years. Options granted under the Plan immediately vest upon certain events, as described in the Plan.

In September 1996, Forrester adopted the 1996 Stock Option Plan for Non-Employee Directors (the "Directors' Plan"), which provides for the issuance of options to purchase up to 300,000 shares of common stock. The Directors' Plan was amended in 2002 to increase the number of shares of common stock available for issuance under the Directors' Plan by 300,000 shares. The Directors' Plan is administered by the Compensation Committee of the Board of Directors (the "Compensation Committee"). Under the Directors' Plan, each non-employee director 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. These options vest in three equal annual installments commencing on the date of grant. In addition, each non-employee director will also receive an option to purchase 12,500 shares of common stock, at an exercise price equal to the fair market value of the common stock, each year immediately following Forrester's annual stockholders' meeting. These options vest in four equal installments on the first, second, third, and fourth anniversaries of the date of grant. The Compensation Committee also has the authority under the Directors' Plan to grant options to non-employee directors in such amounts and on such terms as set forth in the Directors' Plan as it shall determine at the time of grant.

Stock option activity under the Plan and under the Directors' Plan from December 31, 2001, to December 31, 2004, was as follows (in thousands, except per share data):

	NUMBER OF SHARES	EXERCISE PRICE PER SHARE	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
Outstanding at December 31, 2001	5,850	$2.75-70.84	$21.17
Granted	930	12.77-20.16	16.44
Exercised	(924)	2.75-19.85	11.1
Forfeited	(1,652)	11.69-70.84	24.59
Outstanding at December 31, 2002	4,204	2.75-70.84	20.99
Granted	1,511	13.73-18.63	14.75
Exercised	(242)	14.60-19.50	16.49
Forfeited	(626)	11.00-62.44	21.89
Outstanding at December 31, 2003	4,847	2.75-70.84	19.39
Granted	1,223	13.83-18.86	18.00
Exercised	(291)	9.57-17.71	13.84
Forfeited	(670)	11.69-65.00	22.35
Outstanding at December 31, 2004	5,109	$2.75-$70.84	$18.98
Exercisable at December 31, 2004	2,785	$2.75-$70.84	$20.30
Exercisable at December 31, 2003	2,457	$2.75-$70.84	$21.79
Exercisable at December 31, 2002	2,430	$2.75-$70.84	$20.25

The following table summarizes information about stock options outstanding and exercisable at December 31, 2004 (in thousands, except per share data):

Range of exercise prices	Options Outstanding at December 31, 2004	Weighted Average Exercise Price of Options Outstanding	Weighted Average Remaining Contractual Life (in Years)	Options Exercisable at December 31, 2004	Weighted Average Exercise Price of Options Exercisable
$ 2.75- 6.50	39	$ 4.11	1.36	39	$ 4.11
9.57-11.50	103	9.97	2.93	103	9.97
11.69-13.89	446	11.78	4.46	421	11.72
13.94-15.47	1,084	14.58	8.15	493	14.33
15.49-18.94	1,979	17.41	8.27	467	16.75
19.19-24.64	770	22.70	4.71	673	22.72
25.16-31.39	494	25.85	5.89	395	25.99
33.50-49.44	77	40.34	5.34	77	40.34
52.67-70.84	117	59.01	5.53	117	59.04
	5,109	$18.98	6.88	2,785	$20.30

As of December 31, 2004, options available for future grant under the Plan and the Directors' Plan were approximately 2,574,000.

As described in Note 1, Forrester applies APB No. 25 to account for equity grants and awards to employees. All grants have been made with exercise prices equal to or in excess of fair market value. Accordingly, there is no compensation expense related to option grants reflected in the accompanying consolidated financial statements as all options granted were granted at fair market value at grant date. Forrester has adopted the disclosure-only provisions of SFAS No. 123, as amended by SFAS No. 148, and has presented such disclosure in Note 1. The "fair value" of each option grant is estimated on the date of grant using the Black-Scholes option pricing model. The key assumptions used to apply this pricing model and the related weighted average fair values are as follows:

	2002	2003	2004
Risk-free interest rate	3.10%	2.11%	2.78%
Expected dividend yield	--	--	--
Expected lives	4 years	4 years	4 years
Expected volatility	61%	55%	50%
Weighted average fair value	$ 9.89	$ 6.47	$ 7.56

In January 1998, Forrester's founder and principal shareholder granted certain key employees options to purchase 2,000,000 shares of his common stock at an exercise price of $9.57 which was the fair market value on the date of grant. As of December 31, 2004, approximately 70,500 options remained outstanding, all of which were exercisable.

(11) EMPLOYEE PENSION PLANS

Forrester sponsors several defined contribution plans for eligible employees. Generally, the defined contribution plans have funding provisions which, in certain situations, require contributions based upon formulas relating to employee wages or the level of elective participant contributions, as well as allow for additional discretionary contributions. Further, certain plans contain vesting provisions. Forrester's pension contributions totaled approximately $762,000, $1,046,000, and $1,243,000 for the years ended December 31, 2002, 2003, and 2004, respectively.

(12) EMPLOYEE STOCK PURCHASE PLAN

In September 1996, Forrester adopted the 1996 Employee Stock Purchase Plan (the "Stock Purchase Plan"), which provides for the issuance of up to 400,000 shares of common stock. The Stock Purchase Plan was amended in 2002 to increase the number of shares of common stock available for purchase under the Stock Purchase Plan by 500,000 shares. The Stock Purchase Plan is administered by the Compensation Committee of the Board of Directors. With certain limited exceptions, all employees of Forrester who have completed six months or more of continuous service in the employ of Forrester and whose customary employment is more than 20 hours per week, including officers and directors who are employees, are eligible to participate in the Stock Purchase Plan. Purchase periods under the Stock Purchase Plan are generally six months in length and commence on each successive January 1 and July 1. During each purchase period under the Stock Purchase Plan, the maximum number of shares of common stock that may be purchased by an employee is limited to the number of shares equal to $12,500 divided by the fair market value of a share of common stock on the first day of the purchase 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 purchase period commences, or b) 85% of the closing price of the common stock on the day that the purchase period terminates. Shares purchased by employees under the Stock Purchase Plan are as follows:

PURCHASE PERIOD ENDED	SHARES PURCHASED	PURCHASE PRICE
June 30, 2002	35,081	$16.49
December 31, 2002	32,585	$13.23
June 30, 2003	32,233	$13.29
December 31, 2003	35,735	$13.39
June 30, 2004	42,799	$15.25
December 31, 2004	39,812	$15.25

(13) OPERATING SEGMENT AND ENTERPRISE WIDE REPORTING

During 2004, Forrester began to view its operations within the following three operating groups ("Operating Groups"): (i) North America, (ii) Europe and, (iii) World Markets which includes Asia, Middle East, Africa, and Latin America. Prior to 2004, Forrester had viewed its operations principally as one segment. Accordingly, 2003 and 2002 segment information has been prepared in a manner consistent with the 2004 presentation. Effective January 1, 2005, Forrester reorganized the operating groups to the Americas, Asia Pacific and Europe, Middle East and Africa (EMEA). All of the Operating Groups generate revenues through sales of the same research, advisory and other service offerings. Each of the Operating Groups is composed of sales forces responsible for clients located in such Operating Group's region and research personnel focused primarily on issues generally more relevant to clients in that region. Forrester evaluates reportable segment performance and allocates resources based on direct margin. Direct margin, as presented below, is defined as operating income excluding certain selling and marketing expenses, general and administrative expenses, depreciation expense, amortization of intangibles, reorganization charges and integration charges. The accounting policies used by the reportable segments are the same as those used by Forrester.

Forrester does not identify or allocate assets, including capital expenditures, by operating segment. Accordingly, assets are not being reported by segment because the information is not available by segment and is not reviewed in the evaluation of performance or making decisions in the allocation of resources.

The following tables present information about reportable segments.

	NORTH AMERICA	EUROPE	WORLD MARKETS	CONSOLIDATED
YEAR ENDED DECEMBER 31, 2004				
Revenue	$102,907	$28,958	$6,614	$138,479
Direct Margin	40,286	1,876	3,384	45,546
Corporate expenses				(28,676)
Amortization of intangible assets				(6,461)
Reorganization costs				(8,396)
Integration costs				--
Income from operations				$ 2,013
YEAR ENDED DECEMBER 31, 2003				
Revenue	$ 97,654	$20,974	$7,371	$125,999
Direct Margin	40,436	(1,450)	3,954	42,940
Corporate expenses				(28,935)
Amortization of intangible assets				(8,778)
Reorganization costs				(2,594)
Integration costs				(1,055)
Income from operations				$ 1,578
YEAR ENDED DECEMBER 31, 2002				
Revenue	$ 75,231	$14,690	$7,015	$ 96,936
Direct Margin	37,465	(1,114)	4,322	40,673
Corporate expenses				(29,317)
Amortization of intangible assets				(328)
Reorganization costs				(12,170)
Loss from operations				$ (1,143)

Long-lived assets by location as of December 31, 2003 and 2004 are as follows (in thousands):

	2003	2004
United States	$19,048	$19,582
United Kingdom	869	613
Europe (excluding United Kingdom)	613	957
	$20,530	$21,152

Net revenues by geographic destination and as a percentage of total revenues for the years ended December 31, 2002, 2003, and 2004 are as follows (dollars in thousands):

	2002	2003	2004
United States	$69,292	$ 89,412	$ 92,824
United Kingdom	8,302	11,338	12,466
Europe (excluding United Kingdom)	9,508	12,056	18,947
Canada	3,004	6,154	6,908
Other	6,830	7,039	7,334
	$96,936	$125,999	$138,479
United States	71%	71%	67%
United Kingdom	9	9	9
Europe (excluding United Kingdom)	10	10	14
Canada	3	5	5
Other	7	5	5
	100%	100%	100%

(14) CERTAIN BALANCE SHEET ACCOUNTS

PROPERTY AND EQUIPMENT:

Property and equipment as of December 31, 2003 and 2004 consist of the following (in thousands):

	2003	2004
Computers and equipment	$20,447	$ 6,945
Computer software	16,288	2,995
Furniture and fixtures	4,235	5,445
Leasehold improvements	7,135	4,781
Total property and equipment	48,105	20,166
Less accumulated depreciation and amortization	39,839	13,756
Property and equipment, net	$ 8,266	$ 6,410

ACCRUED EXPENSES:

Accrued expenses as of December 31, 2003 and 2004 consist of the following (in thousands):

	2003	2004
Payroll and related	$11,458	$ 9,373
Facility consolidation costs	6,646	4,895
Other	13,353	12,660
	$31,457	$26,928

ALLOWANCE FOR DOUBTFUL ACCOUNTS:

A roll-forward of the allowance for doubtful accounts as of and for the years ended December 31, 2002, 2003, and 2004 is as follows (in thousands):

	2002	2003	2004
Balance, beginning of year	$ 966	$ 837	$1,409
Provision for doubtful accounts	246	--	309
Additions (reversals) from acquisitions (Note 2)	--	987	(338)
Write-offs	(375)	(415)	(363)
Balance, end of year	$ 837	$1,409	$1,017

(15) SUMMARY SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of selected quarterly financial data for the years ended December 31, 2003 and 2004 (in thousands, except per share data):

	QUARTER ENDED			
	MARCH 31, 2003	JUNE 30, 2003	SEPT. 30, 2003	DEC. 31, 2003
Revenues	$24,482	$33,978	$32,208	$35,331
Income (loss) from operations	$ 1,280	$ (342)	$ (518)	$ 1,158
Net income	$ 1,777	$ 141	$ 186	$ 87
Basic net income (loss) per common share	$ 0.08	$ 0.01	$ 0.01	$ 0.00
Diluted net income (loss) per common share	$ 0.08	$ 0.01	$ 0.01	$ 0.00

	QUARTER ENDED			
	MARCH 31, 2004	JUNE 30, 2004	SEPT. 30, 2004	DEC. 31, 2004
Revenues	$31,729	$34,921	$33,879	$37,950
(Loss) income from operations	$(1,213)	$(4,250)	3,158	$ 4,318
Net (loss) income	$ (257)	$(2,348)	$ 3,211	$ 3,526
Basic net (loss) income per common share	$ (0.01)	$ (0.11)	$ 0.15	$ 0.16
Diluted net (loss) income per common share	$ (0.01)	$ (0.11)	$ 0.14	$ 0.16

EXHIBIT INDEX

EXHIBIT NO. DESCRIPTION --- -------- ----------- 2.1(1) Stock Purchase Agreement dated as of November 15, 1999 among Forrester Research, Inc., William Reeve and Neil Bradford. 2.2(7) Agreement and Plan of Merger dated as of January 20, 2003 between Forrester Research, Inc., Whitcomb Acquisition Corp. and Giga Information Group, Inc. 3.1(3) Restated Certificate of Incorporation of Forrester. 3.2(5) Certificate of Amendment of the Certificate of Incorporation of Forrester. 3.3(9) Bylaws of the Company, as amended. 4(3) Specimen Certificate for shares of Common Stock, $.01 par value, of Forrester. 10.1+(3) Registration Rights and Non-Competition Agreement. 10.2+(3) Tax Indemnification Agreement dated November 25, 1996. 10.3+(2) 1996 Amended and Restated Equity Incentive Plan. 10.4+(2) 1996 Employee Stock Purchase Plan, as amended. 10.5+(6) 1996 Amended and Restated Stock Option Plan for Non-Employee Directors. 10.6+(2) Summary of Non-Employee Director Compensation. 10.7+(10) Form of Stock Option Certificate. 10.8(4) Lease dated May 6, 1999 between Technology Square LLC and the Company for the premises located at 400 Technology Square, Cambridge, Massachusetts. 10.9(2) Fifth Amendment to Lease dated as of January 1, 2005 between Technology Square Finance, LLC and the Company for the premises located at 400 Technology Square, Cambridge, Massachusetts. 16(8) Letter dated April 9, 2004 from Deloitte & Touche LLP to the Securities and Exchange Commission. 21(2) Subsidiaries of the Registrant. 23.1(2) Consent of BDO Seidman, LLP 23.2(2) Consent of Independent Registered Public Accounting Firm Deloitte and Touche LLP 31.1(2) Certification of the Principal Executive Officer 31.2(2) Certification of the Principal Financial Officer 32.1(2) Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 32.2(2) Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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+ Denotes management contract or compensation arrangements.

(1) Filed as an Exhibit to Forrester's Current Report on Form 8-K filed on November 30, 1999 (File No. 000-21433) and incorporated by reference herein.

(2) Filed herewith.

(3) Filed as an Exhibit to Forrester's Registration Statement on Form S-1 filed on September 26, 1996 (File No. 333-12761) and incorporated by reference herein.

(4) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999 (File No. 000-21433) and incorporated by reference herein.

(5) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 000-21433) and incorporated herein by reference.

(6) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2002 (File No. 000-21433) and incorporated herein by reference.

(7) Filed as an Exhibit to Forrester's Current Report on Form 8-K filed on January 22, 2003 (File No. 000-21433) and incorporated herein by reference.

(8) Filed as an Exhibit to Forrester's Current Report on Form 8-K filed on April 9, 2004 (File No. 000-21433) and incorporated herein by reference.

(9) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-21433) and incorporated herein by reference.

(10) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 000-21433) and incorporated herein by reference.

EXHIBIT 10.3

Amended and Restated
As of May 9, 2000

AMENDED AND RESTATED FORRESTER RESEARCH, INC. 1996 EQUITY INCENTIVE PLAN

1. Purpose. The purpose of the Forrester Research, Inc. 1996 Equity Incentive Plan (the "Plan") is to secure for Forrester Research, Inc. (the "Company") the benefits of the additional incentive inherent in the ownership of the Company's Common Stock, par value $.01 per share (the "Common Stock"), by officers, directors, and selected key employees of the Company or its subsidiaries and other persons who are important to the success and growth of the business of the Company, and to help the Company and its subsidiaries secure and retain the services of such key persons. Options granted under the Plan will be either "incentive stock options," intended to qualify as such under the provisions of section 422A of the Internal Revenue Code of 1986, as from time to time amended (the "Code"), or "non-qualified stock options." For purposes of the Plan, the term "subsidiary" shall mean "subsidiary corporation," as such term is defined in section 424(f) of the Code.

2. The Committee.

2.1. Administration. The Plan shall be administered by a committee (the "Committee") appointed by the Board of Directors of the Company (the "Board"). Any member of the Committee may be removed at any time, either with or without cause, by resolution adopted by the Board; and any vacancy on the Committee, whether due to action of the Board or due to any other cause, shall be filled by resolution adopted by the Board. For purposes of awards that do not exceed 15,000 shares of Common Stock made to persons who are not Officers of the Company, as that term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended, unless otherwise determined by the Board of Directors the duties of the Committee shall be delegated to the Chief Executive Officer, so long as he or she is a director.

2.2. Procedures. The Committee shall adopt such rules and regulations as it shall deem appropriate concerning the holding of its meetings and the administration of the Plan.

2.3. Interpretation. The Committee shall have full power and authority to interpret the provisions of the Plan, and its decisions shall be final and binding on all interested parties.

3. Shares Subject to Awards.

3.1. Number of Shares. Subject to the provisions of Paragraph 13 hereof (relating to adjustments upon changes in capitalization), the aggregate number of shares of Common Stock which may be issued under options exercised under the Plan or otherwise awarded under the Plan shall not exceed 13,500,000. If, and to the extent, that options granted under the Plan terminate, expire, or are canceled without having been exercised, or shares of restricted stock are forfeited, new awards may be granted under the Plan with respect to the shares of Common Stock covered by such terminated, expired, canceled, or forfeited awards; provided that the granting and terms of such new awards shall in all respects comply with the provisions of the Plan.

3.2. Character of Shares. Shares of Common Stock delivered under the Plan may be authorized and unissued Common Stock, issued Common Stock held in the Company's treasury, or both.

3.3. Reservation of Shares. There shall be reserved at all times for award under the Plan an aggregate number of shares of Common Stock (authorized and unissued Common Stock, issued Common Stock held in the Company's treasury, or both) equal to the maximum number of shares which may be purchased pursuant to options granted or that may be granted under the Plan, less the number of shares which have been awarded as Restricted Stock and purchased pursuant to stock options granted under the Plan.

4. Grant of Awards. The Committee shall determine, within the limitations of the Plan, the persons to whom awards are to be granted, the number of shares covered by such awards, and, in the case of options, the option price, and shall designate options at the time of grant as either "incentive stock options" or "non-qualified options." In determining the persons to whom awards shall be granted and the number of shares to be covered by each such grant, the Committee shall take into consideration such person's present and potential contribution to the success of the Company and subsidiaries as the case may be, and such other factors as the Committee may deem proper and relevant. Each award granted under the Plan shall be in such form, not inconsistent with the provisions of the Plan, or with section 422A of the Code for incentive stock options, as the Committee shall provide.

5. Eligibility.

5.1. Persons Eligible. Incentive stock options may be granted under the Plan to any key employee or any officer of the Company or any of its subsidiaries, and non-qualified options and restricted stock awards may be granted under the Plan to any key employee or any officer or director of, or consultant or advisor to, the Company or any of its subsidiaries.

5.2. Ten Percent Stockholders. No incentive stock option may be granted under the Plan to any person who owns, directly or indirectly (within the meaning of sections 422A(b)(6) and 425(d) of the Code), at the time the stock option is granted, stock possessing more than 10% of the total combined voting power or value of all classes of stock of the Company or any of its subsidiaries, unless the option price is at least 110% of the "Fair Market Value" (as defined below) of the shares subject to the option determined on the date of the grant, and the option by its terms is not exercisable after the expiration of five years from the date such option is granted.

5.3. Participants. An individual receiving any award under the Plan is hereinafter referred to as a "participant." Any reference herein to the employment of a participant by the Company shall include his or her employment by the Company or any of its subsidiaries and may, in the Committee's discretion, include continued services as a director or consultant.

6. Option Price. Subject to Paragraphs 5 and 13 herein, the option price of each share of Common Stock purchasable under any stock option granted under the Plan shall be not less than the par value of such share of Common Stock at the time the option is granted. The option price of an option issued in a transaction described in section 424(a) of the Code shall be an amount which conforms to the requirements of that section and the regulations thereunder.

The "Fair Market Value" of a share of Common Stock as of a specified date shall mean the average of the high and low sale prices of a share of Common Stock on the principal securities exchange or market on which such shares are traded on the day immediately preceding the date as of which Fair Market Value is being determined, or on the next preceding date on which such shares are traded if no shares were traded on such immediately preceding day; or if sale prices for the shares are not publicly quoted, Fair Market Value shall be deemed to be the average of the high bid and low asked prices of the shares in the over-the-counter market on the day immediately preceding the date as of which Fair Market Value is being determined.

If the shares are not publicly traded, Fair Market Value shall be determined by the Committee in its sole discretion. In no case shall Fair Market Value be less than the par value of a share of Common Stock.

7. Expiration and Termination of the Plan. Awards may be granted under the Plan at any time and from time to time on or prior to the tenth anniversary of the effective date of the Plan as set forth in Paragraph 15 herein (the "Expiration Date"), on which date the Plan will expire except as to awards then outstanding under the Plan. Such outstanding awards shall remain in effect until they have been exercised, terminated, or have expired. The Plan may be terminated, modified, or amended by the Board at any time on or prior to the Expiration Date, except with respect to any awards then outstanding under the Plan.

8. Exercisability and Duration of Options.

8.1. Determination of the Committee; Acceleration. Each option granted under the Plan shall vest and shall be exercisable at such time or times, or upon the occurrence of such event or events, and in such amounts, as the Committee may provide. Subsequent to the grant of an option which is not immediately vested or exercisable in full, the Committee, at any time before complete termination of such option, may accelerate the time or times at which such option may vest or may be exercised in whole or in part.

8.2. Automatic Termination of Options. Unless the Committee determines otherwise, either at the time of grant or thereafter, any portion of an option that has not vested on the date a participant's employment with the Company or its subsidiaries terminates shall automatically be canceled. Unless the Committee determines otherwise, either at the time of grant or thereafter, the unexercised portion of any option granted under the Plan shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

(a) The expiration of 10 years from the date on which such option was granted, except as otherwise provided in Paragraph 5.2 hereof;

(b) The expiration of three months from the date of termination of the participant's employment by the Company or any of its subsidiaries, as the case may be (other than a termination described in subparagraph (c), (d), or (e) below); provided that if the participant shall die during such three-month period, the time of termination of the unexercised portion of any such option shall be determined under the provisions of subparagraph (d) below;

(c) The expiration of one year from the date of termination of the participant's employment, due to permanent and total disability within the meaning of section 22(e)(3) of the Code (other than a termination described in subparagraph (e) below);

(d) The expiration of six months following the issuance of letters testamentary or letters of administration to the executor or administrator of a deceased participant if the participant's death occurs either during his employment or during the three-month period following the date of termination of such employment (other than a termination described in subparagraph (e) below), but in no event later than one year after the participant's death; or

(e) The termination of the participant's employment by the Company or any of its subsidiaries, as the case may be, if such termination constitutes or is attributable to a breach by the participant of an employment agreement with the Company or any of its subsidiaries, as the case may be, or if the participant is discharged for cause. The Committee shall have the right to determine whether the participant has been discharged for breach or for cause and the date of such discharge, and such determination of the Committee shall be final and conclusive.

9. Exercise of Option.

9.1. Exercise. Options granted under the Plan shall be exercised by the participant (or by his or her executors or administrators, as provided in Paragraph 10 hereof) as to all or part of the shares covered thereby, by the giving of written notice of exercise to the Company, specifying the number of shares to be purchased, accompanied by payment of the full purchase price for the shares being purchased. Payment of such purchase price shall be made (a) by check payable to the Company, or (b) if so permitted by the Committee (i) through the delivery of shares of Common Stock (which, in the case of Common Stock acquired from the Company, shall have been held for at least six months prior to delivery) having a Fair Market Value on the last business day preceding the date of exercise equal to the purchase price or (ii) by delivery of a promissory note of the participant to the Company, such note to be payable on such terms as are specified by the Committee or (iii) at such time as the Common Stock is registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price or (iv) by any combination of the permissible forms of payment. Such notice of exercise, accompanied by such payment, shall be delivered to the Company at its principal business office or such other office as the Committee may from time to time direct, and shall be in such form, containing such further provisions consistent with the provisions of the Plan, as the Committee may from time to time prescribe. No participant or other person exercising an option shall have any of the rights of a stockholder of the Company with respect to shares subject to an option granted under the Plan until certificates for such hares shall have been issued following the exercise of such option as the case may be. No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date of such issuance. In no event may any option granted hereunder be exercised for a fraction of a share.

9.2. Tax Withholding.

(a) Payment. The Company shall notify a participant of any income tax withholding requirements arising as a result of the exercise of a stock option or the vesting of restricted stock. The Company shall have the right to require the participant to pay such withholding taxes. At the election of the participant, payment of such withholding taxes may be made in either of the following two ways:

(i) Cash. Such payment may be made in cash, through withholding from the participant's salary or otherwise; or

(ii) Common Stock. Subject to the approval of the Committee, such payment may be made in whole or in part, in shares of Common Stock.

(b) Payment in Shares of Common Stock. Payment of withholding taxes in shares of Common Stock may be made in any of the following two ways, at the election of the participant subject to the approval of the Committee, or by a combination of any of such ways:

(i) Surrender of Options. A participant may have shares withheld from shares otherwise issuable to him in connection with the exercise of a stock option; or

(ii) Tender Back of Shares. A participant may tender shares to the Company from shares owned by such participant and acquired other than in connection with the award that gave rise to tax withholding.

(c) Valuation. Shares so withheld, delivered, or tendered shall be valued at their Fair Market Value on the date on which the amount of tax to be withheld is determined (the "Tax Date"). The tax withholding obligations that may be paid by such withholding of shares otherwise issuable in connection with a stock option, or the delivery of shares held by such participant for less than six months, may not exceed the minimum withholding requirements imposed by law. The tax withholding obligations that may be paid by the tender back of shares held by the participant for six months or longer may exceed the participant's tax obligations associated with the transaction, including any related FICA obligations, determined based upon the participant's maximum marginal tax rate.

(d) Election. A participant's election to have withheld shares of Common Stock that are otherwise issuable or to tender back shares, shall be in writing, shall be irrevocable, and shall be delivered to the Company prior to the Tax Date. Such election shall be subject to the approval of the Committee.

9.3. Restrictions on Delivery of Shares. Each award under the Plan is subject to the conditions that if at any time the Committee, in its discretion, shall determine that the listing, registration, or qualification of the shares covered by such award upon any securities exchange or under any state or federal law is necessary or desirable as a condition of or in connection with the granting of such award or the purchase or delivery of shares thereunder, the delivery of any or all such shares may be withheld unless and until such listing, registration or qualification shall have been effected. The Committee may require, as a condition to the issuance of any shares, that the participant represent, in writing, that the shares received are being acquired for investment and not with a view to distribution and agree that the shares will not be disposed of except pursuant to an effective registration statement, unless the Company shall have received an opinion of counsel satisfactory to the Company that such disposition is exempt from such requirement under the Securities Act of 1933. The Company may endorse on certificates representing shares issued, such legends referring to the foregoing representations or any applicable restrictions on resale as the Company, in its discretion, shall deem appropriate.

10. Non-Transferability of Options. Unless the Committee otherwise determines, no option granted under the Plan or any right evidenced thereby shall be transferable by the participant other than by will or by the laws of descent and distribution, and an option may be exercised, during the lifetime of a participant, only by such participant. In the event of a participant's death during his or her employment by the Company or any of its subsidiaries as the case may be, or during the three-month period following the date of termination of such employment, his or her option shall thereafter be exercisable, during the period specified in Paragraph 8.2(d) hereof, by his or her executors or administrators.

11. Right to Terminate Employment. Nothing in the Plan, or in any award made under the Plan, shall confer upon any participant the right to continue in the employment of the Company, or any of its subsidiaries, as the case may be, or affect the right of the Company, or any of its subsidiaries, as the case may be, to terminate such participant's employment at any time, subject, however, to the provisions of any agreement of employment between such participant and the Company, or any of its subsidiaries, as the case may be.

12. Restricted and Unrestricted Stock.

12.1. Nature of Restricted Stock Award. A Restricted Stock Award entitles the recipient to acquire, for a purchase price to be specified by the Committee but in no event less than par value, shares of Common Stock subject to the restrictions described in Paragraph 12.4 below ("Restricted Stock").

12.2. Acceptance of Award. A participant who is granted a Restricted Stock Award will have no rights with respect to such Restricted Stock Award unless the participant accepts the Restricted Stock Award by written instrument delivered or mailed to the Company accompanied by payment in full of the specified purchase price, if any, of the shares covered by the Restricted Stock Award. Payment may be by certified or bank check or other instrument acceptable to the Committee.

12.3. Rights as a Stockholder. A participant who receives a Restricted Stock Award will have all the rights of a stockholder with respect to the Common Stock, including voting and dividend rights, subject to the restrictions described in Paragraph 12.4 below and any other conditions imposed by the Committee at the time of grant. Unless the Committee otherwise determines, certificates evidencing shares of Restricted Stock will remain in the possession of the Company until such shares are free of all restrictions under the Plan.

12.4. Restrictions. Except as otherwise specifically provided by the Committee, Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered or disposed of, and if the participant ceases to be an employee of the Company or any of its subsidiaries for any reason, must be offered to the Company for purchase for the amount of cash paid for the Restricted Stock, or forfeited to the Company if no cash was paid. These restrictions will lapse at such time or times, and on such conditions, as the Committee may specify. Upon lapse of all restrictions, Restricted Stock will cease to be restricted for purposes of the Plan. The Committee may at any time accelerate the time at which the restrictions on all or any part of the shares will lapse.

12.5. Notice of Election. Any participant making an election under section 83(b) of the Code with respect to Restricted Stock must provide a copy thereof to the Company within 10 days of the filing of such election with the Internal Revenue Service.

12.6. Unrestricted Stock. The Committee may, in its sole discretion, approve the sale to any participant of shares of Common Stock free of restrictions under the Plan for a price which is not less than the par value of the Common Stock.

13. Recapitalizations, Reorganizations, and the Like.

13.1. Adjustment upon Changes in Capitalization, etc. In the event of any stock split, stock dividend, reclassification, or recapitalization which changes the character or amount of the Company's outstanding Common Stock while any portion of any option theretofore granted under the Plan is outstanding but unexercised, the Committee shall make such adjustments in the character and number of shares subject to such options and in the option price, as shall be equitable and appropriate in order to make the option, as nearly as may be practicable, equivalent to such option immediately prior to such change; provided, however, that no such adjustment shall give any participant any additional benefits under his or her option; provided further, that with respect to any outstanding incentive stock option, if any such adjustment is made by reason of a transaction described in section 242(a) of the Code, it shall be made so as to conform to the requirements of that section and the regulations thereunder. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of the option. Any fractional shares or other securities which may be payable upon exercise of the option shall be payable in cash in an amount equal to such fraction multiplied by the then Fair Market Value of such fractional shares at the date of exercise.

If any transaction (other than a change specified in the preceding paragraph) described in section 424(a) of the Code affects the Company's Common Stock subject to any unexercised option theretofore granted under the Plan (hereinafter for purpose of this Paragraph 13.1 referred to as the "old option"), the Board or any surviving or acquiring corporation may take such action as it deems appropriate, and in conformity with the requirements of that section and the regulations thereunder, to substitute a new option for the old option, in order to make the new option, as nearly as may be practicable, equivalent to the old option, or to assume the old option.

If any such change or transaction shall occur, the number and kind of shares for which awards may thereafter be granted under the Plan shall also be adjusted to give effect thereto.

13.2. Mergers, etc. In the event of a consolidation or merger in which the Company is not the surviving corporation or which results in the acquisition of substantially all of the Company's outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of substantially all the Company's assets, all outstanding awards shall become automatically terminated, provided that at least 20 days prior to the effective date of any such merger, consolidation or sale of assets, all outstanding awards shall become automatically exercisable, and all the restrictions on any Restricted Stock Award, shall be canceled immediately prior to consummation of such merger, consolidation or sale of assets unless the Committee shall have arranged, subject to consummation of the merger, consolidation or sale of assets, to have the surviving or acquiring corporation or an affiliate of that corporation grant to participants replacement awards, which awards in the case of incentive options shall satisfy, in the determination of the Committee, the requirements of section 424(a) of the Code.

The Committee may grant awards under the Plan in substitution for awards held by directors, employees, consultants, or advisers of another corporation who concurrently become directors, employees, consultants, or advisers of the Company or a subsidiary of the Company as the result of a merger or consolidation of that corporation with the Company or a subsidiary of the Company, or as the result of the acquisition by the Company or a subsidiary of the Company, or as the result of the acquisition by the Company or a subsidiary of the Company of property or stock of that corporation. The Company may direct that substitute awards be granted on such terms and conditions as the Committee considers appropriate in the circumstances.

14. Amendments. The Committee may at any time or times amend the Plan or any outstanding award for any purpose which may at the time be permitted by law, or may at any time terminate the Plan as to any further awards, provided that (except to the extent expressly required or permitted by the Plan) no such amendment will adversely affect the rights of any participant under any outstanding award without such participant's consent.

15. Effective Date of Plan. The Plan shall become effect upon the date of approval of the Plan by the Company's stockholder(s), but awards may be made prior to such date subject to stockholder approval.

EXHIBIT 10.4

AMENDED AND RESTATED
AS OF MAY 14, 2002

FORRESTER RESEARCH, INC.

1996 EMPLOYEE STOCK PURCHASE PLAN

SECTION 1. PURPOSE OF PLAN

The Forrester Research, Inc. 1996 Employee Stock Purchase Plan (the "Plan") is intended to provide a method by which eligible employees of Forrester Research, Inc. ("Forrester ") and of such of Forrester `s subsidiaries as Forrester's Board of Directors (the "Board of Directors") may from time to time designate (such subsidiaries, together with Forrester, being hereinafter referred to as the "Company") may use voluntary, systematic payroll deductions to purchase shares of the Common Stock of Forrester (the "Stock") and thereby acquire an interest in the future of the Company. For purposes of the Plan, a "subsidiary" is any corporation in which Forrester owns, directly or indirectly, stock possessing 50% or more of the total combined voting power of all classes of stock.

SECTION 2. OPTIONS TO PURCHASE STOCK

Under the Plan, there is available an aggregate of not more than 900,000 shares of Stock (subject to adjustment as provided in Section 15) for sale pursuant to the exercise of options ("Options") granted under the Plan to employees of the Company ("Employees") who meet the eligibility requirements set forth in Section 3 hereof ("Eligible Employees"). The Stock to be delivered upon exercise of Options under the Plan may be either shares of authorized but unissued Stock or previously issued shares acquired by the Company and held in treasury, as the Board of Directors may determine.

SECTION 3. ELIGIBLE EMPLOYEES

Except as otherwise provided below, each Employee (a) who has completed six months or more of continuous service in the employ of the Company, and (b) whose customary employment is more than 20 hours per week, will be eligible to participate in the Plan.

(a) Any Employee who immediately after the grant of an Option to him or her would (in accordance with the provisions of Sections 423 and 424(d) of the Internal Revenue Code of 1986, as amended (the "Code")) own stock possessing 5% or more of the total combined voting power or value of all classes of stock of the employer corporation or of its parent or subsidiary corporations, as defined in Section 424 of the Code, will not be eligible to receive an Option to purchase stock pursuant to the Plan.

(b) No Employee will be granted an Option under the Plan which would permit his or her rights to purchase shares of stock under all employee stock purchase plans of Forrester and parent and subsidiary corporations to accrue at a rate which exceeds $25,000 in fair market value of such stock (determined at the time the Option is granted) for each calendar year during which any such Option granted to such Employee is outstanding at any time, as provided in Sections 423 and 424(d) of the Code.

(c) For purposes of determining eligibility hereunder, the Board of Directors, acting by and through the Director, Operations or any other authorized officer, may grant past service credit to Employees of the Company in a uniform and non-discriminatory manner for periods of continuous service provided with respect to any company acquired (whether by asset or stock purchase) of the Company.

SECTION 4. METHOD OF PARTICIPATION

The first stock option period (the "Initial Option Period") for which Options may be granted hereunder shall commence on the date of the prospectus used in connection with Forrester's initial public offering and end on June 30, 1997. The Initial Option Period and each subsequent six-month period following the end of the Initial Option Period shall be referred to as an "Option Period". Each person who will be an Eligible Employee on the first day of any Option Period may elect to participate in the Plan by executing and delivering, at least 15 days prior to such day, a payroll deduction authorization in accordance with Section 5. Such Eligible Employee will thereby become a participant ("Participant") on the first day of such Option Period and will remain a Participant until his or her participation is terminated as provided in the Plan.

SECTION 5. PAYROLL DEDUCTION

The payroll deduction authorization will request withholding at a rate (in whole percentages) of not less than 2% nor more than 10% from the Participant's Compensation by means of substantially equal payroll deductions over the Option Period. In no event shall more than $10,000 be withheld with respect to any Participant for any Option Period. For purposes of the Plan, "Compensation" will mean all compensation paid to the Participant by the Company and currently includible in his or her income, including bonuses, commissions, and other amounts includible in the definition of compensation provided in the Treasury Regulations promulgated under Section 415 of the Code, plus any amount that would be so included but for the fact that it was contributed to a qualified plan pursuant to an elective deferral under Section 401(k) of the Code, but not including payments under stock option plans and other employee benefit plans or any other amounts excluded from the definition of compensation provided in the Treasury Regulations under Section 415 of the Code. A Participant may reduce the withholding rate of his or her payroll deduction authorization by one or more whole percentage points (but not to below

2%) at any time during an Option Period by delivering written notice to the Company, such reduction to take effect prospectively as soon as practicable, as determined by the Board of Directors acting by and through the Director, Operations or any other authorized officer, following receipt of such notice by the Company. A Participant may increase or reduce the withholding rate of his or her payroll deduction authorization for a future Option Period by written notice delivered to the Company at least 15 days prior to the first day of the Option Period as to which the change is to be effective. All amounts withheld in accordance with a Participant's payroll deduction authorization will be credited to a withholding account for such Participant.

SECTION 6. GRANT OF OPTIONS

Each person who is a Participant on the first day of an Option Period will as of such day be granted an Option for such Period. Such Option will be for the number of whole shares (not in excess of the share maximum as hereinafter defined) of Stock to be determined by dividing (i) the balance in the Participant's withholding account on the last day of the Option Period, by (ii) the purchase price per share of the Stock determined under Section 7. For purposes of the preceding sentence, the share maximum with respect to any Option for any Option Period shall be the largest number of shares which, when multiplied by the fair market value of a share of Stock at the beginning of the Option Period, produces a dollar amount of $12,500 or less. The number of shares of Stock receivable by each Participant upon exercise of his or her Option for an Option Period will be reduced, on a substantially proportionate basis, in the event that the number of shares then available under the Plan is otherwise insufficient.

SECTION 7. PURCHASE PRICE

The purchase price of Stock issued pursuant to the exercise of an Option will be 85% of the fair market value of the Stock at (a) the time of grant of the Option or (b) the time at which the Option is deemed exercised, whichever is less. Fair market value on any given day will mean the Closing Price of the Stock on such day or, if there was no Closing Price on such day, the latest day prior thereto on which there was a Closing Price, provided that in the case of Options granted during the first Option Period, fair market value at the time of grant of the Option shall mean the initial public offering price of the Stock. The "Closing Price" of the Stock on any business day will be the last sale price as reported on the principal market on which the Stock is traded or, if no last sale is reported, then the fair market value as determined by the Board of Directors. A good faith determination by the Board of Directors as to fair market value shall be final and binding.

SECTION 8. EXERCISE OF OPTIONS

Each Employee who is a Participant in the Plan on the last day of an Option Period will be deemed to have exercised on the last day of the Option Period the Option granted to him or her for that Option Period. Upon such exercise, the balance of the Participant's withholding account will be applied to the purchase of the number of whole shares of Stock determined under Section

6 and as soon as practicable thereafter certificates for said shares will be issued and delivered to the Participant. In the event that the balance of the Participant's withholding account following an Option Period is in excess of the total purchase price of the shares so issued, the balance of the account shall be returned to the Participant; provided, however, that if the balance left in the account consists solely of an amount equal to the value of a fractional share, it will be retained in the withholding account and carried over to the next Option Period. The entire balance of the Participant's withholding account following the final Option Period shall be returned to the Participant. No fractional shares will be issued hereunder.

Notwithstanding anything herein to the contrary, Forrester's obligation to issue and deliver shares of Stock under the Plan is subject to the approval required of any governmental authority in connection with the authorization, issuance, sale or transfer of said shares, to any requirements of any national securities exchange applicable thereto, and to compliance by the Company with other applicable legal requirements in effect from time to time, including without limitation any applicable tax withholding requirements.

SECTION 9. INTEREST

No interest will be payable on withholding accounts.

SECTION 10. CANCELLATION AND WITHDRAWAL

A Participant who holds an Option under the Plan may at any time prior to exercise thereof under Section 8 cancel such Option as to all (but not less than all) the Shares subject or to be subject to such Option by written notice delivered to the Company. Upon such cancellation, the Participant's withholding account balance will be returned to him or her.

A Participant may terminate a payroll deduction authorization as of any date by written notice delivered to the Company and will thereby cease to be a Participant as of such date. Any Participant who voluntarily terminates a payroll deduction authorization prior to the last business day of an Option Period will be deemed to have cancelled the related Option.

Any Participant who cancels an Option or terminates a payroll deduction authorization may at any time thereafter again become a Participant in accordance with Section 4.

SECTION 11. TERMINATION OF EMPLOYMENT

Subject to Section 12, any person will cease to be a Participant upon termination of employment with the Company for any reason, and any Option held by such Participant under the Plan will be deemed cancelled. The Company will return the balance of the withholding account to the Participant, who will have no further rights under the Plan.

SECTION 12. DEATH OF PARTICIPANT

A Participant may file a written designation of beneficiary specifying who is to receive any Stock and/or cash credited to the Participant under the Plan in the event of the Participant's death, which designation will also provide for the Participant's election to either (i) cancel the Participant's Option upon his or her death, as provided in Section 10 or (ii) apply as of the last day of the Option Period the balance of the deceased Participant's withholding account at the time of death to the exercise of the related Option, pursuant to Section 8 of the Plan. In the absence of a valid election otherwise, a Participant's death will be deemed to effect a cancellation of the Option. A designation of beneficiary and election may be changed by the Participant at any time, by written notice. In the event of the death of a Participant and receipt by the Company of proof of the identity and existence at the Participant's death of a beneficiary validly designated by him or her under the Plan, the Company will deliver to such beneficiary such Stock and/or cash to which the beneficiary is entitled under the Plan. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company will deliver such Stock and/or cash to the executor or administrator of the estate of the Participant, if the Company is able to identify such executor or administrator. If the Company is unable to identify such administrator or executor, the Company, in its discretion, may deliver such stock and/or cash to the spouse or to any one or more dependents of a Participant as the Company may determine. No beneficiary will, prior to the death of the Participant by whom he has been designated, acquire any interest in any Stock or cash credited to the Participant under the Plan.

SECTION 13. PARTICIPANT'S RIGHTS NOT TRANSFERABLE

All Participants will have the same rights and privileges under the Plan. All rights and privileges under any Option may be exercisable during a Participant's lifetime only by the Participant, and may not be sold, pledged, assigned, or transferred in any manner. In the event any Participant violates the terms of this Section, any Option held by him or her may be terminated by the Company and upon return to the Participant of the balance of his or her withholding account, all his or her rights under the Plan will terminate.

SECTION 14. EMPLOYMENT RIGHTS

Nothing contained in the provisions of the Plan will be construed to give to any Employee the right to be retained in the employ of the Company or to interfere with the right of the Company to discharge any Employee at any time.

SECTION 15. CHANGE IN CAPITALIZATION

In the event of any change in the outstanding Stock of Forrester by reason of a stock dividend, split-up, recapitalization, merger, consolidation, reorganization, or other capital change after the effective date of this Plan, the aggregate number of shares available under the Plan, the number of shares under Options granted but not exercised, and the Option price will be appropriately adjusted.

SECTION 16. ADMINISTRATION OF PLAN

The Plan will be administered by the Board of Directors, which will have the right to determine any questions which may arise regarding the interpretation and application of the provisions of the Plan and to make, administer, and interpret such rules and regulations as it will deem necessary or advisable. The Board of Director's determinations hereunder shall be final and binding.

SECTION 17. AMENDMENT AND TERMINATION OF PLAN

Forrester reserves the right at any time or times to amend the Plan to any extent and in any manner it may deem advisable by vote of the Board of Directors; provided, however, that any amendment relating to the aggregate number of shares which may be issued under the Plan (other than an adjustment provided for in Section 15) or to the Employees (or class of Employees) eligible to receive Options under the Plan will have no force or effect unless it is approved by the shareholders within twelve months before or after its adoption.

The Plan shall terminate automatically following the end of the first Option Period beginning in 2006; provided, however, that the Board of Directors in its discretion may extend the Plan for one or more Option Periods. The Plan may be earlier suspended or terminated by the Board of Directors, but no such suspension or termination will adversely affect the rights and privileges of holders of outstanding Options. The Plan will terminate in any case when all or substantially all the Stock reserved for the purposes of the Plan has been purchased.

SECTION 18. APPROVAL OF SHAREHOLDERS

The Plan is subject to the approval of the shareholders of Forrester, which approval must be secured within twelve months before or after the date the Plan is adopted by the Board of Directors, and any Option granted hereunder prior to such approval is conditioned on such approval being obtained prior to the exercise thereof.

Exhibit 10.6

NON-EMPLOYEE DIRECTORS' COMPENSATION

Each non-employee director of Forrester Research, Inc. receives an annual retainer of $10,000, payable quarterly in arrears, and members of the Audit Committee of the Board of Directors receive $1,500 for each meeting they attend, with the Chairman of the Audit Committee receiving an additional $5,000 per year. In addition, members of the Board of Directors are reimbursed for expenses incurred in attending any meeting of the Board of Directors or a Committee thereof.

EXHIBIT 10.9

400 Technology Square
Building No. 565
Cambridge, Massachusetts 02139

FIFTH AMENDMENT
Execution Date: As of January 1, 2005

LANDLORD:	Technology Square Finance, LLC, a Massachusetts limited liability company, successor in interest to Technology Square LLC
TENANT:	Forrester Research, Inc.
EXISTING PREMISES:	Areas on Floors 2-8 of the Building, containing approximately 145,551 rentable square feet of office space, substantially as shown on Lease Plan, Exhibit 2, Sheets 1 through 7, attached to the Lease; and approximately 1,846 rentable square feet of storage space on Floor 10 ("Storage Premises"), substantially as shown on Lease Plan, Exhibit A, attached to the Second Amendment, dated February 8, 2001
LEASE EXECUTION DATE:	May 6, 1999
TERMINATION DATE:	September 30, 2006
PREVIOUS LEASE AMENDMENTS:	First Amendment dated as of September 9, 1999 Second Amendment dated February 8, 2001 Third Amendment to Lease dated December 13, 2002 Fourth Amendment to Lease dated December 22, 2003
EXTENDED TERMINATION DATE:	September 30, 2011
DELETED PREMISES:	Floor 8, containing 20,793 rentable square feet

REMAINDER PREMISES: The Existing Premises, less the Deleted Premises, containing 124,758 rentable square feet, as shown on Lease Plan, Exhibit 2, Sheets 1 through 6, attached to the Lease; and the Storage Premises

WHEREAS, Tenant desires to extend the term of the lease for an additional term;

WHEREAS, Landlord is willing to extend the term of the lease for an additional term upon the terms and conditions hereinafter set forth;

NOW THEREFORE, the parties hereby agree that the above-referenced lease, as previously amended (the "Lease"), is hereby further amended as follows:

1. TERMINATION OF LEASE IN RESPECT OF DELETED PREMISES

The term of the Lease in respect of the Deleted Premises is hereby terminated effective as of December 31, 2004 ("Deleted Premises Termination Date"). The parties hereby acknowledge that Tenant has vacated the Deleted Premises and has delivered the Deleted Premises to Landlord in the condition in which Tenant is required, pursuant to the Lease (including, without limitation, Article 22 thereof) to deliver the Premises at the expiration or prior termination of the term of the Lease. Novartis Institute for Biomedical Research, Inc. ("Novartis") currently occupies the Deleted Premises under and pursuant to a certain Sublease from Tenant dated as of November 22, 2002 (the "Sublease"). Landlord hereby represents and warrants to Tenant that Landlord has entered into a direct lease of the Deleted Premises to Novartis. Accordingly, this Amendment is entered into in anticipation of Novartis and Tenant entering into an agreement in form and substance satisfactory to Tenant simultaneously with the execution and delivery of this Amendment by which the Sublease is terminated as of the Deleted Premises Termination Date with the same effect as if the Deleted Premises Termination Date were the Expiration Date thereunder.

From and after January 1, 2005, any reference in the Lease to the "Premises" shall refer to the Remainder Premises described above.

2. EXTENSION OF TERM OF LEASE IN RESPECT OF REMAINDER PREMISES

The term of the Lease is hereby extended for an additional term ("Additional Term") commencing as of October 1, 2006, and terminating as of September 30, 2011 ("Extended Termination Date "). Any reference in the Lease or this Amendment to the initial term of the Lease shall refer to such term as extended for the Additional Term. Said Additional Term shall be upon all of the same terms and conditions of the Lease in effect immediately preceding the commencement of such Additional Term (including, without limitation, Tenant's obligation to pay for electricity, pursuant to Article 8.1 of the Lease), except as follows:

A. The Yearly Rent during the Additional Term shall be as follows:

Time Period	Yearly Rent	Yearly Rent per Square Foot	Monthly Payment
October 1, 2006 - November 30, 2006:	$-0-	$-0-	$-0-
December 1, 2006 - December 31, 2007:	$3,617,982.00	$29.00	$301,498.50
January 1, 2008 - December 31, 2009:	$3,805,119.00	$30.50	$317,093.25
January 1, 2010 - September 30, 2011:	$3,929,877.00	$31.50	$327,489.75

B. The Yearly Rent in respect of the Second Amendment Storage Premises during the Additional Term shall be Thirty-Six Thousand Nine Hundred Twenty and 04/10 ($36,920.04) per annum (i.e., a monthly payment of $3,076.67).

C. The Building Operating Cost Base during the Additional Term shall be the Building Operating Costs for calendar year 2005, adjusted to reflect 95% occupancy for a full Operating Year. The words "adjusted to reflect 95% occupancy for a full Operating Year," shall mean for the Base Year (calendar year 2005) that if the average annual occupancy of the Building for such Operating Year was not at least 95%, Building Operating Costs for such Operating Year (i.e., the Base Year) shall be "grossed up" in accordance with industry standards and generally accepted accounting principles, consistently applied, to what they would have been had the average annual occupancy of the Building been 95% for such Operating Year. The words "adjusted to reflect 95% occupancy for a full Operating Year," wherever they appear elsewhere in this Fifth Amendment or elsewhere in the Lease shall mean, as to any Operating Year other than the Base Year, that if the average annual occupancy of the Building for such Operating Year was not at least as high as during the Base Year, Building Operating Costs for such Operating Year (i.e., each calendar year after the Base Year) shall be so adjusted to what they would have been had the average annual occupancy of the Building for such year been the higher of 95% or such average annual occupancy during the Base Year. Such "gross-up" adjustments shall be made by increasing those costs includable in Building Operating Costs which, according to industry practice but depending on the specific situation of the Building, will vary based upon the level of occupancy at the Building.

D. The Complex Operating Cost Base during the Additional Term shall be the Complex Operating Costs for calendar year 2005, adjusted to reflect 95% occupancy for a full Operating Year.

E. The Building Tax Base during the Additional Term shall be the actual amount of Building Taxes for fiscal/tax year 2005 (i.e., July 1, 2004 - June 30, 2005).

F. Tenant's Building Operating Cost Percentage during the Additional Term shall be 64.05% (i.e., 124,758 square feet divided by the Total Rentable Area of the Building, which is 194,776 square feet).

G. Tenant's Complex Operating Costs Percentage during the Additional Term shall be 10.98% (i.e., 124,758 square feet divided by the Total Rentable Area of the Complex, which is 1,136,734 square feet).

H. Tenant's Building Tax Percentage during the Additional Term shall be 64.05% (i.e., 124,758 square feet divided by the Total Rentable Area of the Building, which is 194,776 square feet).

I. In the event that any of the provisions of the Lease are inconsistent with this Amendment or the state of facts contemplated hereby, the provisions of this Amendment shall control.

J. Landlord and Tenant shall, promptly after the Building Operating Cost Base and the Complex Operating Cost Base have been determined for calendar year 2005, without waiver by Tenant of any audit rights applicable thereto, cooperate to prepare a replacement Exhibit 16A to the Fourth Amendment to Lease, to be used thereafter in implementing Article 9.1(b) as amended by said Fourth Amendment. The replacement Exhibit 16A shall merely document the amounts of the line item costs included in the Building Operating Cost Base and the Complex Operating Cost Base and shall not, except as Landlord and Tenant may otherwise agree in writing, add or delete any line items of cost or otherwise change the method by which Building Operating Costs or Complex Operating Costs are determined. The reference in said Article 9.1(b) to "2003" shall thereafter be deemed to be to "2005."

K. Landlord represents and warrants that the Total Rentable Area of the Premises, the Building and the Complex as stated in this Fifth Amendment have been determined in accordance with Exhibit 11 (Measurement Standards) attached to the Lease, except only that laboratory exhaust shaft areas have been included in determining the usable area of tenant premises and mechanical rooms and penthouse areas have been included as part of each building's common area, which exceptions do not affect the calculation of the Total Rentable Area of the Premises or the Building, but only that of certain other laboratory buildings in the Complex, resulting in a larger Total Rentable Area for the Complex than would otherwise obtain through the application of Exhibit 11.

3. REVISED YEARLY RENT, BUILDING OPERATING COST BASE, COMPLEX OPERATING COST BASE AND BUILDING TAX BASE FOR THE REMAINDER OF ORIGINAL TERM

In consideration of Tenant agreeing to an early extension of the term of the Lease, commencing as of January 1, 2005, and ending as of September 30, 2006, the schedule of Yearly Rent, as set forth in Exhibit 1 to the Lease, shall be revised as follows:

A. Commencing as of January 1, 2005, and ending as of September 30, 2006, Yearly Rent shall be revised as follows:

Time Period	Yearly Rent	Yearly Rent per Square Foot	Monthly Payment
January 1, 2005 - September 30, 2006:	$3,617,982.00	$29.00	$301,498.50

Yearly Rent for the period commencing as of January 1, 2005, and expiring as of September 30, 2006, is based on 124,758 rentable square feet of the Premises only, the parties hereby acknowledging that Tenant has no obligation to pay Yearly Rent in respect of 20,793 rentable square feet on floor 8 of the Building.

B. Commencing as of January 1, 2005, and ending as of September 30, 2006, the Building Operating Cost Base shall be the Building Operating Costs for calendar year 2005, adjusted to reflect 95% occupancy for a full Operating Year.

C. Commencing as of January 1, 2005, and ending as of September 30, 2006, the Complex Operating Cost Base shall be the Complex Operating Costs for calendar year 2005, adjusted to reflect 95% occupancy for a full Operating Year.

D. Commencing as of January 1, 2005, and ending as of September 30, 2006, the Building Tax Base shall be the actual amount of Building Taxes for fiscal/tax year 2005 (i.e., July 1, 2004 - June 30, 2005).

E. Commencing as of January 1, 2005, and ending as of September 30, 2006, Tenant's Building Operating Cost Percentage shall be 64.05% (i.e., 124,758 square feet divided by the Total Rentable Area of the Building, which is 194,776 square feet).

F. Commencing as of January 1, 2005, and ending as of September 30, 2006, Tenant's Complex Operating Costs Percentage shall be 10.98% (i.e., 124,758 square feet divided by the Total Rentable Area of the Complex, which is 1,136,734 square feet).

G. Commencing as of January 1, 2005, and ending as of September 30, 2006, Tenant's Building Tax Percentage shall be 64.05% (i.e., 124,758 square feet divided by the Total Rentable Area of the Building, which is 194,776 square feet).

4. LANDLORD'S CONTRIBUTION

A. Landlord shall, in the manner hereinafter set forth, contribute up to Six Hundred Twenty-Three Thousand Seven Hundred Ninety and 00/100 ($623,790.00) Dollars (i.e., $5.00 per rentable square foot of floor area in the Remainder Premises) ("Landlord's Contribution") towards the cost of leasehold improvements to be installed by Tenant in the Remainder Premises ("Tenant's Work"). Tenant's Work shall be performed in accordance with the Lease (including, without limitation, Articles 12 and 13 thereof).

B. Provided that Tenant is not in default of its obligations under the Lease at the time that Tenant requests any requisition on account of Landlord's Contribution, Landlord shall pay the cost of the work shown on each requisition (as hereinafter defined) submitted by Tenant to Landlord within thirty (30) days of submission thereof by Tenant to Landlord. For the purposes hereof, a "requisition" shall mean written documentation showing in reasonable detail the costs of the improvements then installed by Tenant in the premises. Tenant shall submit requisition(s) no more often than monthly.

C. Notwithstanding anything to the contrary herein contained:

(i) Landlord shall have no obligation to advance funds on account of Landlord's Contribution unless and until Landlord has received the requisition in question, together with certifications from Tenant's architect, certifying that the work shown on the requisition has been performed in accordance with applicable law and in accordance with Tenant's approved plans.

(ii) Except with respect to work and/or materials previously paid for by Tenant, as evidenced by paid invoices provided to Landlord, Landlord shall have the right to have Landlord's Contribution paid to both Tenant and Tenant's contractor(s) and vendor(s) jointly, or directly to Tenant's contractor if Landlord has reason to believe there are or may be outstanding claims by such contractor(s) or vendor(s).

(iii) Notwithstanding clauses (i) and (ii) above, to the extent not previously requisitioned by Tenant as aforesaid, Landlord's Contribution shall be applied towards the Yearly Rent payable for and with respect to the months of March, April, and May of 2005, until the Landlord's Contribution has been exhausted.

D. Except for Landlord's Contribution, Tenant shall bear all other costs of Tenant's Work. Landlord shall have no liability or responsibility for any claim, injury or damage alleged to have been caused by the particular materials, whether building standard or non-building standard, selected by Tenant in connection with Tenant's Work.

5. TENANT'S OPTION TO EXTEND THE TERM OF THE LEASE

Tenant shall continue to have one (1) five (5) year option to extend the term of the Lease, pursuant to Paragraphs 1 and 4 of the Rider to Lease. To reflect same, Paragraph 1.A of the Rider to Lease is deleted in its entirety and the following is substituted in its place:

"On the conditions, which conditions Landlord may waive, at its election, by written notice to Tenant at any time, that Tenant is not in default after notice thereof and the expiration of any applicable grace period(s) under Article 21.7 without cure of its covenants and obligations under this Lease at the time of option exercise (provided, however, that Tenant may cure any such default at the time of option exercise), and that Forrester Research, Inc., an Affiliate of Tenant and/or a Permitted Tenant Successor, as such terms are defined in Article 16 of this Lease (such entities, collectively, the "Original Tenant Entities"), collectively are occupying at least 84,505 square feet of Total Rentable Area of the Premises then demised to Tenant ("Occupancy Condition"), as of the commencement of the hereinafter described additional term, Tenant shall have the option to extend the term of this Lease for one (1) additional five (5) year term, such additional term commencing as of the expiration of the initial term of this Lease. For the purposes of the preceding sentence, the Original Tenant Entities shall be deemed to be "occupying" space in the Premises if such space is subject to this Lease and has not been sublet to any entity other than the Original Tenant Entities, provided that the Original Tenant Entities actually occupy and conduct business in not less than 62,379 square feet of Total Rentable Area of the Premises. Tenant may exercise such option to extend by giving Landlord written notice on or before the date twelve (12) months prior to the expiration date of the then current term of this Lease. Upon the timely giving of such notice, the term of this Lease shall be deemed extended upon all of the terms and conditions of this Lease, except that Landlord shall have no obligation to construct or renovate the Premises and that the Yearly Rent, Operating Costs in the Base Year, and Tax Base during such additional term shall be as hereinafter set forth. If Tenant fails to give timely notice, as aforesaid, Tenant shall have no further right to extend the term of this Lease, time being of the essence of this Paragraph 1."

The phrase "two (2) additional five (5) year terms" in Paragraph 1.D. of the Rider to Lease is deleted and the phrase "one (1) additional five (5) year term" is substituted in its place.

6. TENANT'S RIGHT OF FIRST OFFER

On the conditions (which conditions Landlord may waive, at its election, by written notice to Tenant at any time) that Tenant is not in default after notice thereof and expiration of any applicable grace period(s) under Article 21.7 without cure of its covenants and obligations under the Lease and that the Original Tenant Entities are meeting the Occupancy Condition, as defined in Paragraph 5 above, both at the time that Landlord is required to give Landlord's Notice, as hereinafter defined, and as of the Term Commencement Date in respect of the RFO Premises, Tenant shall have the following right to lease the RFO Premises, as hereinafter defined, when the RFO Premises become available for lease to Tenant, as hereinafter defined, all upon and subject to the terms and provisions of this Paragraph 5.

A. Definition of RFO Premises

"RFO Premises" shall be defined as each area above the first (1st) floor of the Building that is the subject of a lease and shall be deemed to be "available for lease to Tenant" if, during the term of the Lease, the term of the then current lease of such area (as such term may be extended or renewed pursuant to any extension or renewal option contained in such lease) has expired or been terminated. In no event shall Tenant have any rights under this Paragraph 5 on or after the date twelve (12) months prior to the expiration of the term of the Lease (i.e. Landlord shall have no obligation to give

Landlord's Notice, as hereinafter defined, to Tenant on or after the date twelve (12) months prior to the expiration of the term of the Lease as the same may have been extended). Notwithstanding anything to the contrary in this Paragraph 6, Floor 9 of the Building shall not be deemed to be "available for lease to Tenant" if Landlord elects to extend or renew the term of the lease of Frictionless Commerce Incorporated ("Frictionless"), any affiliate of Frictionless, any successor by merger to Frictionless, or any entity that acquires substantially all of the stock or assets of Frictionless, whether or not such extension or renewal is made pursuant to any extension or renewal option contained in the existing lease with Frictionless or if Landlord elects to enter a new lease of such space with Frictionless or any of the foregoing entities, and Landlord may enter into any such transaction without giving Tenant Landlord's Notice, as hereinafter defined, and the subject premises shall not be deemed "available for lease to Tenant" until any lease to Frictionless or any of the foregoing entities expires or is terminated without extension or renewal or aforesaid.

B. Exercise of Right to Lease RFO Premises

Landlord shall give Tenant written notice ("Landlord's Notice") not sooner than twelve (12) months or, except in the event of an early termination of the subject lease, later than three (3) months before an RFO Premises will become available for lease to Tenant. Landlord's Notice shall set forth the exact location of the RFO Premises and Landlord's designation of the Fair Market Rental Value (as defined in Paragraph 4 of the Rider to Lease) applicable to the RFO Premises. Tenant shall have the right, exercisable upon written notice ("Tenant's Exercise Notice") given to Landlord within fourteen (14) days (or, in the event of an early termination of a lease of any RFO Premises, thirty (30) days) after the receipt of Landlord's Notice, to lease the RFO Premises. If Tenant fails timely to give Tenant's Exercise Notice, Tenant shall have no further right to lease such RFO Premises pursuant to this Paragraph 5, provided however, that (i) Landlord shall not lease such RFO Premises to any entity (other than any of the Original Tenant Entities) at a net effective rent (i.e., taking into account rent, free rent, allowances and any other concessions or material economic differences in the transactions) to Landlord that is less than ninety percent (90%) of Landlord's designation of Fair Market Rental Value set forth in Landlord's Notice (calculated on a net effective rent basis, as aforesaid) without first giving Tenant another Landlord's Notice setting forth such lower rent, (ii) Landlord shall not lease such RFO Premises to any entity (other than any of the Original Tenant Entities) at any rent, which lease is executed more than nine (9) months after the date of the most recently delivered Landlord's Notice with respect to such RFO Premises without first giving Tenant another Landlord's Notice for and with respect to such RFO Premises (but in the event Landlord gives Tenant a second or subsequent Landlord's Notice with respect to such RFO Premises, as required by this clause (ii) within four (4) months after the expiration of such nine- month period, then, notwithstanding the foregoing, Tenant shall only have five (5) business days after receipt of such Landlord's Notice to give a Tenant's Exercise Notice with respect thereto), and (iii) Tenant shall have the right from time to time thereafter throughout the term of the Lease until Tenant's right to lease the RFO Premises has lapsed, to receive a Landlord's Notice as to any RFO Premises that subsequently becomes available for lease to Tenant upon the expiration of such nine-month period or the expiration or termination of the lease entered into for such space (as such term may be extended or renewed pursuant to any extension or renewal option contained in such lease). Upon the timely giving of Tenant's Exercise Notice, Landlord shall automatically be deemed to have leased and demised to Tenant and Tenant shall automatically be deemed to have hired and taken from Landlord, such RFO Premises, upon all of the same terms and conditions of this Lease including, without limitation, the provisions regarding Tenant's Extension Option, except as hereinafter set forth.

C. Lease Provisions Applying to RFO Premises

The leasing to Tenant of such RFO Premises shall be upon all of the same terms and conditions of the Lease, except as follows:

(1) Term Commencement Date

The Term Commencement Date in respect of such RFO Premises shall be the latest of: (x) the date the subject RFO Premises is to become available for lease to Tenant as set forth in Landlord's Notice, or (y) the date that Landlord delivers such RFO Premises to Tenant or (z) in the event of an early termination of a lease of the subject RFO Premises, thirty (30) days after the date Landlord's Notice is received by Tenant. Landlord agrees to use commercially reasonable efforts to deliver such RFO Premises to Tenant promptly after the term of the lease of the then current occupant of such area, as such term may be extended or renewed as aforesaid, has expired or been terminated, which efforts shall include, if necessary, the commencement and prosecution of a summary process action to recover possession of such space from such occupant.

(2) Yearly Rent

The Yearly Rent rental rate in respect of such RFO Premises shall be based upon the Fair Market Rental Value, as defined in Paragraph 4 of the Rider to Lease, of such RFO Premises as of the Term Commencement Date in respect of such RFO Premises.

(3) Condition of RFO Premises

Tenant shall take such RFO Premises "as-is" in its then (i.e. as of the date of premises delivery) state of construction, finish, and decoration, without any obligation on the part of Landlord to construct or prepare any RFO Premises for Tenant's occupancy.

D. Subordinate Rights

Except as provided in Subparagraph F below, Tenant's rights under this Paragraph 6 are subordinate to the existing rights of Novartis Institutes for BioMedical Research, Inc. ("Novartis") or any entity claiming by, through, or under Novartis under its existing leases of space in the Complex. Such existing rights are summarized on Exhibit B attached hereto.

E. Execution of Lease Amendments

Notwithstanding the fact that Tenant's exercise of the above-described option to lease RFO Premises shall be self-executing, as aforesaid, the parties hereby agree promptly to execute a lease amendment reflecting the addition of an RFO Premises. At the time that such Yearly Rent, Building Operating Cost Base, Complex Operating Cost Base and Tax Base are determined, the parties shall execute a written agreement confirming the same. The execution of such lease amendment shall be deemed to waive any of the conditions to Tenant's exercise of the herein option to lease the RFO Premises, unless otherwise specifically provided in such lease amendment. The failure of the parties to execute such lease amendment shall not affect the validity of any exercise of the above-described option to lease RFO Premises.

F. Floor 8 Rights

Notwithstanding the foregoing, Landlord agrees that (i) Tenant's rights under this Paragraph 6 with respect to Floor 8 of the Building are not and shall not be subordinate to the rights of Novartis or any other tenant or subtenant of the Building, (ii) Landlord shall give Tenant a Landlord's Notice with respect to said Floor 8 on or before August 1, 2008, but not sooner than August 1, 2007, and (iii) Landlord shall cause said Floor 8 to be available for lease to Tenant on or before October 1, 2008. Landlord shall satisfy its obligation under clause (iii) of the preceding sentence if Landlord does not grant any entity (other than Tenant or any of the Named Tenant Entities) the right to use or occupy said Floor 8 from and after October 1, 2008, except to the extent that such right is subject to Tenant's rights hereunder, and Landlord uses commercially reasonable efforts to cause the then occupant(s) of said Floor 8 to vacate same on or before October 1, 2008.

7. INAPPLICABLE AND DELETED LEASE PROVISIONS

A. Article 4 of the Lease, Exhibits 4 and 4A to the Lease, Paragraph 2 of the Second Amendment shall have no applicability during the Additional Term.

B. The last sentence of Article 2.3(a) of the Lease and Paragraphs 2, 3, 6 and 8 of the Rider to Lease are hereby deleted and are of no further force or effect.

8. BROKER

(a) Tenant represents and warrants that it has not directly or indirectly dealt, with respect to the leasing of space in the Building with any broker or had its attention called to the premises or other space to let in the Building, etc. by anyone other than CBRE/Lynch Murphy Walsh Advisors and Richards Barry Joyce & Partners, LLC (the "Brokers"). Tenant agrees to defend, exonerate and save harmless and indemnify

Landlord and anyone claiming by, through or under Landlord against any claims for a commission arising in breach of the representation and warranty set forth in the immediately preceding sentence.

(b) Landlord shall be solely responsible for the payment of brokerage commissions to the Brokers. Landlord represents and warrants that, in connection with the execution and delivery of this Fifth Amendment, it has not directly or indirectly dealt with any broker other than the Brokers. Landlord agrees to defend, exonerate, save harmless, and indemnify Tenant and anyone claiming by, through, or under Tenant against any claims arising in breach of the representation and warranty set forth in the immediately preceding sentence.

9. SIGNAGE

Tenant shall continue to have the signage rights pursuant to Exhibit 10 of the Lease; provided, however, that at such time, if any, as Forrester Research, Inc. (the "Named Tenant") shall occupy less than 84,505 square feet of space in the Building (i.e., four (4) full floors), then notwithstanding the provisions of Paragraph 4 of Exhibit 10, Tenant shall have the right to erect and maintain only one (1) Exterior Sign. In the event the Named Tenant is occupying less than 62,379 square feet, Tenant shall no longer have the right to erect and maintain any of the Exterior Signs, pursuant to said Exhibit 10 of the Lease.

10. LANDLORD'S DEFAULT

A. Landlord shall not be deemed to be in default of its obligations under the Lease unless Tenant has given Landlord written notice of such default, and Landlord has failed to cure said default within thirty (30) days after Landlord receives such notice or, assuming the same is susceptible of cure within a reasonable period of time, such longer period of time as Landlord may reasonably require to cure such default.

B. Except as otherwise expressly provided in the Lease, in no event shall Tenant have the right to terminate the Lease nor, except as expressly otherwise provided in the Lease, shall Tenant's obligation to pay Yearly Rent or other charges under the Lease abate based upon any default by Landlord of its obligations under the Lease.

11. REVISED TOTAL RENTABLE AREA OF THE COMPLEX

Pursuant to the definition of "Complex" in Exhibit 1 to the Lease, the Total Rentable Area of the Complex may change from time to time. Therefore, the Total Square Footage of each of the buildings located within the Complex is revised and is as set forth on Exhibit A attached hereto.

12. As hereby amended, the Lease is ratified, confirmed and approved in all respects.

EXECUTED UNDER SEAL as of the date first above written.

LANDLORD:	TENANT:
TECHNOLOGY SQUARE FINANCE, LLC	FORRESTER RESEARCH, INC.
By: Massachusetts Institute of Technology, its manager	
By: /s/______________________	By: /s/____________________________
Name: _______________________	(Name) (Title)
Title: ________________________	Hereunto Duly Authorized
Date Signed: __________________	Date Signed: ______________________

EXHIBIT A

TOTAL RENTABLE AREA OF THE COMPLEX

TECHNOLOGY SQUARE
BUILDING AND CAMPUS TOTAL RENTABLE SPACE
(December 2004)

BUILDING	RENTABLE SQ. FT.
TECHNOLOGY SQUARE 100	255,441
TECHNOLOGY SQUARE 200	155,090
TECHNOLOGY SQUARE 300	175,609
TECHNOLOGY SQUARE 400	194,776
TECHNOLOGY SQUARE 500	178,664
TECHNOLOGY SQUARE 600	128,224
TECHNOLOGY SQUARE 700	48,930
Total Complex Rentable Sq. Ft	1,136,734

EXHIBIT B

SUMMARY OF NOVARTIS EXPANSION/EXTENSION RIGHTS

Novartis currently has a right of first offer to lease whole floors of the Building (up to a maximum of 155,000 rentable square feet in the aggregate in the Complex).

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Whitcomb Investments, Inc., a Massachusetts corporation

Forrester Research, B.V., a Dutch corporation.

Forrester Research Limited, a United Kingdom corporation

Forrester Research KK, a Japanese corporation

Forrester Research Australia Pty. Ltd., an Australian corporation

Forrester Research (Canada) Inc., a Canadian corporation

Forrester Research GmbH & Co. KG, a German partnership

Forrester Verwaltungs GmbH, a German corporation

Forrester Beteiligungs GmbH, a German corporation

Forrester Research GmbH, a Swiss corporation

Forrester Research SAS, a French corporation

Forrester Research APS, a Danish corporation

Whitcomb AB, a Swedish corporation

Giga Information Group Limited, a United Kingdom corporation

Gigaweb Information Group, Ltd., an Israeli corporation

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in Registration Statements Nos. 333-16905, 333-22749, 333-96393, 333-38626, 333-99749, and 333-99751 of Forrester Research, Inc. on Form S-8 of our reports dated March 14, 2005, and the effectiveness of Forrester Research, Inc.'s internal control over financial reporting, relating to the consolidated financial statements, which appears in this Annual Report on Form 10-K.

/s/ BDO Seidman, LLP

Boston, Massachusetts
March 14, 2005

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-16905, 333-22749, 333-96393, 333-38626, 333-99749, and 333-99751 of Forrester Research, Inc. on Form S-8 of our report dated March 11, 2004 (March 14, 2005 with respect to Note 13), appearing in this Annual Report on Form 10-K of Forrester Research, Inc. for the year ended December 31, 2004.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
March 14, 2005

EXHIBIT 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, George F. Colony, certify that:

1. I have reviewed this annual report on Form 10-K of Forrester Research, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GEORGE F. COLONY

George F. Colony
Chairman of the Board and Chief
Executive Officer
(Principal executive officer)

Date: March 14, 2005

EXHIBIT 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Warren Hadley, certify that:

1. I have reviewed this annual report on Form 10-K of Forrester Research, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ WARREN HADLEY

Warren Hadley
Chief Financial Officer and Treasurer
(Principal financial and accounting officer)

Date: March 14, 2005

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Forrester Research, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's Annual Report on Form 10-K for the year ended December 31, 2004 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ George F. Colony

George F. Colony
Chairman of the Board of Directors and Chief Executive Officer

Dated: March 14, 2005

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Forrester Research, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's Annual Report on Form 10-K for the year ended December 31, 2004 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Warren Hadley

Warren Hadley
Chief Financial Officer and Treasurer

Dated: March 14, 2005