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

FORM 10-Q

(Mark One)

[x] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. For the quarterly period ended March 31, 2001.

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

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

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 [ ]

As of May 10, 2001, 22,335,309 shares of the registrant's common stock were outstanding.

FORRESTER RESEARCH, INC.

INDEX TO FORM 10-Q

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FORRESTER RESEARCH, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS

	MARCH 31, 2001	DECEMBER 31, 2000
CURRENT ASSETS:		
Cash and cash equivalents	$ 18,706	$ 15,848
Marketable securities	177,618	158,891
Accounts receivable, net	29,362	49,923
Deferred commissions	6,363	7,873
Prepaid income taxes	3,639	3,632
Prepaid expenses and other current assets	8,004	6,255
Total current assets	243,692	242,422
LONG-TERM ASSETS:		
Property and equipment, net	24,719	22,128
Goodwill and other intangible assets, net	15,097	15,358
Deferred income taxes	20,726	16,968
Other assets	10,249	6,927
Total long-term assets	70,791	61,381
Total assets	$ 314,483	$ 303,803

LIABILITIES AND STOCKHOLDERS' EQUITY

	MARCH 31, 2001	DECEMBER 31, 2000
CURRENT LIABILITIES:		
Accounts payable	$ 1,883	$ 3,993
Customer deposits	1,304	1,200
Accrued expenses	19,843	17,384
Accrued income taxes	1,771	1,771
Deferred revenue	93,312	102,527
Total current liabilities	118,113	126,875
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value		
Authorized -- 500 shares		
Issued and outstanding -- none	--	--
Common stock, $.01 par value		
Authorized -- 125,000 shares		
Issued and outstanding -- 22,227 and 21,812 shares at March 31, 2001 and December 31, 2000, respectively	222	218
Additional paid-in capital	144,123	131,018
Retained earnings	50,913	46,048
Accumulated other comprehensive income	1,112	(356)
Total stockholders' equity	196,370	176,928
Total liabilities and stockholders' equity	$ 314,483	$ 303,803

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)

	THREE MONTHS ENDED MARCH 31, 2001	2000
REVENUES:		
Core research	$ 35,352	$ 23,759
Advisory services and other	8,293	7,058
Total revenues	43,645	30,817
OPERATING EXPENSES:		
Cost of services and fulfillment	12,298	9,295
Selling and marketing	17,745	12,214
General and administrative	4,976	3,780
Depreciation and amortization	2,722	1,432
Total operating expenses	37,741	26,721
Income from operations	5,904	4,096
OTHER INCOME, NET	1,757	1,454
Income before income tax provision	7,661	5,550
INCOME TAX PROVISION	2,796	2,081
Net income	$ 4,865	$ 3,469
BASIC NET INCOME PER COMMON SHARE	$ 0.22	$ 0.17
DILUTED NET INCOME PER COMMON SHARE	$ 0.20	$ 0.15
BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	22,054	19,949
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	24,670	23,578

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	THREE MONTHS ENDED MARCH 31, 2001	THREE MONTHS ENDED MARCH 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,865	$ 3,469
Adjustments to reconcile net income to net cash provided by operating activities --		
Depreciation and amortization	2,722	1,432
Deferred income taxes	2,796	2,081
Increase in provision for doubtful accounts	150	200
(Amortization of premium) Accretion of discount on marketable securities	(38)	30
Changes in assets and liabilities --		
Accounts receivable	20,119	8,172
Deferred commissions	1,510	(740)
Prepaid income taxes	(7)	--
Prepaid expenses and other current assets	(1,822)	(1,402)
Accounts payable	(2,107)	877
Customer deposits	101	187
Accrued expenses	2,630	9,882
Deferred revenue	(8,673)	10,547
Net cash provided by operating activities	22,246	34,735
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(5,225)	(2,717)
Purchase of non-marketable investment	(3,318)	(1,000)
Increase in other assets	(8)	(10)
Purchase of marketable securities	(57,489)	(85,721)
Proceeds from sales and maturities of marketable securities	40,001	49,913
Net cash used in investing activities	(26,039)	(39,535)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from the sale of common stock	--	22,647
Proceeds from issuance of common stock under stock option plan	6,553	7,328
Net cash provided by financing activities	6,553	29,975
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	98	(33)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,858	25,142
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	15,848	13,445
CASH AND CASH EQUIVALENTS, END OF PERIOD	$18,706	$ 38,587
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$ 7	$ --

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

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for reporting on Form 10-Q. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. It is recommended that these financial statements be read in conjunction with the consolidated financial statements and related notes which appear in the Annual Report of Forrester Research, Inc. (Forrester) as reported on Form 10-K for the year ended December 31, 2000. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the financial position, results of operations, and cash flows at the dates and for the periods presented have been included. The consolidated balance sheet presented as of December 31, 2000 has been derived from the consolidated financial statements that have been audited by Forrester's independent public accountants. The results of operations for the period ended March 31, 2001 may not be indicative of the results that may be expected for the year ended December 31, 2001, or any other period.

NOTE 2 - NET INCOME PER COMMON SHARE

Basic net income per common share was computed by dividing net income by the basic weighted average number of common shares outstanding during the period. Diluted net income per common share was computed by dividing net income by the diluted weighted average number of common 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 on the exercise of outstanding options. Reconciliation of basic to diluted weighted average shares outstanding is as follows (in thousands):

	THREE MONTHS ENDED MARCH 31,	
	2001	2000
Basic weighted average common shares outstanding	22,054	19,949
Weighted average common equivalent shares	2,616	3,629
Diluted weighted average shares outstanding	24,670	23,578

As of March 31, 2001 and 2000, 601,000 and 165,000 stock options, respectively, were excluded from the calculation of diluted weighted average shares outstanding as the effect would have been anti-dilutive.

NOTE 3 - COMPREHENSIVE INCOME

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The components of other comprehensive income for the three-month periods ended March 31, 2001 and 2000 are as follows (in thousands):

	THREE MONTHS ENDED MARCH 31,	
	2001	2000
Unrealized gain (loss) on marketable securities, net of taxes	$1,125	$(10)
Cumulative translation adjustment	343	(74)
Total other comprehensive income (loss)	$1,468	$(84)

NOTE 4 - NON-MARKETABLE INVESTMENTS

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 a permanent impairment in its value occurs or the investment is liquidated. As of March 31, 2001, Forrester has determined that a permanent impairment has not occurred.

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 being valued at cost unless a permanent impairment in its value occurs or the investment is liquidated. As of March 31, 2001, Forrester has determined that a permanent impairment has not occurred.

In June 2000, Forrester committed to invest $20.0 million in two private equity investment funds over a period of up to five years. Forrester has adopted a cash bonus plan to pay bonuses, after the return of invested capital, from the proceeds of a portion of our 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, Forrester has contributed approximately $5.5 million to the private equity investment funds. These investments are being accounted for using the cost method and, accordingly, are being valued at cost unless a permanent impairment in their value occurs or the investments are liquidated. As of March 31, 2001, Forrester has determined that a permanent impairment has not occurred.

In May 1999, Forrester invested $1.0 million in a holding company that is the majority shareholder of Greenfield Online, Inc. (Greenfield), an Internet-based marketing research firm. As a result of this investment, Forrester effectively owns approximately a 3.4% ownership interest in Greenfield. In March 2000 and June 2000, Forrester entered into additional Note and Warrant Agreements with Greenfield. Pursuant to these agreements, Forrester loaned Greenfield an aggregate of $216,000 bearing interest at 10% per annum. Forrester also received warrants to purchase additional equity in Greenfield. In August 2000, and concurrent with an additional round of financing in which Forrester did not participate, the notes, related accrued interest, and warrants were all converted into common stock such that Forrester's effective ownership interest in Greenfield is approximately 3.1%.

As of December 31, 2000, Forrester determined that its investment in Greenfield had been permanently impaired due to an additional round of financing at a significantly lower valuation. As a result, Forrester recorded a one-time charge of $950,000 to other income in the statement of income for the three-month period ended December 31, 2000. As of March 31, 2001, Forrester has determined that no further permanent impairment has occurred.

NOTE 5 - NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 is effective for all periods beginning after June 15, 2000, and establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. The adoption of SFAS No. 133 in the period ended March 31, 2001 did not have a material impact on Forrester's consolidated financial position or results of operations.

NOTE 6 - SEGMENT AND ENTERPRISE WIDE REPORTING

Statement of Financial Accounting Standards (SFAS) No. 131, Disclosures About Segments of an Enterprise and Related Information, establishes selected standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. SFAS No. 131 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are defined as components of an enterprise about which separate, discrete financial information is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and assess performance. Forrester's chief decision-making group, as defined under SFAS No. 131, is its Executive Team, consisting of its executive officers. To date, Forrester has viewed its operations and managed its business principally as one segment, research services. As a result, the financial information disclosed herein materially represents all of the financial information related to Forrester's principal operating segment. Foreign-based assets comprised approximately $24.3 million and $32.2 million of total consolidated assets as of March 31, 2001 and December 31, 2000, respectively.

Net revenues by geographic destination and as a percentage of total revenues are as follows (dollars in thousands):

	THREE MONTHS ENDED MARCH 31,	
	2001	2000
United States	$ 30,375	$ 22,851
United Kingdom	3,401	2,629
Europe (excluding United Kingdom)	5,088	2,454
Canada	2,135	1,463
Other	2,646	1,420
	$ 43,645	$ 30,817
United States	70 %	74 %
United Kingdom	8	9
Europe (excluding United Kingdom)	11	8
Canada	5	5
Other	6	4
	100 %	100 %

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "believes," "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. Important factors that could cause actual results to differ materially from those indicated by forward-looking statements include, among others, the ability to attract and retain qualified professional staff, the ability to manage our growth effectively, fluctuations in our quarterly operating results, a decline in renewals for our membership-based core research, loss of key management, failure to anticipate and respond to market trends, ability to develop and offer new products and services, and competition. This list of factors is not exhaustive. Other risks and uncertainties are discussed elsewhere in this report and in further detail under the caption entitled "Risks and Uncertainties" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2000 which has been filed with the SEC and is incorporated herein by reference. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. Unless the context otherwise requires, references in this Quarterly Report to "we," "us," and "our" refer to Forrester Research, Inc. and our Subsidiaries.

We are a leading independent technology research firm that conducts research and analysis on the impact of emerging technologies on businesses, consumers, and society. Our clients, which include senior management, business strategists, and marketing and technology professionals within large enterprises, use our prescriptive, actionable research to understand and capitalize on emerging business models and technologies.

We derive revenues from memberships to our core research, and from our advisory services and our Forum and Summit events. We offer contracts for our products and services that are typically renewable annually and payable in advance. Accordingly, a substantial portion of our billings are initially recorded as deferred revenue. Research revenues are recognized ratably on a monthly basis over the term of the contract. Our advisory services clients purchase such services together with memberships to our research. Billings attributable to advisory services are initially recorded as deferred revenue and recognized as revenue when performed. Similarly, Forum and Summit billings are initially recorded as deferred revenue and are recognized upon completion of each event.

Our operating expenses consist of cost of services and fulfillment, selling and marketing expenses, general and administrative expenses, and depreciation and amortization. Cost of services and fulfillment represent the costs associated with the production and delivery of our products and services, and include the costs of salaries, bonuses, and related benefits for research personnel and all associated editorial, travel, and support services. Selling and marketing expenses include salaries, employee benefits, travel expenses, promotional costs, 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.

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 32% to $170.4 million at March 31, 2001 from $128.7 million at March 31, 2000. No single client accounted for more than 2% of agreement value at March 31, 2001. Our experience is that a substantial portion of client companies renew expiring contracts for an equal or higher level of total research and advisory service fees each year. Approximately 70% of our client companies with memberships expiring during the twelve-months ended March 31, 2001 renewed one or more memberships for our products and services. This renewal rate is not necessarily indicative of the rate of future retention of our revenue base.

RESULTS OF OPERATIONS

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

	THREE MONTHS ENDED MARCH 31, 2001	2000
Core research	81 %	77 %
Advisory services and other	19	23
Total revenues	100	100
Cost of services and fulfillment	28	30
Selling and marketing	41	40
General and administrative	11	12
Depreciation and amortization	6	5
Income from operations	14	13
Other income	4	5
Income tax provision	18	18
Provision for income taxes	7	7
Net income	11 %	11 %

THREE MONTHS ENDED MARCH 31, 2001 AND MARCH 31, 2000

REVENUES. Total revenues increased 42% to $43.6 million in the three months ended March 31, 2001 from $30.8 million in the three months ended March 31, 2000. Revenues from core research increased 49% to $35.4 million in the three months ended March 31, 2001 from $23.8 million in the three months ended March 31, 2000. Increases in total revenues and revenues from core research were primarily attributable to an increase in the number of client companies to 2,136 at March 31, 2001 from 1,926 at March 31, 2000, as well as sales of additional core research products to existing clients. No single client company accounted for more than 2% of revenues for the three months ended March 31, 2001.

Advisory services and other revenues increased 17% to $8.3 million in the three months ended March 31, 2001 from $7.1 million in the three months ended March 31, 2000. This increase was primarily attributable to increased demand for our advisory services programs, as well as the increase in research staff providing advisory services to 227 employees at March 31, 2001 from 140 at March 31, 2000.

Revenues attributable to customers outside the United States increased 67% to $13.3 million in the three months ended March 31, 2001 from $8.0 million in the three months ended March 31, 2000, and increased as a percentage of total revenues to 30% for the three months ended March 31, 2001 from 26% for the same period in 2000. The increase in international revenues is primarily attributable to the continued expansion of our European headquarters in Amsterdam, the Netherlands and our Research Centres in London, England and Frankfurt, Germany and the increase in sales personnel at each location. We invoice our international clients in U.S. dollars, except for those billed by our UK Research Centre, which invoices its clients in British pounds sterling. To date, the effect of changes in currency exchange rates have not had a significant impact on our results of operations.

COST OF SERVICES AND FULFILLMENT. Cost of services and fulfillment decreased as a percentage of total revenues to 28% in the three months ended March 31, 2001 from 30% in the three months ended March 31, 2000. These expenses increased 32% to $12.3 million in the three months ended March 31, 2001 from $9.3 million in the three months ended March 31, 2000. The decrease in expense as a percentage of revenues reflects a larger revenue base in 2001, a decrease in the number of events held during the quarter to one in 2001 from two in 2000, and lower production costs resulting from the leverage of our eResearch platform. The expense increase in the current period reflects increased research analyst staffing and related compensation expense, as well as increased survey costs related to our Technographics(R) and TechRankings(R) product offerings.

SELLING AND MARKETING. Selling and marketing expenses increased as a percentage of total revenues to 41% in the three months ended March 31, 2001 from 40% in the three months ended March 31, 2000. These expenses increased 45% to $17.7 million in the three months ended March 31, 2001 from $12.2 million in the three months ended March 31, 2000. The increase in expenses as a percentage of revenues was principally due to increased sales infrastructure costs related to remote offices. The increase in expenses was principally due to the increase in the number of direct sales personnel and related commission and travel expenses.

GENERAL AND ADMINISTRATIVE. General and administrative expenses decreased as a percentage of total revenues to 11% in the three months ended March 31, 2001 from 12% in the three months ended March 31, 2000. These expenses increased 32% to $5.0 million in the three months ended March 31, 2001 from $3.8 million in the three months ended March 31, 2000. The decrease in expenses as a percentage of revenues was principally due to a larger revenue base in 2001. The increases in expenses was principally due to increased staffing in our technology, operations, finance, and strategy groups and related compensation expenses.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expenses increased 90% to $2.7 million in the three months ended March 31, 2001, including $261,000 related to the amortization of goodwill, from $1.4 million in the three months ended March 31, 2000. The increase in these expenses was principally due to purchases of computer equipment, software, and leasehold improvements to support business growth.

OTHER INCOME, NET. Other income, consisting primarily of interest income, increased 21% to $1.8 million in the three months ended March 31, 2001 from $1.5 million in the three months ended March 31, 2000. The increase was due to additional interest income from higher cash and marketable securities balances.

PROVISION FOR INCOME TAXES. During the three months ended March 31, 2001, we recorded a tax provision of $2.8 million, reflecting an effective tax rate of 36.5%. During the three months ended March 31, 2000, we recorded a tax provision of $2.1 million, which reflected an effective tax rate of 37.5%. The decrease in our effective tax rate resulted primarily from an increase in our investments in tax-exempt marketable securities and a reduction in our effective state tax rate.

LIQUIDITY AND CAPITAL RESOURCES

We have financed our operations during these periods primarily through funds generated from operations. Memberships for core research, which constituted approximately 81% of our revenues for the three-month period ended March 31, 2001, are annually renewable and are generally payable in advance. We generated $22.2 million and $34.7 million in cash from operating activities during the three-month periods ended March 31, 2001 and 2000, respectively.

During the three-months ended March 31, 2001, we used $26.0 million of cash in investing activities, consisting of $5.2 million for purchases of property and equipment and $20.8 million for net purchases of marketable securities and other non-marketable investments. We regularly invest excess funds in short- and intermediate-term interest-bearing obligations of investment grade.

During the three-months ended March 31, 2001, we generated $6.6 million from exercises of employee stock options. As a result of these option exercises during the three months ended March 31, 2001, we will receive a tax benefit in the form of a tax deduction that will offset approximately $6.5 million of our taxable income. The offset to this deferred tax benefit has been reflected as an increase in our additional paid-in capital within stockholders' equity.

As of March 31, 2001, we had cash and cash equivalents of $18.7 million and $177.6 million in marketable securities. 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 to invest in our infrastructure over the next twelve 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.

In June 2000, we committed to invest $20.0 million in two private equity investment funds. We have adopted a cash bonus plan to pay bonuses, after the return of our invested capital, measured by the proceeds of a portion of the 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, we have contributed approximately $5.5 million to the funds. The timing and amount of future contributions are entirely within the discretion of the investment funds.

The timing of the recognition of gains or losses from the investment funds is beyond our control. As a result, it is not possible to predict when we will recognize such gains or losses, if we will award cash bonuses based on the net profit from such investments, or when we will incur compensation expense in connection with the payment of such bonuses. If the investment funds realize large gains or losses on their investments, we could experience significant variations in our quarterly results unrelated to our 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 quarter.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE 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 for speculative or trading purposes.

INTEREST RATE SENSITIVITY. We maintain an investment portfolio consisting mainly of corporate obligations, federal agency obligations, state and municipal bonds, and Treasury notes 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. 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 U.S. Dollars (in thousands, except interest rates):

	FAIR VALUE AT MARCH 31, 2001	FY 2001	FY 2002	FY 2003 AND THEREAFTER
Cash equivalents	$ 17,917	$ 17,917	$ --	$ --
Weighted average interest rate	5.75 %	5.75 %	-- %	-- %
Investments	$177,618	$103,454	$66,533	$ 7,631
Weighted average interest rate	4.52 %	4.24 %	4.91 %	4.80 %
Total portfolio	$195,535	$121,371	$66,533	$ 7,631
Weighted average interest rate	4.63 %	4.46 %	4.91 %	4.80 %

FOREIGN CURRENCY EXCHANGE. 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 financial results. Historically, our primary exposure has been related to non-dollar-denominated operating expenses in Europe, Canada, and Asia, where we sell primarily in U.S. dollars. The introduction of the Euro as a common currency for members of the European Monetary Union took place in our fiscal year 1999, and has not, to date, had a significant impact on our financial position or results of operations. We are prepared to hedge against fluctuations in the Euro and other foreign currencies if our foreign exchange exposure becomes material. As of March 31, 2001, the total assets related to non-dollar-denominated currencies was approximately $24.3 million.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
The Company is not currently a party to any material legal proceedings.

ITEM 2. CHANGES IN SECURITIES
None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES
None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS
None.

ITEM 5. OTHER INFORMATION
None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements 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 of Directors
and Chief Executive Officer
(principal executive officer)

Date: May 11, 2001

By: /s/ Susan Whirty Maffei

Susan Whirty Maffei, Esq.
Chief Financial Officer (principal
financial and accounting officer)

Date: May 11, 2001