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, 2003

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, 2003 (based on the closing price as quoted by the Nasdaq National Market as of such date) was approximately $232,870,622.

As of March 8, 2004, 22,067,204 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, 2003 are incorporated by reference into Part III hereof.

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 advice about the impact of technologies on business, consumers, and society. We provide our clients with a holistic perspective on technology and business, which we call the WholeView(TM). This approach provides guidance on business strategy, technology investments, and customer trends that clients need to win customers, identify new markets, and scale their operations to gain competitive advantages. Our products and services are targeted to senior management, business strategists, and marketing and technology professionals at companies with more than $1 billion in revenues who use our prescriptive and executable research to understand and capitalize on changing business models and emerging technologies.

We offer our clients a flexible selection of engagement opportunities in the areas of Research, Data, Consulting, and Community. Research serves as the foundation of all our offerings and consists primarily of annual memberships to our WholeView 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 allow 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. Our Data and Consulting products and services provide opportunities for custom analysis tailored to clients' specific needs. Our Community offerings allow senior executives to receive targeted analysis and exchange relevant advice on best practices by engaging in exclusive peer interactions, either through membership in a Community program or attendance at a specific Forrester Event. Events are conferences devoted to critical business and technology issues, which bring together our clients and major technology and business leaders to discuss the impact of technology change on business. Our WholeView Research platform combines with our Data, Consulting, and Community products and services to provide our clients with comprehensive, integrated access to our research, analysts, online tools, presentations, advice, and speeches.

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, pursuant to a cash tender offer and second step merger. 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 and the Internet address for the investor information section of our Web site is www.forrester.com/ER/Investor. 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 continue to play a central role in companies' efforts to remain both competitive and cost-efficient in an increasingly complex global business environment. These decisions require participation from corporate leaders, business managers, marketing executives, and technology professionals. Together, these individuals must work to reduce and even eliminate the traditional separations between marketing, business strategy, and technology to reach new markets, gain competitive advantage, and develop high customer service and loyalty levels. 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, 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:

THE WHOLEVIEW. We provide our clients with a comprehensive and unified view of technology's impact on business, which we call the WholeView, the primary component of which is WholeView Research. WholeView Research provides our clients with comprehensive access to our core research offerings. Our WholeView Research combines with our Data, Consulting, and Community products and services 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 technology research firm and to capitalize on demand for our research by:

IDENTIFYING AND DEFINING NEW BUSINESS MODELS, TECHNOLOGIES, AND MARKETS. We seek to position ourselves ahead of 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. In February 2004, we leveraged our Whole View Research to package our Data, Consulting, and Community offerings to enhance and supplement our products and services and which 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.

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. With our acquisition of Giga, we have extended our research coverage by offering products directed specifically at technology practitioners and hope to capitalize on that extension with both existing and new clients. We believe that within our client base of 1,812 client companies as of December 31, 2003, 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. For information regarding our operating segments and financial information about geographic areas, see Note 13 "Operating Segment and Enterprise Wide Reporting" of the Notes to our Consolidated Financial Statements contained in Item 8 of this Annual Report on Form 10-K.

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, recognition and rewards for excellent individual and team performance.

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

- Create research 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 research.

PRODUCTS AND SERVICES

We offer our clients a selection of products and services in the areas of Research, Data, Consulting, and Community. Research serves as the foundation of all our offerings and is comprised 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 our clients' 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 comprised 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(TM), 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 200,000 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.

Below is a listing of research and topics included in Business View:

All research published in the following topic areas:

AUTOMOTIVE
BUSINESS TECHNOGRAPHICS
CONSUMER DEVICES & ACCESS
CONSUMER PACKAGED GOODS
CONSUMER TECHNOGRAPHICS
CUSTOMER EXPERIENCE
FINANCIAL SERVICES
HEALTHCARE & LIFE SCIENCE
IT SERVICES AND OUTSOURCING
IT SPENDING
MARKETING & ADVERTISING
MEDIA & ENTERTAINMENT
OTHER VERTICALS
RETAIL
TECHRANKINGS
TELECOMMUNICATIONS
TRAVEL
Select research published in the following topic areas:

APPLICATION DEVELOPMENT
COMPUTING SYSTEMS
CONTENT & COLLABORATION
ENTERPRISE APPLICATIONS
ENTERPRISE MOBILITY
IT MANAGEMENT
NETWORKING
PORTALS AND SITE TECHNOLOGY
SECURITY
SOFTWARE INFRASTRUCTURE

- 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 comprised of the research that previously formed Giga's core research product.

Below is a listing of research and topics included in IT View:

All research published in the following topic areas:

APPLICATION DEVELOPMENT
BUSINESS INTELLIGENCE
BUSINESS TECHNOGRAPHICS
COMPUTING SYSTEMS
CONTENT & COLLABORATION
ENTERPRISE APPLICATIONS
ENTERPRISE MOBILITY
IT MANAGEMENT
IT SERVICES &OUTSOURCING
IT SPENDING
NETWORKING
PORTALS AND SITE TECHNOLOGY
SECURITY
SOFTWARE INFRASTRUCTURE
TECHRANKINGS
TECH SECTOR ECONOMICS
Select research published in the following topic areas:

CUSTOMER EXPERIENCE

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 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.

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 products and services are designed to foster effective connections between peers, analysts, and the relevant research. Each of our Community programs provide 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. Clients may choose to participate in one or more of the following Forrester Oval Programs:

  - The CIO Group

  - Analyst Relations & Marketing Council

  - Application Development Council

  - Enterprise Architecture Council

  - Security & Risk Management Council

Our Forrester Oval Program is an exclusive offering for senior executives at large companies worldwide. 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 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. Boot Camps focus on Web design and strategy and teach clients how to review and produce useful, user-friendly sites.

- FORRESTER EVENTS. We host multiple Events in various locations 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 primary categories of revenue: research and advisory services. All the product offerings listed above are comprised of research, advisory services, 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 revenues.

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, 2003 was approximately $38,200, a decrease of 13% from $43,900 at December 31, 2002, principally as a result of lower average contract values for contracts with legacy Giga customers. The average contract for an annual membership for research which also included advisory services at December 31, 2003 was approximately $78,400, a decrease of 3% from $80,500 at December 31, 2002.

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. Principally as a result of the Giga acquisition in February 2003, agreement value increased 62% to $126.3 million at December 31, 2003 from $78.1 million at December 31, 2002.

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. 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 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, including Australia and South America.

We employed 190 sales representatives as of December 31, 2003, an increase of 81% from 105 as of December 31, 2002, principally due to our acquisition of Giga. 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.

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. 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, 2003, our research was delivered to 1,812 client companies. No single client company accounted for more than 3% of our revenues for the year ended December 31, 2003.

COMPETITION

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

- Quality of research and analysis.

- The 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.

- The ability to leverage new technologies.

- Price.

We believe that we compete favorably with respect to each of these factors. We feel 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 about technology. 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, 2003, we employed a total of 560 persons, including 193 research staff and 190 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 that we hire undergoes a multi-day training process. This training includes workshops and presentations by select managers, which focus on our corporate goals and provide individuals with the skills necessary to achieve our key values.

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 objectives. 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 incentive stock option 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 incentive stock option 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:

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

- The timing of revenue-generating Events sponsored by us.

- The utilization of our advisory services by our clients.

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

- The hiring and training of new analysts and sales personnel.

- Changes in demand for our products and 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 technology 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 66%, 57%, and 51% of our client companies with memberships expiring during the years ended December 31, 2003, 2002, and 2001, 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 2002 to 2003 are reflective of the acquisition of Giga 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.

THE 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.

INTEGRATION OF GIGA. In February 2003, we acquired Giga, a global technology advisory firm. We may be unable to achieve all of the anticipated benefits from this acquisition. For example, we cannot be certain that all of Giga's customers will continue to do business with us. If we do not complete the integration of Giga effectively, we may fail to achieve all of the benefits we expected from the acquisition and our financial condition and results of operations may be adversely affected.

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 15, 2004.

NAME	AGE	POSITION
George F. Colony	50	Chairman of the Board, Chief Executive Officer, and President
Richard C. Belanger	39	Chief Technology Officer
Tahar Bouhafs	47	Managing Director, Forrester Asia, MEA, Latin America
Neil Bradford	31	President, Forrester North America
Robert W. Davidson	56	President, Forrester Europe
Warren Hadley	35	Chief Financial Officer and Treasurer
Brian E. Kardon	46	Chief Strategy and Marketing Officer
Daniel Mahoney	55	Vice President, Research
Gail S. Mann, Esq.	52	Chief Legal Officer and Secretary
Timothy M. Riley	52	Chief People Officer
Henk W. Broeders	51	Director
Robert M. Galford	51	Director
George R. Hornig	49	Director
Michael H. Welles	49	Director

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

Richard C. Belanger became Forrester's chief technology officer in May 1998. From 1996 to 1998, Mr. Belanger served as vice president of interactive media and vice president of technology for Mainspring Communications, an Internet strategy research consulting firm. He was vice president of technology at Information Access Company, an on-line information provider, from 1995 to 1996, and vice president of information services at Information Access Center, formerly Ziff-Davis Technical Information Company, from 1992 to 1995.

Tahar Bouhafs became managing director, Asia, MEA, Latin America in October 2001. Mr. Bouhafs was previously Forrester's director of international channels from 1998 to 2001 and director of European sales from 1992 to 1998. Prior to joining Forrester, Mr. Bouhafs was a faculty member in the computer science departments at Fitchburg State College and Boston University from 1985 to 1992.

Neil Bradford became president, Forrester North America (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.

Robert W. Davidson became president, Forrester Europe (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 Forrester's 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 Forrester's 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), a business publishing, marketing, and communications company. 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 Forrester's vice president, research in March 2003 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 Forrester's chief legal officer 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 to 2001, and Vice President and Assistant General Counsel of Digital Equipment Corporation from 1994 to 1998.

Timothy M. Riley became Forrester's chief people officer (formerly vice president, strategic growth) 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.

Henk W. Broeders became a director of Forrester in May 1998. Mr. Broeders has been the Chairman of the Executive Board of Cap Gemini N.V., a management consulting firm located in the Netherlands, since January 2001. Cap Gemini NV is the Dutch subsidiary of the global CGEY organization. From 1992 to 1998, Mr. Broeders was general manager of IQUIP Informatica B.V., a software company in the Netherlands.

Robert M. Galford became a director of Forrester in November 1996. Mr. Galford has been a managing partner of the Center for Executive Development, an executive education provider in Boston, since April 2001. From 1999 to 2001, he was the executive vice president and chief people officer at Digitas, Inc., a technology and marketing services firm. From 1994 to 1999 he consulted to professional services firms and taught in the Executive Programs at the Kellogg School of Management at Northwestern University and Columbia University's Graduate School of Business. Before joining Columbia's Executive Programs, he taught at Boston University from 1993 to 1994. Prior to his work in executive education, Mr. Galford was vice president of the MAC Group, and its successor firm, Gemini Consulting, both of which are management consulting firms, from 1991 to 1994.

George R. Hornig became a director of Forrester in November 1996. Mr. Hornig has been a managing director and chief operating officer of the Private Equity Division at Credit Suisse First Boston, an investment banking firm, since 1999. He was an executive vice president of Deutsche Bank Americas Holding Corporation, a diversified financial services holding company, and several of its affiliated entities, from 1993 to 1998. He is also a director of Unity Mutual Life Insurance Company, Pacific Fiber Company, L.P., Office Tiger LLC, and Ascent Assurance, Inc.

Michael H. Welles became a director of Forrester in November 1996. Mr. Welles is chief operating officer and founder of S2 Security Corporation, an IP-based facility security systems start-up. He previously served as vice president and general manager of the platforms business with NMS Communications, an OEM infrastructure supplier to the telecom industry, from 2000 to 2002. He also served as vice president of news operations and engineering for Individual.com, NewsEdge Corporation, and Individual, Inc., a group of news solutions companies, from 1997 to 2000, and before that as a general manager at Lotus Development Corporation, a software company, from 1991 to 1997.

ITEM 2. PROPERTIES

Our headquarters are located in approximately 146,000 square feet of office space in Cambridge, Massachusetts of which we occupy approximately 85,000 square feet and sub-lease the remainder. This facility accommodates research, marketing, sales, technology, and operations personnel. The initial lease term of this facility expires in September 2006. We have the option to extend this lease for up to two additional terms of five years each.

We also have leased office space for our research centers and sales offices in Amsterdam; Frankfurt; London; Paris; Norwalk, Connecticut; San Francisco; and Santa Clara, and have short-term arrangements in various other locations.

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. 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 8, 2004, the closing price of our common stock was $19.26.

As of March 8, 2004 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, 2002, and December 31, 2003:

	2002		2003	
	HIGH	LOW	HIGH	LOW
First Quarter	$20.94	$15.52	$17.40	$11.61
Second Quarter	$20.55	$17.30	$16.65	$13.85
Third Quarter	$19.40	$13.45	$17.29	$13.33
Fourth Quarter	$16.39	$11.48	$19.97	$14.14

We did not declare or pay any dividends during the fiscal years ended December 31, 2002 and 2003. 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 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,				
	1999	2000	2001	2002	2003
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
CONSOLIDATED STATEMENT OF INCOME DATA:					
Revenues:					
Research services	$66,317	$123,717	$126,935	$70,955	$ 92,289
Advisory services and other	20,951	33,430	32,185	25,981	33,710
Total revenues	87,268	157,147	159,120	96,936	125,999
Operating expenses:					
Cost of services and fulfillment	27,715	45,470	49,113	34,026	50,047
Selling and marketing	31,131	57,957	58,334	30,745	41,017
General and administrative	9,865	18,632	16,854	12,732	14,674
Depreciation and amortization	4,003	7,683	10,069	8,078	6,256
Amortization of intangible assets	--	261	1,025	328	8,778
Integration costs	--	--	--	--	1,055
Reorganization costs	--	--	3,108	12,170	2,594
Costs related to acquisition	694	--	--	--	--
Total operating expenses	73,408	130,003	138,503	98,079	124,421
Income (loss) from operations	13,860	27,144	20,617	(1,143)	1,578
Other income, net	3,710	7,843	7,978	5,539	3,952
Impairments of non-marketable investments, net	--	(950)	(3,217)	(4,118)	(2,354)
Gain on sale of Internet AdWatch	--	--	1,664	--	--
Income before income tax provision	17,570	34,037	27,042	278	3,176
Income tax provision (benefit)	6,589	12,423	8,925	(311)	985
Net income	$10,981	$ 21,614	$ 18,117	$ 589	$ 2,191
Basic net income per common share	$ 0.61	$ 1.03	$ 0.80	$ 0.03	$ 0.10
Diluted net income per common share	$ 0.55	$ 0.88	$ 0.76	$ 0.02	$ 0.10
Basic weighted average common shares outstanding	18,028	20,989	22,551	23,189	22,555
Diluted weighted average common shares outstanding	20,067	24,526	23,907	23,653	22,837

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	DECEMBER 31,				
	1999	2000	2001	2002	2003
	(IN THOUSANDS)				
CONSOLIDATED BALANCE SHEET DATA:					
Cash, cash equivalents, and marketable securities	$ 98,787	$174,739	$205,182	$194,631	$126,733
Working capital	$ 65,366	$115,547	$155,412	$157,443	$ 77,171
Deferred revenue	$ 66,233	$102,527	$ 59,930	$ 42,123	$ 68,630
Total assets	$159,393	$303,803	$305,152	$278,273	$310,975
Total stockholders' equity	$ 78,805	$176,928	$220,398	$213,868	$208,322

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. Contracts for our research products are available through our Research, Data, or Community offerings and 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. Advisory services are available through our Data, Consulting, and Community offerings to supplement and complement 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, and depreciation and amortization. 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.

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.

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. Principally due to the acquisition of Giga, agreement value increased 62% to $126.3 million at December 31, 2003 from $78.1 million at December 31, 2002. Agreement value decreased 33% to $78.1 million at December 31, 2002 from $116.2 million at December 31, 2001 due to a more difficult economic environment. No single client accounted for more than 3% of agreement value at December 31, 2003.

Our historical experience is that a majority of client companies renew expiring contracts each year. Approximately 66%, 57%, and 51% of our client companies with memberships expiring during the years ended December 31, 2003, 2002, and 2001, 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 reflects the acquisition of Giga during 2003 and an improving economic environment.

REORGANIZATIONS

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

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

	JULY 12, 2001	JANUARY 10, 2002	JULY 24, 2002	AUGUST 5, 2003
	(IN THOUSANDS)			
Workforce reduction	$2,094	$ 3,471	$ 908	$1,230
Facility consolidation and other related costs	380	4,531	1,158	--
Depreciable assets	471	2,863	766	--
Total reorganization charge	$2,945	$10,865	$2,832	$1,230
Accrued severance and facility consolidation costs as of December 31, 2003	$ --	$ 2,577	$ 724	$ 170

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 the 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. Research services are recognized as revenue ratably over the term of the agreement. Advisory services are recognized during the period in which the services are performed. Revenue from events is recognized upon completion of the events. 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, 2003, deferred revenues and deferred commissions totaled $68.6 million and $6.0 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 $1.4 million as of December 31, 2003. Management specifically analyzes accounts receivable and 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 companies and equity investment funds that totaled approximately $10.3 million as of December 31, 2003. Our investments are in companies and funds that are not publicly traded, and, therefore, no established market for these securities exists. 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. We record impairment charges when we believe that an investment has experienced a decline in value that is other than temporary. We recorded net impairment charges that totaled approximately $2.4 and $4.1 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, 2003, we had goodwill and identified intangible assets with finite lives related to our acquisitions that totaled approximately $57.0 million and $13.5 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 a goodwill impairment exists, we obtain an independent appraisal which determines if the carrying amount of the reporting unit exceeds the fair value. The estimates of the reporting unit's fair value are 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. As of December 31, 2003, we believe that the carrying value of our goodwill is not impaired. Future events such as a decline in our customer renewal rate or a loss of acquired customers 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 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 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 $40.2 million as of December 31, 2003. 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 projections for our 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 estimates of future taxable income during the carry-forward periods are reduced.

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,	2001	2002	2003
Research services	80%	73%	73%
Advisory services and other	20	27	27
Total revenues	100	100	100
Cost of services and fulfillment	31	35	40
Selling and marketing	37	31	32
General and administrative	10	13	12
Depreciation and amortization	6	9	5
Amortization of intangible assets	1	--	7
Integration costs	--	--	1
Reorganization costs	2	13	2
Income (loss) from operations	13	(1)	1
Other income, net	5	5	3
Impairments of non-marketable investments, net	(2)	(4)	(1)
Gain on sale of Internet AdWatch	1	--	--
Income before income tax provision (benefit)	17	--	3
Provision (benefit) for income taxes	6	(1)	1
Net income	11%	1%	2%

YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

REVENUES. Total revenues increased 30% to $126.0 million in 2003 from $96.9 million in 2002. The acquisition of Giga closed on February 28, 2003, and as such, Giga's operations have been included in the consolidated financial statements since February 28, 2003.

Revenues from research services increased 30% to $92.3 million in 2003 from $71.0 million in 2002. Increases in total revenues and revenues from research services were primarily attributable to increases in agreement value and client companies as a result of the Giga acquisition. No single client company accounted for more than 3% of revenues during 2003 or 2002.

Advisory services and other revenues increased 30% to $33.7 million in 2003 from $26.0 million in 2002. During 2003, we held 8 Forrester Events and four legacy-Giga events as compared to 14 Forrester Events held during 2002. The increase in advisory services and other revenues is primarily attributable to increases in the number of clients to 1,812 at December 31, 2003 from 1,125 at December 31, 2002, and in the number of research employees delivering advisory services to 193 employees at December 31, 2003 from 101 employees at December 31, 2002, which more than offset the decrease in event revenue attributable to our holding fewer events during 2003 than during 2002. The increase in clients and headcount in our research organization is primarily attributable to the acquisition of Giga.

Revenues attributable to customers outside the United States increased 32% to $36.6 million in 2003 from $27.8 million in 2002. Revenues attributable to customers outside the United States remained constant as a percentage of total revenues at 29% during 2003 and 2002. The increase in international revenues in dollars 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. The effect of changes in currency exchange rates have historically not had a significant impact on our results of operations.

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 research contracts and the related revenue recognition policies.

COST OF SERVICES AND FULFILLMENT. Cost of services and fulfillment increased as a percentage of total revenues to 40% in 2003 from 35% in 2002. These expenses increased 47% to $50.0 million in 2003 from $34.0 million in 2002. The increase in expenses and in expenses as a percentage of revenues was primarily attributable to greater compensation costs, as headcount in our research organization increased to 193 employees at December 31, 2003 from 101 employees at December 31, 2002. The increased headcount in our research organization is primarily attributable to the acquisition of Giga, which provided for an additional 91 research personnel at the time of acquisition.

SELLING AND MARKETING. Selling and marketing expenses increased as a percentage of total revenues to 32% in 2003 from 31% in 2002. These expenses increased 33% to $41.0 million in 2003 from $30.7 million in 2002. The increase in expenses and in expenses as a percentage of total revenues was primarily attributable to greater compensation costs, as headcount in our sales organization increased to 190 employees at December 31, 2003 from 105 employees at December 31, 2002. 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. General and administrative expenses decreased as a percentage of total revenues to 12% in 2003 from 13% in 2002. These expenses increased 16% to $14.7 million in 2003 from $12.7 million in 2002. The increase in expenses was primarily due to greater compensation costs and professional fees as a result of the Giga acquisition. The decrease in 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. Reorganization costs decreased to $2.6 million in 2003 from $12.2 million in 2002. During 2003, these costs related to severance and related benefits costs in connection with the elimination of approximately 30 positions, as well as revisions to the lease loss estimates related to prior reorganizations. During 2002, these costs related to facility consolidation costs, severance and related benefits costs in connection with the elimination of approximately 147 positions, and losses incurred in the disposal of certain depreciable assets.

OTHER INCOME, NET. Other income, consisting primarily of interest income, decreased 27% to $4.0 million during 2003 from $5.5 million during 2002. The decrease 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. Other income during 2003 includes realized gains on the sales of marketable securities of $509,000 compared to minimal losses on the sales of marketable securities during 2002.

IMPAIRMENTS OF NON-MARKETABLE INVESTMENTS, NET. Net 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.

YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001

REVENUES. Total revenues decreased 39% to $96.9 million in 2002, from $159.1 million in 2001. Revenues from core research decreased 46% to $67.4 million in 2002, from $123.7 million in 2001. Decreases in total revenues and revenues from core research were primarily attributable to decreases in client companies to 1,125 at December 31, 2002 from 1,541 at December 31, 2001, as well as lower average contract values due to a more difficult economic environment. These same factors also resulted in a decrease in revenues from core research as a percentage of total revenues. No single client company accounted for more than 2% of revenues in 2002.

Advisory services and other revenues decreased 17% to $29.6 million in 2002, from $35.4 million in 2001. This decrease was primarily attributable to the smaller number of events we held in 2002, which was 14 events, compared to 15 events held during the year ended December 31, 2001. The more difficult economic environment also resulted in a decrease in sales of advisory services. In addition, the reduction of our research organization responsible for performing advisory services to 124 at December 31, 2002 from 196 at December 31, 2001 contributed to the decrease in advisory services performed.

Revenues attributable to customers outside the United States decreased 41% to $27.6 million in 2002, from $46.8 million in 2001 but remained constant as a percentage of total revenues in 2002 compared with 2001 at 29%. The decrease in international revenues in dollars is primarily attributable to a decline in revenue from core research related to decreases in the number of client companies and lower average contract values.

COST OF SERVICES AND FULFILLMENT. Cost of services and fulfillment increased as a percentage of total revenues to 35% in 2002, from 31% in 2001. These expenses decreased 31% to $34.0 million in 2002, from $49.1 million in 2001. The increase in expense as a percentage of revenues was primarily attributable to cost of services and fulfillment expenses, particularly compensation-related costs, rent and survey costs associated with our product offerings, decreasing at a slower rate than revenues. The decreases in these expenses in absolute dollars is primarily due to compensation-related costs and travel and entertainment expense savings associated with the reduction in staffing in our research organization to 124 at December 31, 2002 from 196 at December 31, 2001. The decrease in expenses is also due to a reduction in Events expense as we hosted fewer Events and had a higher mix of lower costing Events in 2002 compared to 2001.

SELLING AND MARKETING. Selling and marketing expenses decreased as a percentage of total revenues to 32% in 2002 from 37% in 2001. These expenses decreased 47% to $30.7 million in 2002, from $58.3 million in 2001. The decrease in expenses in absolute dollars and as a percentage of revenues was principally due to lower compensation-related costs and travel and entertainment expense savings as a result of the reduction in the number of direct sales personnel to 105 at December 31, 2002 from 184 at December 31, 2001.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased as a percentage of total revenues to 13% in 2002, from 11% in 2001. These expenses decreased 25% to $12.7 million in 2002, from $16.9 million in 2001. The increase in expense as a percentage of revenues was primarily attributable to general and administrative expenses, particularly compensation-related costs and rent, decreasing at a slower rate than revenues. The decrease in expenses in absolute dollars were principally due to the reduction in the staffing level of our general and administrative group to 66 at December 31, 2002 from 108 at December 31, 2001.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expenses decreased 24% to $8.4 million in 2002, from $11.1 million in 2001. The decrease in these expenses was principally due to low capital expenditures as well as the write-off of depreciable assets in connection with the workforce reorganizations in January 2002 and July 2002.

AMORTIZATION OF INTANGIBLE ASSETS. Amortization of intangible assets decreased to $328,000 in 2002 from $1.0 million in 2001. The decrease in expense was principally due to the adoption of SFAS No. 142 in 2002 which resulted in a reduction in annual amortization of $716,000 due to goodwill no longer being amortized.

REORGANIZATION COSTS. Reorganization costs increased to $12.2 million in 2002 from $3.1 million in 2001. During 2002, these costs 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. During 2001, these costs related to facility consolidation costs, severance and related benefits costs in connection with the termination of approximately 111 positions, and losses incurred in the disposal of certain depreciable assets.

OTHER INCOME, NET. Other income, consisting primarily of interest income, decreased to $5.5 million in 2002, from $9.6 million in 2001. The decrease in other income was principally due to a decline in market interest rates and a gain of approximately $1.7 million realized on the sale of our Internet AdWatch(TM) product in 2001 for which there was no gain in 2002.

IMPAIRMENTS OF NON-MARKETABLE INVESTMENTS. Impairments of non-marketable investments resulted in net charges of $4.1 million during 2002 compared to $3.2 million during 2001.

PROVISION FOR INCOME TAXES. 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. During 2001, we recorded a tax provision of $8.9 million, reflecting, an effective tax rate of 33.0%. The decrease in our effective tax rate resulted primarily from a decrease in operating income coupled with our investments in tax-exempt marketable securities and our recording of a valuation allowance of $1.5 million associated with our operations in Germany.

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. Certain reclassifications have been made to the quarterly presentation to conform with our year-end presentation. 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, 2002	JUN. 30, 2002	SEP. 30, 2002	DEC. 31, 2002	MAR. 31, 2003	JUN. 30, 2003	SEP. 30, 2003	DEC. 31, 2003
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)							
Core research.....................	$19,286	$17,221	$15,958	$14,915	$18,506	$25,865	$23,798	$24,120
Advisory services and other.......	6,770	8,212	5,980	8,594	5,976	8,113	8,410	11,211
Total revenues..................	26,056	25,433	21,938	23,509	24,482	33,978	32,208	35,331
Cost of services and fulfillment....................	8,981	8,873	7,540	8,632	9,525	14,330	12,525	13,667
Selling and marketing............	8,472	8,254	7,094	6,925	7,752	11,022	10,749	11,494
General and administrative........	3,326	3,375	2,889	3,142	3,277	3,781	3,927	3,689
Depreciation and amortization.....	2,066	1,988	1,947	2,077	1,693	1,839	1,520	1,204
Amortization of intangible assets.........................	82	82	82	82	924	2,608	2,608	2,638
Integration costs................	--	--	--	--	31	740	167	117
Reorganization costs.............	9,088	--	3,082	--	--	--	1,230	1,364
Income (loss) from operations...	(5,959)	2,861	(696)	2,651	1,280	(342)	(518)	1,158
Other income, net.................	1,560	1,481	1,221	1,277	1,595	819	787	751
Impairments of non-marketable investments, net................	(2,248)	(486)	(859)	(525)	(300)	(272)	-	

- (1,782) ------- ------- -----
-- ------- ------- ------- ----
--- ------- Income (loss)
before income tax provision
(benefit)........... (6,647)
3,856 (334) 3,403 2,575 205 269
127 Income tax provision
(benefit).... (532) 309 (27)
(61) 798 64 83 40 ------- -----
-- ------- ------- ------- ----
--- ------- ------- Net income
(loss)............... $(6,115)
$ 3,547 $ (307) $ 3,464 $ 1,777
$ 141 $ 186 $ 87 =======
======= ======= ======= =======
======= ======= ======= Basic
net income (loss) per common
share...........................
$ (0.26) $ 0.15 $ (0.01) $ 0.15
$ 0.08 $ 0.01 $ 0.01 $ 0.00
======= ======= ======= =======
======= ======= ======= =======
Diluted net income (loss) per
common
share.................... $
(0.26) $ 0.15 $ (0.01) $ 0.15 $
0.08 $ 0.01 $ 0.01 $ 0.00
======= ======= ======= =======
======= ======= ======= =======

AS A PERCENTAGE OF REVENUES

	MAR. 31, 2002	JUN. 30, 2002	SEP. 30, 2002	DEC. 31, 2002	MAR. 31, 2003	JUN. 30, 2003	SEP. 30, 2003	DEC. 31, 2003
Core research	74%	68%	73%	63%	76%	76%	74%	68%
Advisory services and other	26	32	27	37	24	24	26	32
Total revenues	100	100	100	100	100	100	100	100
Cost of services and fulfillment	34	35	35	37	39	42	39	39
Selling and marketing	33	33	32	30	32	32	33	33
General and administrative	13	13	13	13	13	11	12	10
Depreciation and amortization	8	8	9	9	7	5	5	3
Amortization of intangible assets	--	--	--	--	4	8	8	7
Integration costs	--	--	--	--	--	2	1	0
Reorganization costs	35	--	14	--	--	--	4	4
Income (loss) from operations	(23)	11	(3)	11	5	(1)	(2)	3
Other income, net	6	6	5	5	6	3	2	2
Impairments of non-marketable investments, net	(9)	(2)	(4)	(2)	(1)	(1)	--	(5)
Income (loss) before income tax provision (benefit)	(26)	15	(2)	14	11	1	1	0
Income tax provision (benefit)	(2)	1	(1)	1	3	--	--	0
Net income (loss)	(24)%	14%	-1%	15%	7%	0%	1%	0%

LIQUIDITY AND CAPITAL RESOURCES

We have financed our operations primarily through funds generated from operations. Memberships for research services, which constituted approximately 73% of our revenues during 2003, are annually renewable and are generally payable in advance. We generated cash from operating activities of $4.1 million during 2003 and $5.6 million during 2002.

Included in cash from operations are deferred tax benefits of $527,000 in 2003 and $2.6 million in 2002, which resulted primarily from stock option exercises. The offset of these deferred tax benefits has been recorded as an increase to additional paid-in capital within stockholders' equity.

During 2003, we generated $13.0 million of cash from investing activities, consisting primarily of $78.9 million received from net sales of marketable securities, offset by $60.0 million paid for acquisitions, net of cash acquired, $3.3 million for net purchases of non-marketable investments and $1.4 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 acquisition increased agreement value and the number of client companies and will reduce the operating expenses of the combined entity through economies of scale. 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 of which $60,248,000 was paid as of December 31, 2003; $981,000 of direct acquisition costs of which $981,000 was paid as of December 31, 2003; and $1,182,000 for severance and related benefits costs in connection with the termination of 27 Giga employees as a result of the acquisition of which $1,100,000 was paid as of December 31, 2003. The remaining payments are expected to be completed by March 31, 2004.

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. During 2003, we recognized revenues of approximately $964,000 related to this distribution agreement prior to the acquisition of GigaGroup in November 2003. 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, $71,000 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 private equity investment funds over a period of up to five years. As of December 31, 2003, we had contributed approximately $15.5 million to the funds. The timing and amount of future contributions are entirely within the discretion of the investment funds. We have 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, subject to the terms and conditions of the plan. To date, we had 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. The timing of this additional investment is within the discretion of the fund.

During 2003, we used $6.2 million of cash in financing activities, consisting of $8.2 million for repurchases of our common stock and $1.7 million for the net investment in structured stock repurchase programs, offset by $3.8 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, 2003, in connection with our stock repurchase program we had repurchased 1.9 million shares of common stock at an aggregate cost of approximately $30.3 million.

During the three months ended December 31, 2003, 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 $2.0 million. This agreement expired in February 2004 and we received approximately 119,000 shares of our common stock. The $2.0 million up-front net payment is recorded in stockholder's equity as a reduction of additional paid-in capital in the accompanying consolidated balance sheet as of December 31, 2003.

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 agreement, 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, we received 143,524 and 144,291 shares of our stock, respectively.

As of December 31, 2003, we had cash and cash equivalents of $22.4 million and marketable securities of $104.3 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, 2003, we had future contractual obligations as follows for operating leases and purchase obligations related to third-party survey costs*:

	FUTURE PAYMENTS BY YEAR						
CONTRACTUAL OBLIGATIONS	TOTAL	2004	2005	2006	2007	2008	THEREAFTER
	(IN THOUSANDS)						
Operating leases..............	$44,302	$12,295					

$11,605 $8,530
$3,833 $2,314 $5,725
Purchase
obligations*.........
2,116 2,116 -- -- --
-- -- ------- ------
- ------- ------ ---
--- ------ ------
$46,418 $14,411
$11,605 $8,530
$3,833 $2,314 $5,725
======= =======
======= ======
====== ====== ======

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

* The above table does not include future minimum rentals to be received under subleases of $3.7 million. The above table also does not include the remaining $4.5 million of capital commitments to the private equity funds described above plus an additional $2.0 million of capital committed in December 2003 due to the uncertainty in timing of capital calls made by such funds to pay these capital commitments.

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

	2004	2005	2006
Workforce reduction..	$ 170	$ --	$ --
Facility consolidation and other related costs..............	1,987	1,015	299
Total..	$2,157	$1,015	$299

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

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2003 and December 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, Consolidation for Variable Interest Entities (FIN 46) and its revision, FIN 46-R, respectively. FIN 46 and FIN 46-R addresses the consolidation of entities whose equity holders have either not provided sufficient equity at risk to allow the entity to finance its own activities or do not possess certain characteristics of a controlling financial interest. FIN 46 and FIN 46-R require the consolidation of these entities, known as variable interest entities (VIEs), by the primary beneficiary of the entity. The primary beneficiary is the entity, if any, that is subject to a majority of the risk of loss from the VIE's activities, entitled to receive a majority of the VIE's residual returns, or both. FIN 46 and FIN 46-R are applicable for financial statements of public entities that have interests in VIEs or potential VIEs referred to as special purpose entities for periods ending after December 15, 2003, of which Forrester had none. Application by public entities for all other types of entities is required in financial statements for periods ending after March 15, 2004. Adoption of FIN 46-R is not expected to have a material impact on our financial position, results of operations or cash flows.

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 approximately 15 months. 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, 2003	YEAR ENDING DECEMBER 31, 2004	YEAR ENDING DECEMBER 31, 2005	YEAR ENDING DECEMBER 31, 2006	YEAR ENDING DECEMBER 31, 2007
Cash equivalents.......	$ 16,571	$16,571	$ --	$ --	$ --
Weighted average interest rate........	1.36%	1.36%	--%	--%	--%
Investments............	$104,348	$50,565	$14,132	$20,972	$18,679
Weighted average interest rate........	2.97%	1.95%	3.80%	3.96%	4.00%
Total portfolio........	$120,919	$67,136	$14,132	$20,972	$18,679
Weighted average interest rate........	2.75%	1.81%	3.80%	3.96%	4.00%

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 had been related to non-US dollar denominated operating expenses in Canada and Asia where we sell primarily in US dollars. The introduction of the euro as a common currency for members of the European Monetary Union took place in our fiscal year 1999. To date, neither the introduction of the euro nor the effect of changes in currency exchange rates has had a significant impact on our financial position or 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, 2003, the total assets related to non-US dollar denominated currencies were approximately $16.4 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 2003 Annual Report on Form 10-K under Item 15.

FORRESTER RESEARCH, INC.

INDEX TO FINANCIAL STATEMENTS

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

On April 1, 2002, our Audit Committee recommended, and our Board of Directors decided, to no longer engage Arthur Andersen LLP ("Andersen") as our independent public accountants and to engage Deloitte & Touche LLP to serve as our independent public auditors for the fiscal year 2002.

Andersen's report on our consolidated financial statements for the year ended December 31, 2001 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope, or accounting principles. During the year ended December 31, 2001 and through April 1, 2002, there were no disagreements with Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to Andersen'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 Andersen with a copy of the foregoing disclosures. A letter from Andersen dated April 5, 2002 and addressed to the Securities and Exchange Commission (the "SEC") is included as Exhibit 16 to this 2003 Annual Report on Form 10-K and states that Andersen agrees with such disclosure.

During the year ended December 31, 2001 and through April 1, 2002, we did not consult Deloitte & Touche 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

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms and were effective.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2003 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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 2003 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, 2003 (the "2003 Proxy Statement"), is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the caption "Executive Compensation" of the 2003 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 AND RELATED STOCKHOLDER MATTERS

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 2003 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 "Securities Authorized for Issuance under Equity Compensation Plans" in the 2003 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 2003 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 "Principal Accountant Fees and Services" in the 2003 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 begin at Page F-1 and are indexed on Page 29.

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.

(b) Reports on Form 8-K.

Forrester filed a Current Report on Form 8-K on October 22, 2003 disclosing under Item 12 its third quarter press release dated October 22, 2003.

(c) See Item 15(a)(3) of this report.

(d) See Item 15(a)(2) of this report.

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 11, 2004

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 11, 2004 - --- ---------- ---------- ---------- ---------- ----- Executive Officer (principal George F. Colony executive officer) /s/ WARREN HADLEY Chief Financial Officer (principal March 11, 2004 - --- ---------- ---------- ---------- ---------- ----- financial and accounting officer) Warren Hadley /s/ HENK W. BROEDERS Member of the Board of Directors March 11, 2004 - --- ---------- ----------

---------- ---------- ----- Henk W. Broeders /s/ ROBERT M. GALFORD Member of the Board of Directors March 11, 2004 - --- ---------- ---------- ---------- ---------- -----
Robert M. Galford /s/ GEORGE R. HORNIG Member of the Board of Directors March 11, 2004 - --- ---------- ---------- ---------- ---------- -----
George R. Hornig /s/ MICHAEL H. WELLES Member of the Board of Directors March 11, 2004 - --- ---------- ---------- ---------- ---------- -----
Michael H. Welles

INDEPENDENT AUDITORS' REPORT

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 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended. 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. The financial statements for the year ended December 31, 2001, before the inclusion of the disclosures discussed in Note 3 to the financial statements, were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated January 29, 2002.

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

In our opinion, the 2003 and 2002 consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the consolidated financial statements, on January 1, 2002 the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets."

As discussed above, the consolidated financial statements of the Company for the year ended December 31, 2001, were audited by other auditors who have ceased operations. As described in Note 3, those financial statements have been revised to include the transitional disclosures required by SFAS No. 142. Our audit procedures with respect to the disclosures in Note 3 with respect to 2001 included (i) comparing the previously reported net income to the previously issued financial statements and the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in those periods related to goodwill to the Company's underlying analysis obtained from management, and (ii) testing the mathematical accuracy of the reconciliation of adjusted net income to reported net income, and the related earnings-per-share amounts. In our opinion, the disclosures for 2001 in Note 3 are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 financial statements of the Company other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 11, 2004

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders of
Forrester Research, Inc.:

We have audited the accompanying consolidated balance sheets of Forrester Research, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2000, and 2001, and the related consolidated statements of income, stockholders' equity, and comprehensive income and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forrester Research, Inc. and subsidiaries as of December 31, 2000, and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Boston, Massachusetts
January 29, 2002

FORRESTER RESEARCH, INC.

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

DECEMBER 31,	2002	2003
CURRENT ASSETS:		
Cash and cash equivalents	$ 11,479	$ 22,385
Marketable securities	183,152	104,348
Accounts receivable, net of allowance for doubtful accounts of $837 and $1,409 in 2002 and 2003, respectively	17,791	40,013
Deferred commissions	3,524	5,999
Prepaid expenses and other current assets	5,902	7,079
Total current assets	221,848	179,824
LONG-TERM ASSETS:		
Property and equipment, net (Note 14)	10,674	8,266
Goodwill, net (Note 3)	13,244	57,006
Deferred income taxes (Note 7)	21,630	40,159
Intangible assets, net (Note 3)	760	13,456
Non-marketable investments	10,017	10,284
Other assets	100	1,980
Total long-term assets	56,425	131,151
Total assets	$278,273	$310,975
CURRENT LIABILITIES:		
Accounts payable	$ 1,601	$ 2,566
Accrued expenses (Note 14)	20,681	31,457
Deferred revenue	42,123	68,630
Total current liabilities	64,405	102,653
COMMITMENTS (NOTES 8 AND 11)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value Authorized -- 500 shares Issued and outstanding -- none	--	--
Common stock, $.01 par value Authorized -- 125,000 shares Issued -- 24,045 and 24,355 shares in 2002 and 2003, respectively Outstanding -- 22,841 and 22,461 shares in 2002 and 2003, respectively	240	243
Additional paid-in capital	167,935	172,523
Retained earnings	64,754	66,945
Treasury stock -- 1,204 and 1,894 shares in 2002 and 2003, respectively, at cost	(20,085)	(30,300)
Accumulated other comprehensive income (loss)	1,024	(1,089)
Total stockholders' equity	213,868	208,322
Total liabilities and stockholders' equity	$278,273	$310,975

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,	2001	2002	2003
REVENUES:			
Research services	$126,935	$70,955	$ 92,289
Advisory services and other	32,185	25,981	33,710
Total revenues	159,120	96,936	125,999
OPERATING EXPENSES:			
Cost of services and fulfillment	49,113	34,026	50,047
Selling and marketing	58,334	30,745	41,017
General and administrative	16,854	12,732	14,674
Depreciation and amortization	10,069	8,078	6,256
Amortization of intangible assets	1,025	328	8,778
Integration costs	--	--	1,055
Reorganization costs (Note 4)	3,108	12,170	2,594
Total operating expenses	138,503	98,079	124,421
Income (loss) from operations	20,617	(1,143)	1,578
Other income, net	7,978	5,539	3,952
Impairments of non-marketable investments, net	(3,217)	(4,118)	(2,354)
Gain on sale of Internet Adwatch	1,664	--	--
Income before income tax provision (benefit)	27,042	278	3,176
Income tax provision (benefit)	8,925	(311)	985
Net income	$ 18,117	$ 589	$ 2,191
Basic net income per common share	$ 0.80	$ 0.03	$ 0.10
Diluted net income per common share	$ 0.76	$ 0.02	$ 0.10
Basic weighted average common shares outstanding	22,551	23,189	22,555
Diluted weighted average common shares outstanding	23,907	23,653	22,837

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS)

COMMON STOCK TREASURY STOCK ACCUMULATED -------------------- ADDITIONAL -------------------- OTHER NUMBER OF $.01 PAR PAID-IN RETAINED NUMBER OF COMPREHENSIVE SHARES VALUE CAPITAL EARNINGS SHARES COST INCOME (LOSS) --------- -------- --------- -------- --------- -------- ------------- Balance, December 31, 2000......... 21,812 $218 $131,018 $46,048 -- -- $ (356) Issuance of common stock under stock option plans, including tax benefit.................... 1,146 11 23,092 -- -- -- -- Issuance of common stock under employee stock purchase plan, including tax benefit........... 95 1 1,933 -- -- -- -- Net income....................... -- -- -- 18,117 -- -- -- Unrealized gain on marketable securities, net of tax provision...................... -- -- -- -- -- -- 214 Cumulative translation adjustment..................... -- -- -- -- -- -- 102 -------- -------- ------- ----- -------- ------- Total comprehensive income.... 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
benefit.. -- -- -- -- -- --
(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) ====== ====
======== ======= ===== ========
=======
TOTAL STOCKHOLDERS'
COMPREHENSIVE EQUITY INCOME ---
---------- ------------
Balance, December 31,
2000......... $176,928 Issuance
of common stock under stock
option plans, including tax
benefit....................
23,103 Issuance of common stock
under employee stock purchase
plan, including tax
benefit........... 1,934 Net
income........................
18,117 $18,117 Unrealized gain
on marketable securities, net
of tax
provision......................
214 214 Cumulative translation
adjustment.....................
102 102 -------- ------- Total
comprehensive income....
$18,433 ======= Balance,
December 31, 2001.........
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 benefit.. (693) (693)
Cumulative translation
adjustment......................
(1,420) (1,420) --------- ------
- Total comprehensive
income.... $ 78 =======
Balance, December 31,
2003......... $208,322 ========

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,	2001	2002	2003
Cash flows from operating activities:			
Net income	$ 18,117	$ 589	$ 2,191
Adjustments to reconcile net income to net cash provided by operating activities --			
Depreciation and amortization	10,069	8,078	6,256
Amortization of intangible assets	1,025	328	8,778
Impairments of non-marketable investments (Note 6)	3,217	4,118	2,354
Realized gains on sales of marketable securities (Note 5)	--	--	(509)
Tax benefit from exercises of employee stock options	8,618	2,618	527
Deferred income taxes	(2,416)	(2,243)	(128)
Non-cash gain on sale of Internet Adwatch(TM) (Note 6)	(1,664)	--	--
Loss on disposals of property and equipment	254	92	--
Non-cash reorganization costs (Note 4)	471	3,629	--
Increase in provision for doubtful accounts	885	246	--
Amortization of premiums on marketable securities	--	1,053	832
Changes in assets and liabilities, net of acquisitions --			
Accounts receivable	24,477	6,608	(11,044)
Deferred commissions	3,429	920	(2,426)
Prepaid expenses and other current assets	3,893	(70)	559
Accounts payable	(1,978)	(1,194)	(530)
Accrued expenses	2,784	(1,476)	(1,741)
Deferred revenue	(42,510)	(17,735)	(1,004)
Net cash provided by operating activities	28,671	5,561	4,115
Cash flows from investing activities:			
Net cash paid in acquisitions (Note 2)	--	--	(59,964)
Purchases of property and equipment	(10,046)	(1,031)	(1,441)
Purchases of non-marketable investments (Note 6)	(4,681)	(4,775)	(3,250)
Decrease (increase) in other assets	42	61	(1,315)
Purchases of marketable securities	(222,567)	(261,530)	(184,151)
Proceeds from sales and maturities of marketable securities	194,250	266,324	263,093
Net cash (used in) provided by investing activities	(43,002)	(951)	12,972
Cash flows from financing activities:			
Proceeds from issuance of common stock under stock option plans and employee stock purchase plan	16,419	11,284	3,772
Repurchase of common stock	--	(20,085)	(8,215)
Structured stock repurchases, net	--	(2,000)	(1,708)
Net cash provided by (used in) financing activities	16,419	(10,801)	(6,151)
Effect of exchange rate changes on cash and cash equivalents	(189)	(77)	(30)
Net increase (decrease) in cash and cash equivalents	1,899	(6,268)	10,906
Cash and cash equivalents, beginning of year	15,848	17,747	11,479
Cash and cash equivalents, end of year	$ 17,747	$ 11,479	$ 22,385

Supplemental disclosure of cash flow information: Cash paid for income

taxes................................	$ 919	$ 2,904	$ 968

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2003

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

Forrester Research, Inc. ("Forrester") is an independent technology research firm that conducts research and provides advice about the impact of technologies on business, consumers, and society. Forrester provides guidance on business strategy, technology investments, and customer trends that clients need to win customers, identify new markets, and scale their operations to gain competitive advantages.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Forrester and its subsidiaries, all of which are wholly owned. 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. 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 or actively traded are classified as available-for-sale securities.

CONCENTRATIONS OF CREDIT RISK

Forrester has no significant off-balance sheet concentration of credit 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 renewal 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 income (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 INCOME (LOSS)

The components of accumulated other comprehensive income (loss) as of December 31, 2002 and 2003 are as follows (in thousands):

	2002	2003
Unrealized gain on marketable securities, net of taxes......	$1,657	$ 964
Cumulative translation adjustment..........................	(633)	(2,053)
Total accumulated other comprehensive income (loss).........	$1,024	$(1,089)

REVENUE RECOGNITION

In November 2002, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-21, Revenue Arrangements with Multiple Deliverables. EITF Issue No. 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF Issue No. 00-21 apply to revenue arrangements entered into in the third quarter of 2003 and thereafter. The adoption of EITF Issue No. 00-21 did not have a material effect on the Company's results of operations or financial condition.

Forrester generates revenues from licensing research, performing advisory services, and hosting events. Forrester executes contracts that govern the terms and conditions of each arrangement. Research contracts are recognized as revenue ratably over the term of the agreement. Advisory services are recognized during the period in which the services are performed. Revenue from events is recognized upon completion of the event. Reimbursed out of pocket expenses are recorded as advisory revenue. Revenues for 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.

STOCK-BASED COMPENSATION

SFAS No. 123, Accounting for Stock-Based Compensation, requires the measurement of the fair value of stock options or warrants to be included in the statement of income or disclosed in the notes to financial statements. Forrester has determined that it will 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, 2001, 2002 and 2003 would have been approximately as follows (in thousands, except per share data):

	YEARS ENDED DECEMBER 31,		
	2001	2002	2003
Net income as reported	$ 18,117	$ 589	$ 2,191
Less: Total stock-based employee compensation expense determined under fair value based method for all awards	(16,030)	(8,546)	(6,874)
Pro-forma net income (loss)	$ 2,087	$(7,957)	$(4,683)
Basic net income per share -- as reported	$ 0.80	$ 0.03	$ 0.10
Basic net income (loss) loss per share -- pro-forma	$ 0.09	$ (0.34)	$ (0.21)
Diluted net income per share -- as reported	$ 0.76	$ 0.02	$ 0.10
Diluted net income (loss) per share -- pro-forma	$ 0.09	$ (0.34)	$ (0.21)

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 comprised 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):

	2001	2002	2003
Basic weighted average common shares outstanding...........	22,551	23,189	22,555
Weighted average common equivalent shares..................	1,356	464	282
Diluted weighted average common shares outstanding.........	23,907	23,653	22,837

As of December 31, 2001, 2002 and 2003, approximately 3,483,000, 3,428,000, and 1,980,000 options, respectively, were outstanding but not included in the diluted weighted average common share calculation as the effect would have been anti-dilutive.

RECLASSIFICATIONS

Certain amounts in the prior year's financial statements have been reclassified to conform with the current year's presentation.

INDEMNIFICATIONS

In November 2002, the Financial Accounting Standards Board (FASB) issued Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees and Indebtedness of Others (FIN 45). FIN 45 elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. FIN 45 also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. FIN 45 was adopted during the year ended December 31, 2003 and did not have a material effect on Forrester's consolidated financial condition or results of operations.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2003 and December 2003, the FASB issued Interpretation No. 46, Consolidation for Variable Interest Entities (FIN 46) and its revision, FIN 46-R, respectively. FIN 46 and FIN 46-R addresses the consolidation of entities whose equity holders have either not provided sufficient equity at risk to allow the entity to finance its own activities or do not possess certain characteristics of a controlling financial interest. FIN 46 and FIN 46-R require the consolidation of these entities, known as variable interest entities (VIEs), by the primary beneficiary of the entity. The primary beneficiary is the entity, if any, that is subject to a majority of the risk of loss from the VIE's activities, entitled to receive a majority of the VIE's residual returns, or both. FIN 46 and FIN 46-R are applicable for financial statements of public entities that have interests in VIEs or potential VIEs referred to as special purpose entities for periods ending after December 15, 2003, of which Forrester had none. Application by public entities for all other types of entities is required in financial statements for periods ending after March 15, 2004. Adoption of FIN 46-R is not expected to have a material impact on Forrester's financial position, results of operations or cash flows.

(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 and is expected to reduce operating expenses of the combined entity through economies of scale. 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 of which $60,248,000 was paid as of December 31, 2003; $981,000 of direct acquisition costs all of which was paid as of December 31, 2003; and $1,182,000 for severance related to 27 employees of Giga terminated as a result of the acquisition of which $1,100,000 was paid as of December 31, 2003. 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, (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 intangible assets acquired from Giga was $8,421,000 during 2003.

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
Income (loss) from operations	$ (8,036)	$ 1,135
Net income (loss)	$ (4,822)	$ 705
Basic net income (loss) per common share	$ (0.21)	$ 0.03
Diluted net income (loss) 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 $4,077,000 consisted of $2,866,000 in cash, $71,000 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. Prior to 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. At the time of the acquisition, 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 at the date of acquisition. Forrester is continuing to finalize certain estimates and appraisals related to the purchase price allocation and expects to finalize the purchase accounting in 2004.

	NOVEMBER 30, 2003 (IN THOUSANDS)
Assets:	
Accounts receivable	$ 480
Goodwill	3,879
Intangible assets	1,990
Total assets	$6,349
Liabilities:	
Accrued expenses	$1,215
Deferred revenue	1,057
Total liabilities	$2,272
Net assets acquired	$4,077

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

Amortization expense related to the intangible assets acquired from Giga was $80,000 during 2003.

(3) GOODWILL AND OTHER INTANGIBLE ASSETS

In June 2001, the FASB issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. SFAS No. 141 also specifies criteria that acquired intangible assets must meet to be recognized and reported apart from goodwill. As a result of the adoption of SFAS No. 141 on January 1, 2002, Forrester reclassified approximately $82,000 of assembled workforce-related intangible assets into goodwill resulting in total goodwill of $13.2 million at December 31, 2002 relating primarily to the acquisition of Forit GmbH in 2000. The adoption of SFAS No. 141 did not have a material effect on Forrester's consolidated financial position or results of operations. In 2003, Forrester acquired $43.8 million of goodwill through the acquisitions discussed in Note 2.

SFAS No. 142 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 of whether there was an indication that goodwill in any reporting unit was impaired as of the date of adoption. Through an independently obtained appraisal, it was determined that the carrying amount of the reporting unit with goodwill did not exceed the 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 obtained an independent appraisal as of November 30, 2003 and determined that no impairment of its goodwill had occurred.

Had the provisions of SFAS No. 142 been applied for the year ended December 31, 2001, Forrester's net income and net income per share would have been as follows:

	YEAR ENDED DECEMBER 31,		
	2001	2002	2003
	(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)		
Reported net income	$18,117	$ 589	$2,191
Effect of SFAS No. 142, net of tax	455	--	--
Adjusted net income	$18,572	$ 589	$2,191
Reported basic net income per common share	$ 0.80	$0.03	$ 0.10
Effect of SFAS No. 142, net of tax	0.02	--	--
Adjusted basic net income per common share	$ 0.82	$0.03	$ 0.10
Reported diluted net income per common share	$ 0.76	$0.02	$ 0.10
Effect of SFAS No. 142, net of tax	0.02	--	--
Adjusted diluted net income per common share	$ 0.78	$0.02	$ 0.10

A summary of Forrester's intangible assets as of December 31, 2003 and 2002 is as follows:

	DECEMBER 31, 2002		
	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET CARRYING AMOUNT
	(IN THOUSANDS)		
Amortizable intangible assets:			
Customer base	$ 900	$290	$610
Research content	600	450	150
Total	$1,500	$740	$760

	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

Amortization expense related to identifiable intangible assets that will continue to be amortized in the future was approximately $328,000 and $8,778,000 during the years ended December 31, 2002 and 2003, 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, 2004	$ 6,440
Year ending December 31, 2005	3,496
Year ending December 31, 2006	2,062
Year ending December 31, 2007	1,228
Year ending December 31, 2008	230
Total	$13,456

(4) REORGANIZATIONS

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

The accrued costs related to the August 5, 2003 reorganization are expected to be paid by March 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	CASH PAYMENTS 2002	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

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

	2004	2005	2006	ACCRUED AS OF DECEMBER 31, 2003
	(IN THOUSANDS)			
Facility consolidation and other related costs	$484	$164	$76	$724

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 10, 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 10, 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.

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

	TOTAL INITIAL CHARGES	2002 SUBSEQUENT REVISION	NON-CASH CHARGE	CASH PAYMENTS	ACCRUED AS OF DECEMBER 31, 2002
	(IN THOUSANDS)				
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

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

The accrued costs related to the January 10, 2002 reorganization are expected to be paid in the following periods:

	2004	2005	2006	ACCRUED AS OF DECEMBER 31, 2003
	(IN THOUSANDS)			
Facility consolidation and other related costs	$1,503	$851	$223	$2,577

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. Approximately 66% of the terminated employees had been members of the sales force, while 12% and 22% had held research and administrative roles, respectively. This charge consisted primarily of severance and related benefits costs from the work force reduction. This charge also included 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 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, 2002.

(5) MARKETABLE SECURITIES

The Company's available-for-sale securities at December 31, 2002 and 2003 consist of investments in federal obligations, state and municipal obligations and corporate obligations, which were recorded at fair market value, with any unrealized gains and losses reported as a separate component of accumulated other comprehensive income (loss). There were no held-to-maturity or trading securities at December 31, 2002 and 2003.

The aggregate market value, amortized cost, unrealized gains and unrealized losses on available-for-sale marketable securities are as follows (in thousands):

AS OF DECEMBER 31, 2002	MARKET VALUE	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES
Federal agency obligations.................	$ 21,217	$ 21,155	$ 62	$--
State and municipal bonds..................	114,260	112,994	1,269	3
Corporate obligations......................	47,675	47,346	384	55
	$183,152	$181,495	$1,715	$58

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 obligations......................	56,178	55,499	692	12
	$104,348	$103,384	$1,330	$366

The following table summarizes the maturity periods of marketable securities as of December 31, 2003:

	2004	2005	2006	2007	TOTAL
Federal agency obligations..........	$10,529	$ --	$ 1,001	$ --	$ 11,530
State and municipal bonds...........	19,786	10,232	4,581	2,041	36,640
Corporate obligations...............	20,250	3,900	15,390	16,638	56,178
	$50,565	$14,132	$20,972	$18,679	$104,348

Gross realized losses on sales of marketable securities for the years ended December 31, 2001 and 2002, which were calculated based on specific identification, were approximately $70,000 and $287,000, respectively. Gross realized gains on sales of marketable securities for the year ended December 31, 2003, which were calculated based on specific identification, were approximately $509,000.

(6) NON-MARKETABLE INVESTMENTS

At December 31, 2002 and 2003, the carrying value of non-marketable investments is as follows (in thousands):

	2002	2003
Private equity funds	$ 7,771	$ 9,354
Doculabs, Inc.	1,526	340
comScore Networks, Inc.	453	323
Greenfield Online, Inc.	267	267
	$10,017	$10,284

In June 2000, Forrester committed to invest $20.0 million in two private equity investment funds over a period of up to five years. During the years ended December 31, 2002 and 2003, Forrester contributed approximately $5.0 million and $3.3 million, respectively, to these investment funds, resulting in total cumulative contributions of approximately $15.5 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. The carrying value of the investment funds as of December 31, 2003 was approximately $9.4 million. During the years ended December 31, 2001, 2002, and 2003, Forrester recorded net impairments to these investments of approximately $907,000, $2,383,000, and $861,000, respectively, which are included in the consolidated statements of income. During 2003, one of the private equity investment funds distributed publicly-listed common stock to Forrester, which Forrester sold. The disposal of the common stock resulted in a gain of $419,000 recorded in the consolidated statement of income for 2003 as a reduction of impairments of non-marketable investments. During 2002 and 2003, fund management charges of approximately $484,000 and $410,000, 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.

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, 2001, 2002, and 2003, Forrester recognized revenues of approximately $102,000, $234,000, and $133,000 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 2001, Forrester determined that its investment had been impaired. As a result, Forrester recorded a write-down of $1,474,000 to impairments of non-marketable investments in the consolidated statement of income during the year ended December 31, 2001. In December 2003, Forrester determined that its investment had been further impaired. As a result, Forrester recorded a write-down of $1,186,000 to impairments of non-marketable investments in the consolidated statement of income during the year ended December 31, 2003. As of December 31, 2003, Forrester determined that no further impairment had occurred.

During the years ended December 31, 2001, 2002, and 2003, Forrester expensed approximately $1,030,000, $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 further 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, 2003, Forrester determined that no further permanent impairment had occurred.

During the year ended December 31, 2001, Forrester expensed approximately $60,000 to the cost of services and fulfillment related to services purchased from comScore.

Forrester owns approximately 1.1% of 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 1.1% ownership interest in Greenfield. This investment is accounted for as a cost based investment and accordingly is being valued at cost. No impairments were recorded for 2001, 2002, and 2003.

During the years ended December 31, 2001, 2002, and 2003, Forrester expensed approximately $314,000, $183,000, and $108,000, respectively, to the cost of services and fulfillment related to services purchased from Greenfield.

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. Revenues related to the Internet AdWatch product were not material to Forrester's total revenues in any of the periods presented. 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. This transaction resulted in a net gain to Forrester of approximately $1.7 million during the quarter ended September 30, 2001, which was classified as other income in the consolidated statement of income. 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, 2001, 2002, and 2003 consists of the following (in thousands):

	2001	2002	2003
Domestic	$22,760	$(581)	$1,446
Foreign	4,282	859	1,730
Total	$27,042	$ 278	$3,176

The components of the income tax provision (benefit) for the years ended December 31, 2001, 2002, and 2003 are as follows (in thousands):

	2001	2002	2003
Current --			
Federal	$ 8,424	$(1,187)	$ 335
State	1,038	80	(84)
Foreign	2,153	625	420
	11,615	(482)	671
Deferred --			
Federal	(1,846)	(614)	174
State	(158)	(330)	140
Foreign	(686)	(416)	--
	(2,690)	(1,360)	314
Less -- valuation allowance	--	1,531	--
Income tax provision (benefit)	$ 8,925	$ (311)	$ 985

A reconciliation of the federal statutory rate to Forrester's effective tax rate for the years ended December 31, 2001, 2002 and 2003 is as follows:

	2001	2002	2003
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	2.8	2.9	1.2
Non-deductible expenses	0.5	30.8	3.7
Tax-exempt interest income	(5.8)	(679.1)	(17.7)
Other, net	0.5	(52.2)	8.8
Change in valuation allowance	--	550.7	--
Effective income tax rate	33.0%	(111.9)%	31.0%

The components of deferred income taxes as of December 31, 2002 and 2003 are as follows (in thousands):

	2002	2003
Non-deductible reserves and accruals	$ 5,057	$ 2,953
Depreciation and amortization	1,171	738
Deferred commissions	(1,286)	(2,189)
Net operating loss and other carryforwards	18,219	40,188
Gross deferred tax asset	23,161	41,690
Less -- Valuation allowance	(1,531)	(1,531)
Net deferred tax asset	$21,630	$40,159

Forrester has aggregate net operating loss carryforwards for federal tax purposes of approximately $104.7 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. These net operating loss carryforwards will expire between the years 2015 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, 2002, Forrester recorded a valuation allowance of $1.5 million primarily related to net operating loss carryforwards in Germany. 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 twenty-year 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.

(8) COMMITMENTS

Forrester leases its office space and certain office equipment under operating leases. At December 31, 2003, approximate future minimum rentals for operating leases and purchase obligations for third party survey costs are as follows (in thousands):

2004	$14,411
2005	11,605
2006	8,530
2007	3,833
2008	2,314
Thereafter	5,725
Total minimum lease payments	$46,418

Future minimum rentals have not been reduced by minimum sublease rentals to be received of $3,682,000 due in the future under subleases. These rentals are due as follows: $1,676,000 in 2004, $1,332,000 in 2005, and $674,000 in 2006.

Aggregate rent expenses, net of sublease income, were approximately $9,388,000, $8,323,000, and $7,688,000 for the years ended December 31, 2001, 2002, and 2003, 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 will be used, among other things, in connection with Forrester's employee stock option and purchase plans and for potential acquisitions. As of December 31, 2003, Forrester had repurchased approximately 1,894,000 shares of common stock at an aggregate cost of $30.3 million.

During the three months ended December 31, 2003, 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 $2.0 million. This agreement expires in February 2004. Pursuant to the agreement, if Forrester's stock price is above a certain price on the expiration date, Forrester will have the investment of $2.0 million returned with a premium. If Forrester's stock price is below a certain price on the expiration date, Forrester will receive approximately 119,000 shares of Forrester's common stock. The $2.0 million up-front net payment is recorded in stockholder's equity as a reduction of additional paid-in capital in the accompanying consolidated balance sheet.

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, 2000, to December 31, 2003, 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, 2000	6,278	$ 2.75-70.84	$19.65
Granted	1,361	15.47-55.00	24.83
Exercised	(1,146)	2.75-34.16	12.81
Forfeited	(643)	11.69-70.84	29.09
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
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
Exercisable at December 31, 2001	2,526	$2.75-$70.84	$18.18

The following table summarizes information about stock options outstanding and exercisable at December 31, 2003 (in thousands, except per share data):

OPTIONS
WEIGHTED
AVERAGE OPTIONS
WEIGHTED
AVERAGE
OUTSTANDING AT
EXERCISE PRICE
OF WEIGHTED
AVERAGE
EXERCISABLE AT
EXERCISE PRICE
OF DECEMBER 31,
OPTIONS
REMAINING
DECEMBER 31,
OPTIONS 2003
OUTSTANDING
CONTRACTUAL
LIFE 2003
EXERCISABLE

Range of
exercise prices
$ 2.75-

6.50............
39 $ 4.11 2.36
39 $ 4.11 9.57-
11.50...........
115 9.93 3.87
115 9.93 11.69-
13.73...........
557 11.72 5.16
533 11.71
13.94-
15.47...........
1,332 14.58
9.17 60 14.55
15.49-
18.69...........
986 16.44 7.78
358 16.75
18.75-
24.64...........
931 22.48 5.81
733 22.71
25.16-
31.39...........
619 25.88 6.85
364 26.31
33.50-
49.78...........
133 42.17 6.52
125 41.83
52.67-
70.84...........
135 59.02 6.55
130 59.24 -----
------ ---- ---
-- ------ 4,847
$19.39 7.16
2,457 $21.79
===== ======
==== =====
======

As of December 31, 2003, options available for future grant under the Plan and the Directors' Plan were approximately 3,125,000.

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:

	2001	2002	2003
Risk-free interest rate	4.09%	3.10%	2.11%
Expected dividend yield	--	--	--
Expected lives	3 years	4 years	4 years
Expected volatility	71%	61%	55%
Weighted average fair value	$ 13.67	$ 9.89	$ 6.47

In January 1998, Forrester's founder and principal shareholder granted certain key employees options to purchase 2,000,000 shares of his common stock. The options have an exercise price of $9.57 and vest as follows: one-thirty-sixth of the total number of options granted monthly through January 28, 1999; and one-third of the total number of options granted on and after each of January 28, 2000, and January 28, 2001. As of December 31, 2003, 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 $1,276,000, $762,000, and $1,046,000 for the years ended December 31, 2001, 2002, and 2003, 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, 2001	54,658	$19.20
December 31, 2001	40,580	$17.12
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

(13) OPERATING SEGMENT AND ENTERPRISE WIDE REPORTING

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, as defined under SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, in deciding how to allocate resources and assess performance. Forrester's chief decision-making group is the Executive Team, consisting of the Chief Executive Officer and other executive officers. To date, Forrester has viewed its operations and managed its business as principally 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. Long-lived tangible assets by location as of December 31, 2002 and 2003 are as follows (in thousands):

	2002	2003
United States	$18,706	$19,048
United Kingdom	1,064	869
Europe (excluding United Kingdom)	1,021	613
	$20,791	$20,530

Net revenues by geographic destination and as a percentage of total revenues for the years ended December 31, 2001, 2002, and 2003 are as follows (dollars in thousands):

	2001	2002	2003
United States	$112,349	$69,292	$ 89,412
United Kingdom	13,450	8,302	11,338
Europe (excluding United Kingdom)	17,288	9,508	12,056
Canada	7,086	3,004	6,154
Other	8,947	6,830	7,039
	$159,120	$96,936	$125,999
United States	71%	71%	71%
United Kingdom	8	9	9
Europe (excluding United Kingdom)	11	10	10
Canada	4	3	5
Other	6	7	5
	100%	100%	100%

(14) CERTAIN BALANCE SHEET ACCOUNTS

PROPERTY AND EQUIPMENT:

Property and equipment as of December 31, 2002 and 2003 consist of the following (in thousands):

	2002	2003
Computers and equipment	$18,017	$20,447
Computer software	8,750	16,288
Furniture and fixtures	3,447	4,235
Leasehold improvements	6,715	7,135
Total property and equipment	36,929	48,105
Less accumulated depreciation and amortization	26,255	39,839
Property and equipment, net	$10,674	$ 8,266

ACCRUED EXPENSES:

Accrued expenses as of December 31, 2002 and 2003 consist of the following (in thousands):

	2002	2003
Payroll and related	$ 9,472	$11,458
Income taxes	1,875	2,657
Facility consolidation costs	3,499	6,646
Other	5,835	10,696
	$20,681	$31,457

ALLOWANCE FOR DOUBTFUL ACCOUNTS:

A roll-forward of the allowance for doubtful accounts as of and for the years ended December 31, 2001, 2002, and 2003 is as follows (in thousands):

	2001	2002	2003
Balance, beginning of year	$ 1,293	$ 966	$ 837
Provision for doubtful accounts	885	246	--
Additions arising from acquisitions (Note 2)	--	--	987
Write-offs	(1,212)	(375)	(415)
Balance, end of year	$ 966	$ 837	$1,409

(15) SUMMARY SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is a summary of selected quarterly financial data for the years ended December 31, 2002 and 2003 (in thousands, except per share data):

	QUARTER ENDED			
	MARCH 31, 2002	JUNE 30, 2002	SEPT. 30, 2002	DEC. 31, 2002
Revenues	$26,056	$25,433	$21,938	$23,509
Income (loss) from operations	$(5,959)	$ 2,861	$ (696)	$ 2,651
Net (loss) income	$(6,115)	$ 3,547	$ (307)	$ 3,464
Basic net income (loss) per common share	$ (0.26)	$ 0.15	$ (0.01)	$ 0.15
Diluted net income (loss) per common share	$ (0.26)	$ 0.15	$ (0.01)	$ 0.15

	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 per common share	$ 0.08	$ 0.01	$ 0.01	$ 0.00
Diluted net income per common share	$ 0.08	$ 0.01	$ 0.01	$ 0.00

(16) SUBSEQUENT EVENT

In January 2004, Forrester reduced its European headcount by 12 employees and expects to record a reorganization charge estimated between $1.5 million and $2.5 million related to this reduction in force and consolidation of office space.

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(2)	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+(3)	1996 Amended and Restated Equity Incentive Plan, as amended.
10.4+(3)	1996 Employee Stock Purchase Plan, as amended.
10.5+(6)	1996 Amended and Restated Stock Option Plan for Non-Employee Directors.
10.10(4)	Lease dated May 6, 1999 between Technology Square LLC and

the Company for the premises located at 400 Technology Square, Cambridge, Massachusetts.
10.11(5) Registration Rights Agreement.
10.12(5) Indemnification Agreement.
16(8) Letter dated April 5, 2002 from Arthur Andersen LLP to the Securities and Exchange Commission.
21(2) Subsidiaries of the Registrant.
23.1(2) Consent of Deloitte and Touche LLP.
23.2(2) Information regarding Consent of Arthur Andersen 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 Annual Report on Form 10-K for the year ended December 31, 1997 (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 by reference herein.

(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 5, 2002 (File No. 000-21433) and incorporated herein by reference.

Exhibit 3.3

AMENDED AND RESTATED
BY-LAWS

OF

FORRESTER RESEARCH, INC.

ARTICLE 1 - STOCKHOLDERS

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

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

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

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

1.5 Voting List. The officer who has charge of the stock ledger of the corporation shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, at a place within the city where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time of the meeting, and may be inspected by any stockholder who is present.

1.6 Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the holders of a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business.

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

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

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

1.10 Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nomination for election to the Board of Directors of the corporation at a meeting of stockholders may be made by the Board of Directors or by any stockholder of the corporation entitled to vote for the election of directors at such meeting who complies with the notice procedures set forth in this Section 1.10. Such nominations, other than those made by or on behalf of the Board of Directors, shall be made by notice in writing delivered or mailed by first class United States mail, postage prepaid, to the Secretary, and received not less than 60 days, nor more than 90 days prior to such meeting; provided, however, that if less than 70 days' notice or prior public disclosure of the date of the meeting is given to stockholders, such nomination shall have been mailed or delivered to the Secretary not later than the close of business on the 10th day following the date on which the notice of the meeting was mailed or such public disclosure was made, whichever occurs first. Such notice shall set forth (a) as to each proposed nominee (i) the name, age, business address and, if known, residence address of each such nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the corporation which are beneficially owned by each such nominee, and (iv) any other information concerning the nominee that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to be named as a nominee and to serve as a director if elected); and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the corporation's books, of such stockholder and (ii) the class and number of shares of the corporation which are beneficially owned by such stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as a director of the corporation.

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

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

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

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

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

ARTICLE 2 - DIRECTORS

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

2.2 Number; Election and Qualification. The number of directors which shall constitute the whole Board of Directors shall be determined by resolution of the Board of Directors, but following the consummation of the Company's initial public offering of common stock under the Securities Act of 1933 in no event shall such number of directors be less than three. The number of directors may be decreased at any time and from time to time by a majority of the directors then in office, but only to eliminate vacancies existing by reason of the death, resignation, removal or expiration of the term of one or more directors. The directors shall be elected at the annual meeting of stockholders by such stockholders as have the right to vote on such election. Directors need not be stockholders of the corporation.

2.3 Classes of Directors. The Board of Directors shall be and is divided into three classes: Class I, Class II and Class III. No one class shall have more than one director more than any other class. If a fraction is contained in the quotient arrived at by dividing the designated number of directors by three, then, if such fraction is one-third, the extra director shall be a member of Class II, and if such fraction is two-thirds, one of the extra directors shall be a member of Class II and one of the extra directors shall be a member of Class III, unless otherwise provided from time to time by resolution adopted by the Board of Directors.

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

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

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

2.7 Resignation. Any director may resign by delivering his written resignation to the corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

2.8 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place, either within or without the State of Delaware, as shall be determined from time to time by the Board of Directors; provided, that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

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

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

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

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

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

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

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

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

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

ARTICLE 3 - OFFICERS

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

3.2 Election. The President, Treasurer and Secretary shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board of Directors at such meeting or at any other meeting.

3.3 Qualification. No officer need be a stockholder. Any two or more offices may be held by the same person.

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

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

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

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

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

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

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

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

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

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

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

3.12 Salaries. Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

ARTICLE 4 - CAPITAL STOCK

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

4.2 Certificates of Stock. Every holder of stock of the corporation shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, certifying the number and class of shares owned by him in the corporation. Each such certificate shall be signed by, or in the name of the corporation by, the Chairman or Vice Chairman, if any, of the Board of Directors, or the President or a Vice President, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation. Any or all of the signatures on the certificate may be a facsimile.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, the By-Laws, applicable securities laws or any agreement among any number of stockholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

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

4.4 Lost, Stolen or Destroyed Certificates. The corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen, or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar.

4.5 Record Date. The Board of Directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action to which such record date relates.

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

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

ARTICLE 5 - GENERAL PROVISIONS

5.1 Fiscal Year. Except as from time to time otherwise designated by the Board of Directors, the fiscal year of the corporation shall begin on the first day of January in each year and end on the last day of December in each year.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 6 - AMENDMENTS

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

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

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

BIS Italy SRL (dormant), an Italian Corporation

Giga Information Group Investment Corporation, a Massachusetts corporation

Giga Information Group Ltd., a United Kingdom corporation

Gigaweb Information Group, Ltd., an Israeli corporation

Whitcomb Investments, Inc., a Massachusetts corporation

Forrester Research, B.V., a Dutch corporation

Forrester Research FSC, Inc., a Barbados corporation

Fletcher 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 corporation

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 AP, a Danish corporation

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

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, which report expresses an unqualified opinion and includes explanatory paragraphs relative 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, relating to the consolidated financial statements of Forrester Research, Inc. as of and for the years ended December 31, 2003 and 2002, appearing in this Annual Report on Form 10-K of Forrester Research, Inc. for the year ended December 31, 2003.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
March 11, 2004

EXHIBIT 23.2

Explanation Concerning Absence of Current Written Consent of Arthur Andersen LLP

Section 11(a) of the Securities Act of 1933, as amended (the "Securities Act"), provides that if part of a registration statement at the time it becomes effective contains an untrue statement of a material fact, or omits a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may assert a claim against, among others, an accountant who has consented to be named as having certified any part of the registration statement or as having prepared any report for use in connection with the registration statement.

Forrester dismissed Arthur Andersen LLP ("Andersen") as its independent auditors, effective April 1, 2002. For additional information, see Forrester's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 5, 2002. After reasonable efforts, Forrester has been unable to obtain Andersen's written consent to the incorporation by reference into Forrester's registration statements (Form S-8 Nos. 333-16905, 333-22749, 333-96393, 333-38626, 333-99749, and 333-99751) (collectively, the "Registration Statements") of Andersen's audit report with respect to Forrester's consolidated financial statements as of December 31, 2001, and for the year in the period then ended (the "Financial Statements"). Under these circumstances, Rule 437a under the Securities Act permits Forrester to file this Annual Report on Form 10-K, which is incorporated by reference into the Registration Statements, without consents from Andersen. As a result, with respect to transactions in Forrester securities pursuant to the Registration Statements that occur subsequent to the date this Annual Report on Form 10-K is filed with the Securities and Exchange Commission, Andersen will not have any liability under Section 11(a) of the Securities Act for any untrue statements of a material fact contained in the Financial Statements or any omissions of a material fact required to be stated therein. Accordingly, you would be unable to assert a claim against Andersen under Section 11(a) of the Securities Act. To the extent provided in Section 11(b)(3)(c) of the Securities Act, however, other persons who are liable under Section 11(a) of the Securities Act, including Forrester's officers and directors, may still rely on Andersen's original audit reports as being made by an expert for purposes of establishing a due diligence defense under Section 11(b) of the Securities Act.

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)) 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) 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 report based on such evaluation; and

c) Disclosed in this 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 of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

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 11, 2004

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)) 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) 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 report based on such evaluation; and

c) Disclosed in this 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 of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

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 11, 2004

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, 2003 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, 2003 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 11, 2004

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, 2003 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, 2003 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 11, 2004