

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**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 11, 2014

**FORRESTER RESEARCH, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction)

**000-21433**  
(Commission File Number) of incorporation)

**04-2797789**  
(I.R.S. Employer Identification Number)

**60 Acorn Park Drive**  
**Cambridge, Massachusetts 02140**  
(Address of principal executive offices, including zip code)

**(617) 613-6000**  
(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changes since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **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 12, 2014, Forrester Research, Inc. issued a press release announcing its financial results for the quarter and year ended December 31, 2013.

Forrester believes that pro forma financial results provide investors with consistent and comparable information to aid in the understanding of Forrester’s ongoing business. Forrester uses pro forma financial information to manage its business, including use of pro forma financial results as the basis for setting targets for various compensation programs. Our pro forma presentation excludes the following, as well as their related tax effects:

Amortization of intangibles—we exclude the effect of the amortization of intangibles from our pro forma results in order to more consistently present our ongoing results of operations.

Costs associated with acquisition activities – we exclude acquisition-related costs from our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Gains and losses from investments—we have consistently excluded both gains and losses related to our investments in non-marketable securities and sales of marketable securities from our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Stock-based compensation expense—we exclude stock-based compensation from our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Reorganization costs and credits associated with the Company’s January 2012 sales force realignment and February 2013 reduction in force are not included in our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

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 our financial statements and filings with the Securities and Exchange Commission.

### **ITEM 8.01 Other Events.**

On February 12, 2014, the Company also announced that its Board of Directors has approved an increase to its regular quarterly cash dividend to \$0.16 per share, to be paid on March 19, 2014 to shareholders of record on March 5, 2014.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) Exhibits

99.1 Press Release dated February 12, 2014 with respect to financial results for the quarter and year ended December 31, 2013 and the approval of a quarterly cash dividend.

**SIGNATURES**

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

**FORRESTER RESEARCH, INC.**

By /s/ Michael A. Doyle

Name: Michael A. Doyle

Title: Chief Financial Officer and Treasurer

Date: February 12, 2014

**Exhibit Index**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
99.1	Press Release dated February 12, 2014

The Forrester logo consists of the word "FORRESTER" in a white, serif, all-caps font, centered within a dark green, horizontally-oriented oval.

FOR IMMEDIATE RELEASE

## **Forrester Research Reports 2013 Fourth-Quarter And Full-Year Financial Results And Announces 7% Increase In Quarterly Dividend**

**Cambridge, Mass., February 12, 2014 . . .** Forrester Research, Inc. (Nasdaq: FORR) today announced its 2013 fourth-quarter and full-year financial results.

### **Fourth-Quarter Financial Performance**

Total revenues were \$77.5 million for the fourth quarter of 2013, compared with \$75.2 million for the fourth quarter of 2012. Research revenues decreased 1%, and advisory services and other revenue increased 13%, compared with the fourth quarter of 2012.

On a GAAP basis, net income was \$2.0 million, or \$0.10 per diluted share, for the fourth quarter of 2013, compared with net income of \$4.5 million, or \$0.20 per diluted share, for the same period in 2012.

On a pro forma basis, net income was \$4.0 million, or \$0.20 per diluted share, for the fourth quarter of 2013, which reflects a pro forma effective tax rate of 39%. Pro forma net income excludes stock-based compensation of \$1.5 million, amortization of \$0.6 million of acquisition-related intangible assets, and net investment losses of \$2.3 million. This compares with pro forma net income of \$6.7 million, or \$0.30 per diluted share, for the same period in 2012, which reflects a pro forma tax rate of 39%. Pro forma net income for the fourth quarter of 2012 excludes stock-based compensation of \$1.5 million, amortization of \$0.7 million of acquisition-related intangible assets, acquisition-related costs of \$0.6 million related to M&A activity Forrester did not pursue, and net investment losses of \$0.8 million.

“Forrester met revenue and exceeded operating income and EPS guidance for the fourth quarter and full-year 2013,” said George F. Colony, Forrester’s chairman and chief executive officer. “At the close of the year, we saw some early, encouraging signals from the operational improvements we made, which we expect will lead to improved performance as we progress through 2014.”

“Strategically, we see an opportunity emerging as our clients struggle to keep up with the evolving demands of digitally empowered customers. As companies increase their focus and spending on technologies to win, serve, and retain customers, we will focus our products and commit resources to help the market navigate this disruption. This is where Forrester’s greatest value, differentiation, and opportunity lie.”

### **Year Ended December 31, 2013, Financial Performance**

Total revenues were \$297.7 million, compared with \$293.0 million for the same period in 2012.

On a GAAP basis, net income was \$12.8 million, or \$0.60 per diluted share, for 2013, compared with net income of \$26.0 million, or \$1.13 per diluted share, for 2012. Net income for the 2012 period includes a \$5.5 million deferred tax benefit resulting from the settlement of a tax audit at one of the company's foreign subsidiaries.

On a pro forma basis, net income was \$19.9 million, or \$0.93 per diluted share, for 2013, which reflects a pro forma effective tax rate of 39%. Pro forma net income excludes stock-based compensation of \$6.1 million, amortization of \$2.2 million of acquisition-related intangible assets, reorganization costs of \$1.9 million, and net investment losses of \$2.4 million. This compares with pro forma net income of \$25.6 million, or \$1.11 per diluted share, for 2012, which reflects a pro forma tax rate of 39%. Pro forma net income for 2012 excludes stock-based compensation of \$5.4 million, amortization of \$2.4 million of acquisition-related intangible assets, \$1.4 million of reorganization costs, acquisition-related costs of \$0.6 million, and net investment gains of \$0.1 million.

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

Forrester is providing first-quarter 2014 financial guidance as follows:

*First-Quarter 2014 (GAAP):*

- Total revenues of approximately \$70.5 million to \$73.5 million.
- Operating margin of approximately 2.5% to 4.5%.
- Other income, net of zero.
- An effective tax rate of 38%.
- Diluted earnings per share of approximately \$0.05 to \$0.09.

*First-Quarter 2014 (Pro Forma):*

Pro forma financial guidance for the first quarter of 2014 excludes stock-based compensation expense of \$1.7 million to \$1.9 million, amortization of acquisition-related intangible assets of approximately \$0.5 million, and any investment gains or losses.

- Pro forma operating margin of approximately 5.5% to 7.5%.
- Pro forma effective tax rate of 38%.
- Pro forma diluted earnings per share of approximately \$0.12 to \$0.16.

Our full-year 2014 guidance is as follows:

*Full-Year 2014 (GAAP):*

- Total revenues of approximately \$304.0 million to \$312.0 million.
- Operating margin of approximately 6.5% to 7.5%.
- Other income, net of zero.

- An effective tax rate of 38%.
- Diluted earnings per share of approximately \$0.62 to \$0.69.

#### *Full-Year 2014 (Pro Forma):*

Pro forma financial guidance for full-year 2014 excludes stock-based compensation expense of \$7.5 million to \$8.0 million, amortization of acquisition-related intangible assets of approximately \$2.2 million, and any investment gains or losses.

- Pro forma operating margin of approximately 9.5% to 10.5%.
- Pro forma effective tax rate of 38%.
- Pro forma diluted earnings per share of approximately \$0.93 to \$1.00.

#### **Quarterly Dividend**

Forrester also announced today that its board of directors has authorized a 7% increase to its regular quarterly cash dividend from \$0.15 per share to \$0.16 per share. The next dividend of \$0.16 per share is payable March 19, 2014, to shareholders of record on March 5, 2014.

#### **About Forrester Research**

Forrester Research (Nasdaq: FORR) is a global research and advisory firm serving professionals in 13 key roles across three distinct client segments. Our clients face progressively complex business and technology decisions every day. To help them understand, strategize, and act upon opportunities brought by change, Forrester provides proprietary research, consumer and business data, custom consulting, events and online communities, and peer-to-peer executive programs. We guide leaders in business technology, marketing and strategy, and the technology industry through independent fact-based insight, ensuring their business success today and tomorrow. For more information, visit [www.forrester.com](http://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 guidance for the first quarter of and full-year 2014, statements about the success of operational improvements, and statements about Forrester's future financial performance and financial condition. 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 retain and enrich memberships for its research products and services, technology spending, Forrester's ability to respond to business and economic conditions and market trends, the risks and challenges inherent in international business activities, competition and industry consolidation, the ability to attract and retain professional staff, Forrester's dependence on key personnel, the possibility of network disruptions and security breaches, and possible variations in Forrester's quarterly operating results. Financial guidance regarding shares outstanding and per-share amounts is based on certain assumptions that are subject to change, including

as a result of the number of shares repurchased by Forrester under its announced share repurchase program. Dividend declarations are at the discretion of Forrester's board of directors, and plans for future dividends may be revised by the board at any time. 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 and the table of key financial data are attached.

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**Forrester Research, Inc.**  
**Consolidated Statements of Income**

(Unaudited, In thousands, except per share data)

	Three months ended December 31,		Year ended December 31,	
	2013	2012	2013	2012
<b>Revenues:</b>				
Research services	\$51,398	\$51,946	\$202,843	\$203,091
Advisory services and other	26,123	23,215	94,807	89,940
<b>Total revenues</b>	<b>77,521</b>	<b>75,161</b>	<b>297,650</b>	<b>293,031</b>
<b>Operating expenses:</b>				
Cost of services and fulfillment	31,664	28,726	117,061	111,228
Selling and marketing	27,456	25,681	107,073	101,390
General and administrative	11,063	9,742	38,280	36,866
Depreciation	2,314	2,411	9,268	8,921
Amortization of intangible assets	560	666	2,230	2,445
Reorganization costs (credits)	—	(10)	1,905	1,421
<b>Total operating expenses</b>	<b>73,057</b>	<b>67,216</b>	<b>275,817</b>	<b>262,271</b>
<b>Income from operations</b>	<b>4,464</b>	<b>7,945</b>	<b>21,833</b>	<b>30,760</b>
Other income, net	32	404	592	1,300
Gains (losses) on investments, net	(2,349)	(804)	(2,433)	94
<b>Income before income taxes</b>	<b>2,147</b>	<b>7,545</b>	<b>19,992</b>	<b>32,154</b>
Income tax provision	164	3,002	7,220	6,193
<b>Net Income</b>	<b>\$ 1,983</b>	<b>\$ 4,543</b>	<b>\$ 12,772</b>	<b>\$ 25,961</b>
Diluted income per share	<u>\$ 0.10</u>	<u>\$ 0.20</u>	<u>\$ 0.60</u>	<u>\$ 1.13</u>
Diluted weighted average shares outstanding	<u>20,341</u>	<u>22,652</u>	<u>21,353</u>	<u>22,929</u>
Basic income per share	<u>\$ 0.10</u>	<u>\$ 0.20</u>	<u>\$ 0.61</u>	<u>\$ 1.15</u>
Basic weighted average shares outstanding	<u>19,764</u>	<u>22,282</u>	<u>20,861</u>	<u>22,500</u>
<b>Pro forma data (1):</b>				
Income from operations	\$ 4,464	\$ 7,945	\$ 21,833	\$ 30,760
Amortization of intangible assets	560	666	2,230	2,445
Reorganization costs (credits)	—	(10)	1,905	1,421
Acquisition-related costs	—	569	—	569
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	877	872	3,585	3,085
Selling and marketing	243	256	1,136	894
General and administrative	343	348	1,330	1,418
<b>Pro forma income from operations</b>	<b>6,487</b>	<b>10,646</b>	<b>32,019</b>	<b>40,592</b>
Other income, net	32	404	592	1,300
Pro forma income before income taxes	6,519	11,050	32,611	41,892
Pro forma income tax provision	2,542	4,310	12,718	16,338
<b>Pro forma net income</b>	<b>\$ 3,977</b>	<b>\$ 6,740</b>	<b>\$ 19,893</b>	<b>\$ 25,554</b>
Pro forma diluted income per share	<u>\$ 0.20</u>	<u>\$ 0.30</u>	<u>\$ 0.93</u>	<u>\$ 1.11</u>
Diluted weighted average shares outstanding	<u>20,341</u>	<u>22,652</u>	<u>21,353</u>	<u>22,929</u>

- (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, and are also used by Forrester in making compensation decisions. Our pro forma presentation excludes amortization of acquisition-related intangible assets, costs associated with acquisition activities, stock-based compensation, reorganization costs and credits and net gains or losses from investments, as well as their related tax effects. The pro forma data does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States.

**Forrester Research, Inc.****Key Financial Data**

(Unaudited, dollars in thousands)

	<b>As of December 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>Balance sheet data:</b>		
Cash, cash equivalents and marketable investments	\$ 155,145	\$ 242,656
Accounts receivable, net	\$ 77,543	\$ 74,623
Deferred revenue	\$ 152,903	\$ 150,495
<b>Cash flow data:</b>		
Net cash provided by operating activities	\$ 30,713	\$ 53,147
Purchases of property and equipment	\$ (3,127)	\$ (5,103)
Repurchases of common stock	\$ (118,210)	\$ (29,843)
Dividends paid	\$ (12,394)	\$ (12,588)
<b>Metrics:</b>		
Agreement value	\$ 216,508	\$ 220,355
Client retention	73%	77%
Dollar retention	86%	90%
Enrichment	97%	95%
Number of clients	2,471	2,462
<b>Headcount:</b>		
Total headcount	1,288	1,236
Research staff	475	432
Sales staff	485	462