
FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): February 2, 2005

FORRESTER RESEARCH, INC.
(Exact Name of Registrant Specified in Charter)

Delaware (State or Other Jurisdiction of Incorporation)	000-21433 (Commission File Number)	04-2797789 (I.R.S. Employer Identification No.)
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400 Technology Square, Cambridge, Massachusetts (Address of Principal Executive Offices)	02139 (Zip Code)
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Registrant's telephone number, including area code: (617) 613-6000

N/A

(Former Name or Former Address, if Changed Since Last Report)

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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The information contained in this current report on Form 8-K is furnished pursuant to Item 2.02 of Form 8-K "Results of Operations and Financial Condition". This information and the exhibits hereto are being furnished and shall not be deemed to be "filed" for the purposes of Section 18 of, or otherwise regarded as filed under, the Securities Exchange Act of 1934, as amended. The information contained in this report shall not be incorporated by reference into any filing of Forrester Research, Inc. with the SEC, whether made before or after the date hereof, regardless of any general incorporation language in such filings.

On February 2, 2005, Forrester Research, Inc. issued a press release announcing its financial results for the year ended December 31, 2004, the full text of which is attached hereto as Exhibit 99.1.

Forrester believes that pro forma financial results provide investors with consistent and comparable information to aid in the understanding of Forrester's ongoing business. Our pro forma presentation excludes the following:

Amortization of acquisition-related intangibles - we exclude the non-cash effect of the amortization of acquisition-related intangibles from our pro forma results in order to more consistently present our ongoing results of operations.

Impairments of non-marketable securities and gains from sales of marketable securities - we have consistently excluded both one-time gains and one-time write-offs related to our investments in non-marketable securities and sales of equity securities from our pro forma results in order to keep quarter over quarter comparisons consistent.

Reorganization costs - we exclude reorganization costs in order to present a consistent basis for quarterly comparisons and to more consistently present

our results of operations.

However, these measures should be considered in addition to, not as a substitute for, or superior to, operating income or other measures of financial performance prepared in accordance with generally accepted accounting principles as more fully discussed in the Forrester's financial statements and filings with the Securities and Exchange Commission.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FORRESTER RESEARCH, INC.

By: /s/ WARREN HADLEY

Name: Warren Hadley

Title: Treasurer and Chief Financial
Officer

Dated: February 2, 2005

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Exhibit -----	Description -----	Page ----
99.1	Press Release dated February 2, 2005.	5

Forrester Research Announces Fourth-Quarter And
Full-Year 2004 Financial Results

CAMBRIDGE, Mass.--(BUSINESS WIRE)--Feb. 2, 2005--Forrester Research, Inc. (Nasdaq: FORR) today announced its fourth-quarter and full-year 2004 financial results.

Fourth-Quarter Financial Performance

- Total revenues were \$38.0 million, compared with \$35.3 million for the fourth quarter of 2003.
- On a GAAP-reported basis, which reflects an effective tax rate of 33.7 percent, Forrester reported fourth-quarter net income of \$3.5 million or \$0.16 per diluted share, compared with net income of 87,000, or \$0.00 per diluted share, for the same period in 2003.
- On a pro forma basis, which excludes amortization of \$1.3 million of acquisition-related intangible assets, a reorganization cost revision of \$355,000, and net gains resulting from sales of equity securities and non-marketable investments totaling \$305,000, and which reflects a pro forma effective tax rate of 35 percent, net income was \$3.9 million, or \$0.18 per diluted share, for the fourth quarter of 2004. This compares with pro forma net income of \$3.9 million, or \$0.17 per diluted share, for the same period in 2003, which excluded non-marketable investment impairments of \$1.8 million, amortization of \$2.6 million of acquisition-related intangible assets, reorganization costs of \$1.4 million, costs of \$117,000 related to the integration of Giga Information Group, Inc., and a pro forma effective tax rate of 35 percent.

Full-Year 2004 Financial Performance

- Total revenues were \$138.5 million, compared with \$126.0 million for 2003.
- On a GAAP-reported basis, which reflects an effective tax rate of 33.7 percent, Forrester reported net income of \$4.1 million, or \$0.18 per diluted share for 2004, compared with net income of \$2.2 million, or \$0.10 per diluted share, for 2003.
- On a pro forma basis, which excludes amortization of \$6.5 million of acquisition-related intangible assets, reorganization costs of \$8.4 million related primarily to office space consolidations, and gains resulting from sales of equity securities and non-marketable investments totaling \$1.4 million, and which reflects a pro forma effective tax rate of 35 percent, net income was \$12.8 million, or \$0.57 per diluted share, for 2004. This compares with pro forma net income of \$11.7 million, or \$0.51 per diluted share for 2003, which excludes amortization of \$8.8 million of acquisition-related intangible assets, reorganization costs of \$2.6 million, costs of \$1.1 million related to the integration of Giga Information Group, Inc., non-marketable investment impairments of \$2.4 million, and a pro forma effective tax rate of 35 percent.

A reconciliation of GAAP results to pro forma results may be found in the attached financial tables.

"Forrester's financial performance in 2004 was solid, with key indicators moving in the right direction," said George F. Colony, chairman of the board and chief executive officer. "Revenues for the year came in above the high end of our guidance, and we generated \$18 million in cash flows from operations. Forrester also accomplished several initiatives aimed at expanding its portfolio of products. Early in 2004, we completed the rollout of WholeView 2(TM), our enhanced research product. Forrester also launched new Data and Forrester Oval Program(TM) offerings, creating additional cross-sell and new business opportunities. In 2005, Forrester remains committed to growing its business."

Forrester's research forecasts a 7 percent increase in technology spending in 2005. "An improved technology spending environment usually bodes well for Forrester," said Colony. "In addition, our expanded product portfolio enables us to target new clients and new budgets, particularly in the marketing departments of \$1 billion-plus companies. We continue to leverage our core research business, which serves as the foundation for everything we offer our clients."

Forrester also announced today that its board of directors has authorized the repurchase of up to \$50 million of its common stock. The shares may be purchased from time to time in open market or privately negotiated transactions. The shares repurchased will be used, among other things, for Forrester's employee stock option and stock purchase plans. As of December 31, 2004, Forrester had approximately 21,620,000 shares of common stock outstanding.

Forrester is providing first-quarter and full-year 2005 guidance as follows:

First-Quarter 2005 (GAAP):

- Total revenues of approximately \$32.0 million to \$34.0 million.
- Operating margin of approximately 4 percent to 7 percent.
- Interest income of approximately \$700,000.
- An effective tax rate of 35 percent to 36 percent.
- Diluted earnings per share of approximately \$0.05 to \$0.12.

First-Quarter 2005 (Pro Forma):

Pro forma financial guidance for the first quarter of 2005 excludes amortization of acquisition-related intangible assets of approximately \$1.1 million, as well as all gains and impairment charges related to marketable securities and non-marketable investments.

- Pro forma operating margin of approximately 8 percent to 10 percent.
- Pro forma diluted earnings per share of approximately \$0.10 to \$0.12.

The following full-year 2005 guidance does not include an estimate for the costs of expensing options in the second half of the year.

Full-Year 2005 (GAAP):

- Total revenues of approximately \$148.0 million to \$153.0 million.
- Operating margin of approximately 10 percent to 12 percent.
- Interest income of approximately \$2.6 million to \$3.0 million.
- An effective tax rate of 35 percent to 36 percent.
- Diluted earnings per share of approximately \$0.52 to \$0.62.

Full-Year 2005 (Pro Forma):

Pro forma financial guidance for full-year 2005 excludes amortization of acquisition-related intangible assets of approximately \$3.5 million, as well as all gains and impairment charges related to non-marketable securities.

- Pro forma operating margin of approximately 12 percent to 14 percent.
- Pro forma diluted earnings per share of approximately \$0.62 to \$0.67.

Forrester is an independent technology research company that provides pragmatic and forward-thinking advice about technology's impact on business. Business, marketing, and IT professionals worldwide collaborate with Forrester to align their technology investments with their business goals. Forrester offers products and services in four major areas: Research, Data, Consulting, and Community. Established in 1983, Forrester is headquartered in Cambridge, Mass. For additional information, visit www.forrester.com.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, Forrester's financial and operating targets for the first quarter of and full-year 2005, statements about the potential success of product offerings, the amount of the charge and any cost savings related to reductions in force and associated actions, and the ability of Forrester to achieve

success as the economy improves. These statements are based on Forrester's current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. Important factors that could cause actual future activities and results to differ include, among others, Forrester's ability to anticipate business and economic conditions, technology spending, market trends, competition, industry consolidation, the ability to attract and retain professional staff, possible variations in Forrester's quarterly operating results, risks associated with Forrester's ability to offer new products and services, any cost savings related to reductions in force and associated actions, and Forrester's dependence on renewals of its membership-based research services and on key personnel. Forrester undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. For further information, please refer to Forrester's reports and filings with the Securities and Exchange Commission.

The consolidated statements of income, consolidated balance sheets, and consolidated statements of cash flows are attached.

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Forrester Research, Inc.
Consolidated Statements of Income
(In thousands, except per share data)

	Three months ended December 31,		Year ended December 31,	
	2004	2003	2004	2003

	(Unaudited)			

Revenues:				
Research services	\$24,768	\$24,120	\$94,347	\$92,289
Advisory services and other	13,182	11,211	44,132	33,710

Total revenues	37,950	35,331	138,479	125,999
Operating expenses:				
Cost of services and fulfillment	13,905	13,667	54,687	50,047
Selling and marketing	13,166	11,494	46,867	41,017
General and administrative	4,677	3,689	16,364	14,674
Depreciation and amortization	890	1,204	3,691	6,256
Amortization of intangible assets	1,349	2,638	6,461	8,778
Reorganization costs	(355)	1,364	8,396	2,594
Integration costs	-	117	-	1,055

Total operating expenses	33,632	34,173	136,466	124,421
Income from operations	4,318	1,158	2,013	1,578
Other income, net	699	751	2,867	3,443
Gains on sales of equity and debt	394	-	1,072	509
Non-marketable investment (impairments) gains	(89)	(1,782)	281	(2,354)

Income before income tax provision	5,322	127	6,233	3,176
Income tax provision	1,796	40	2,101	985

Net income	\$3,526	\$87	\$4,132	\$2,191
	=====			
Diluted earnings per share	\$0.16	\$0.00	\$0.18	\$0.10
	=====			
Diluted weighted average shares outstanding	22,040	22,970	22,442	22,837

Basic earnings per share	\$0.16	\$0.00	\$0.19	\$0.10
Basic weighted average shares outstanding	21,814	22,505	22,024	22,555
Pro forma data (1):				
Income from operations	4,318	1,158	2,013	1,578
Amortization of intangible assets	1,349	2,638	6,461	8,778
Reorganization costs	(355)	1,364	8,396	2,594
Integration costs	-	117	-	1,055
Pro forma income from operations	5,312	5,277	16,870	14,005
Other income, net	699	751	2,867	3,952
Pro forma income before income taxes	6,011	6,028	19,737	17,957
Pro forma income tax provision	2,104	2,110	6,908	6,285
Pro forma net income	\$3,907	\$3,918	\$12,829	\$11,672
Pro forma diluted earnings per share	\$0.18	\$0.17	\$0.57	\$0.51
Diluted weighted average shares outstanding	22,040	22,970	22,442	22,837

(1) Forrester believes that pro forma financial results provide investors with consistent and comparable information to aid in the understanding of Forrester's ongoing business. Our pro forma presentation excludes amortization of intangibles and other integration costs related to acquisitions, reorganization costs, impairments of non-marketable investments, and gains on sales of equity securities as well as their related tax effects. This does not purport to be prepared in accordance with Generally Accepted Accounting Principles.

Forrester Research, Inc.
Consolidated Balance Sheets
(In thousands)

	December 31,	
	2004	2003
Assets:		
Cash and cash equivalents	\$37,328	\$22,385
Marketable securities	90,112	104,348
Accounts receivable, net	39,210	40,013
Deferred commissions	6,834	5,999
Prepaid expenses and other current assets	5,509	7,079
Total current assets	178,993	179,824
Property and equipment, net	6,410	8,266
Goodwill, net	52,875	57,006
Intangibles assets, net	6,992	13,456
Deferred income taxes	42,860	40,159
Non-marketable investments and other assets	14,742	12,264
Total assets	\$302,872	\$310,975
Liabilities and stockholders' equity:		
Accounts payable	\$3,741	\$2,566
Accrued expenses	26,928	31,457
Deferred revenue	72,357	68,630

Total liabilities	103,026	102,653
Preferred stock	-	-
Common stock	247	243
Additional paid-in capital	180,310	172,523
Retained earnings	71,077	66,945
Treasury stock, at cost	(50,056)	(30,300)
Accumulated other comprehensive loss	(1,732)	(1,089)
Total stockholders' equity	199,846	208,322
Total liabilities and stockholders' equity	\$302,872	\$310,975

Forrester Research, Inc.
Consolidated Statements Cash Flows
(In thousands)

	Year ended December 31,	
	2004	2003
Cash flows from operations:		
Net income	\$4,132	\$2,191
Adjustments to reconcile net income to net cash provided by operating activities --		
Depreciation and amortization	3,691	6,256
Amortization of intangible assets	6,461	8,778
(Gains) impairments of non-marketable investments	(281)	2,354
Realized gain on sales of marketable securities	(1,072)	(509)
Tax benefit from issuances of common stock	411	527
Deferred income taxes	(158)	(128)
Non-cash reorganization costs	1,844	-
Provision for doubtful accounts	309	-
Amortization of premiums on marketable securities	924	832
Changes in assets and liabilities, net of acquisitions --		
Accounts receivable	1,283	(11,044)
Deferred commissions	(835)	(2,426)
Prepaid expenses and other current assets	1,763	559
Accounts payable	1,152	(530)
Accrued expenses	(3,850)	(1,741)
Deferred revenue	2,232	(1,004)
Net cash provided by operating activities	18,006	4,115
Cash flows from investing activities:		
Acquisition of Giga Information Group, Inc., net of cash acquired	-	(57,027)
Acquisition of GigaGroup, S.A., net of cash acquired	-	(2,937)
Purchases of property and equipment	(3,664)	(1,441)
Purchases of non-marketable investments	(3,613)	(3,250)
Net decrease (increase) in other assets	1,081	(1,315)
Purchases of equity and debt securities	(161,344)	(184,151)
Proceeds from sales and maturities of marketable securities	176,509	263,093
Net cash provided by investing activities	8,969	12,972
Cash flows from financing activities:		
Proceeds from issuance of common stock	5,279	3,772
Acquisition of treasury stock	(17,756)	(8,215)
Structured stock repurchases	54	(1,708)
Net cash used in financing activities	(12,423)	(6,151)
Effect of exchange rate changes on cash and cash equivalents	391	(30)
Net increase in cash and cash equivalents	14,943	10,906

Cash and cash equivalents, beginning of year	\$22,385	\$11,479
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Cash and cash equivalents, end of year	\$37,328	\$22,385
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