
**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 6, 2008

FORRESTER RESEARCH, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-21433
(Commission File Number)

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

**400 Technology Square
Cambridge, Massachusetts 02139**
(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))

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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 6, 2008, Forrester Research, Inc. issued a press release announcing its financial results for the quarter and year ended December 31, 2007.

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, 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.

Impairments of and gains related to 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 marketable securities from our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Non-cash stock-based compensation expense—we exclude the stock-based compensation impact of SFAS 123R from our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Gains from the sale of discontinued operations and income or loss from the discontinued operations are not included in our pro forma results in order to more consistently present our ongoing results of operations from continuing operations.

Expenses related to our stock option investigation and the restatement of our historical financial statements are also 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 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 Press Release dated February 6, 2008

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 6, 2008

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<u>Exhibit</u>	<u>Description</u>	<u>Page</u>
99.1	Press Release dated February 6, 2008	5

Forrester Research Reports Fourth-Quarter and Full-Year 2007 Financial Results

CAMBRIDGE, Mass., February 6, 2008 . . . Forrester Research, Inc. (Nasdaq: FORR) today announced its fourth quarter and year ended December 31, 2007 financial results.

Fourth-Quarter Financial Performance

- Total revenues were \$58.4 million, compared with \$48.9 million for the fourth quarter of last year.
- On a GAAP-reported basis, Forrester reported net income of \$5.6 million or \$0.24 per diluted share, compared with net income of \$6.2 million, or \$0.26 per diluted share, for the same period last year.
- On a pro forma basis, net income was \$8.7 million, or \$0.37 per diluted share, for the fourth quarter of 2007, which excludes non-cash stock-based compensation expense of \$2.6 million, amortization of \$254,000 of acquisition-related intangible assets, net marketable and non-marketable investment gains of \$671,000 and expenses related to the previously reported stock option investigation and restatement of the Company's historical financial statements of \$954,000 and which reflects a pro forma effective tax rate of 39 percent. This compares with pro forma net income of \$7.5 million, or \$0.31 per diluted share, for the same period in 2006, which excludes non-cash stock-based compensation expense of \$2.0 million, amortization of \$462,000 of acquisition-related intangible assets, net non-marketable investment gains of \$43,000 and expenses related to the stock option investigation and restatement of the Company's historical financial statements of \$668,000 and which reflects a pro forma effective tax rate of 37 percent.

Year Ended December 31, 2007 Financial Performance

- Total revenues were \$212.1 million, compared with \$181.5 million for the same period last year. Revenues related to the Ultimate Consumer Panel business, which was sold during the third quarter of 2006, are not included in revenues but are included as a component of income from discontinued operations for 2006.
- On a GAAP-reported basis, Forrester reported net income of \$18.9 million, or \$0.80 per diluted share, for the year ended December 31, 2007, compared with net income of \$17.8 million, or \$0.77 per diluted share, for the same period last year.
- On a pro forma basis, net income was \$27.6 million, or \$1.16 per diluted share, for the year ended December 31, 2007, which excludes non-cash stock-based compensation expense of \$8.3 million, amortization of \$1.2 million of acquisition-related intangible assets, net marketable and non-marketable investment impairments of \$1.0 million and expenses related to the stock option investigation and restatement of the Company's historical financial statements of \$4.6 million and which reflects a pro forma effective tax rate of 39 percent. This compares with pro forma net income of \$22.5 million, or \$0.98 per diluted

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share, for the same period last year, which excludes non-cash stock-based compensation expense of \$7.2 million, amortization of \$2.1 million of acquisition-related intangible assets, a net gain from the sale of discontinued operations of \$1.4 million, \$300,000 of net income from discontinued operations, net non-marketable investment gains of \$348,000 and expenses related to the stock option investigation and restatement of the Company's historical financial statements of \$668,000 and which reflects a pro forma effective tax rate of 37 percent.

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

"We are pleased with our 2007 financial performance," said George F. Colony, Forrester's chairman of the board and chief executive officer. "Along with the introduction of our new role-based strategy, we achieved the top end of our revenue growth target and exceeded our EPS guidance. In 2008, we will complete the transition to roles, an offering which has made us more relevant to our clients. We'll also continue to drive our syndicated business this year, a key priority for Forrester."

Forrester is providing first-quarter 2008 financial guidance as follows:

First-Quarter 2008 (GAAP):

- Total revenues of approximately \$53.5 million to \$56.5 million.
- Operating margin of approximately 11 percent to 14 percent.
- Other income of approximately \$2.3 million.
- An effective tax rate of 39 percent.
- Diluted earnings per share of approximately \$0.21 to \$0.27

First-Quarter 2008 (Pro Forma):

Pro forma financial guidance for the first quarter of 2008 excludes amortization of acquisition-related intangible assets of approximately \$200,000, non-cash stock-based compensation expense of \$1.3 million to \$1.7 million, costs related to the stock option investigation and restatement of the Company's historical financial statements of approximately \$200,000 and any gains or impairment charges related to marketable and non-marketable investments.

- Pro forma operating margin of approximately 13 percent to 15 percent.
- Pro forma effective tax rate of 39 percent.
- Pro forma diluted earnings per share of approximately \$0.24 to \$0.28.

Forrester is providing full-year 2008 guidance as follows:

Full-Year 2008 (GAAP):

- Total revenues of approximately \$240 million to \$248 million.
 - Operating margin of approximately 14 percent to 16 percent.
 - Other income of approximately \$ 9.5 million.
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- An effective tax rate of 39 percent.
- Diluted earnings per share of approximately \$1.14 to \$ 1.24.

Full-Year 2008 (Pro Forma):

Pro forma financial guidance for full-year 2008 excludes non-cash stock-based compensation expense of \$5.0 million to \$ 6.0 million, amortization of acquisition-related intangible assets of approximately \$250,000, costs related to the stock option investigation and restatement of the Company's historical financial statements of \$200,000 to \$500,000, as well as any gains or impairment charges related to marketable and non-marketable investments.

- Pro forma operating margin of approximately 17 to 18 percent.
- Pro forma diluted earnings per share of approximately \$ 1.28 to \$ 1.36.
- An effective tax rate of 39 percent.

Forrester Research, Inc. (Nasdaq: FORR) is an independent technology and market research company that provides pragmatic and forward-thinking advice about technology's impact on business and consumers. For 24 years, Forrester has been a thought leader and trusted advisor, helping global clients lead in their markets through its research, consulting, events, and peer-to-peer executive programs. For more 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 fourth quarter of and full-year 2007. 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, 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		Year ended	
	Dec 31, 2007	Dec 31, 2006	Dec 31, 2007	Dec 31, 2006
	(Unaudited)		(Unaudited)	
Revenues				
Research services	\$ 34,851	\$ 30,596	\$ 131,163	\$ 114,876
Advisory services and other	23,568	18,352	80,893	66,597
Total revenues	58,419	48,948	212,056	181,473
Operating expenses				
Cost of services and fulfillment	21,501	18,967	81,608	73,268
Selling and marketing	19,017	15,595	71,830	59,626
General and administrative	8,216	6,099	30,749	22,859
Depreciation	1,105	871	3,986	3,618
Amortization of intangible assets	254	462	1,232	2,060
Total operating expenses	50,093	41,994	189,405	161,431
Income from continuing operations	8,326	6,954	22,651	20,042
Other income, net	2,219	1,768	8,372	5,704
Gains (impairments) from securities and non-marketable investments, net	671	43	(1,019)	348
Income from continuing operations before income taxes	11,216	8,765	30,004	26,094
Income tax provision	5,601	2,526	11,061	10,037
Income from continuing operations	\$ 5,615	\$ 6,239	\$ 18,943	\$ 16,057
Discontinued operations				
Income from discontinued operations, net of taxes	—	—	—	300
Gain on sale of discontinued operations, net of taxes	—	—	—	1,399
Net Income	\$ 5,615	\$ 6,239	\$ 18,943	\$ 17,756
Diluted income per share from continuing operations	\$ 0.24	\$ 0.26	\$ 0.80	\$ 0.70
Diluted income per share from discontinued operations	\$ —	\$ —	\$ —	\$ 0.07
Diluted income per share from net income	\$ 0.24	\$ 0.26	\$ 0.80	\$ 0.77
Diluted weighted average shares outstanding	23,670	23,815	23,729	22,973
Basic income per share from continuing operations	\$ 0.24	\$ 0.27	\$ 0.82	\$ 0.72
Basic income per share from discontinued operations	\$ —	\$ —	\$ —	\$ 0.08
Basic income per share from net income	\$ 0.24	\$ 0.27	\$ 0.82	\$ 0.80
Basic weighted average shares outstanding	23,096	22,970	23,074	22,195
Pro forma data (1):				
Income from continuing operations	\$ 8,326	\$ 6,954	\$ 22,651	\$ 20,042
Amortization of intangible assets	254	462	1,232	2,060
Investigation related expenses	954	668	4,583	668
Non-cash stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	1,127	931	4,245	3,185
Selling and marketing	206	492	1,730	1,885
General and administrative	1,231	578	2,351	2,140
Pro forma income from continuing operations	12,098	10,085	36,792	29,980
Other income, net	2,219	1,768	8,372	5,704
Pro forma income before income taxes	14,317	11,853	45,164	35,684

Pro forma income tax provision	<u>5,584</u>	<u>4,386</u>	<u>17,614</u>	<u>13,203</u>
Pro forma net income	<u>\$ 8,733</u>	<u>\$ 7,467</u>	<u>\$ 27,550</u>	<u>\$ 22,481</u>
Pro forma diluted earnings per share	<u>\$ 0.37</u>	<u>\$ 0.31</u>	<u>\$ 1.16</u>	<u>\$ 0.98</u>
Diluted weighted average shares outstanding	<u>23,670</u>	<u>23,815</u>	<u>23,729</u>	<u>22,973</u>

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- (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, non-cash stock-based compensation expense, net gains or impairments from marketable and non-marketable investments, discontinued operations, costs associated with the stock option investigation. This does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States, and restatement of our historical financial statements, 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.

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

	December 31, 2007 (Unaudited)	December 31, 2006
Assets:		
Cash and cash equivalents	\$ 53,163	\$ 39,157
Available-for-sales securities	195,811	168,676
Accounts receivable, net	69,865	59,727
Deferred commissions	10,631	10,117
Deferred income taxes	13,236	13,592
Prepaid expenses and other current assets	11,304	7,610
Total current assets	354,010	298,879
Property and equipment, net	6,834	5,611
Deferred income taxes	2,274	11,335
Goodwill and intangible assets, net	53,986	54,688
Non-marketable investments and other long term assets	9,253	13,630
Total assets	\$ 426,357	\$ 384,143
Liabilities and stockholders' equity:		
Accounts payable	\$ 4,174	\$ 2,878
Accrued expenses	28,891	29,852
Deferred revenue	111,418	99,875
Total current liabilities	144,483	132,605
Deferred income tax liability and other non-current accrued income tax liability	6,858	6,633
Total liabilities	151,341	139,238
Preferred stock	—	—
Common stock	282	279
Additional paid-in capital	284,431	270,306
Retained earnings	81,478	62,766
Treasury stock, at cost	(90,428)	(85,834)
Accumulated other comprehensive loss	(747)	(2,612)
Total stockholders' equity	275,016	244,905
Total liabilities and stockholders' equity	\$ 426,357	\$ 384,143

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

	Year ended	
	December 31, 2007	December 31, 2006
	(Unaudited)	
Cash flows from operations:		
Net income	\$ 18,943	\$ 17,756
Net income and gain from sale of discontinued operations	—	(1,699)
Income from continuing operations	\$ 18,943	\$ 16,057
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation	3,986	3,618
Amortization of intangible assets	1,232	2,060
Non-cash stock-based compensation	8,326	7,210
Impairments (gains) from non-marketable investments, net	1,622	(348)
Realized gains on sales of available-for-sale securities	(603)	—
Increase in provision for doubtful accounts	480	358
Tax benefit from exercises of employee stock options	101	75
Deferred income taxes	6,165	9,636
Accretion of premiums on available-for-sale securities	607	852
Changes in assets and liabilities -		
Accounts receivable	(9,966)	(7,765)
Deferred commissions	(514)	(1,267)
Prepaid expenses and other current assets	(3,552)	(1,906)
Accounts payable	1,171	1,171
Accrued expenses	(409)	2,935
Deferred revenue	9,841	12,751
Net cash provided by operating activities	37,430	45,437
Net cash provided by discontinued operations	—	325
Net cash provided by operating activities	37,430	45,762
Cash flows from investing activities:		
Purchases of property and equipment	(5,106)	(3,334)
Purchase of non-marketable investments	—	(300)
Proceeds from non-marketable investments	2,640	555
Proceeds from sale of discontinued operations	250	1,642
Decrease in other assets	146	391
Purchases of available-for-sale securities	(1,240,584)	(565,495)
Proceeds from sales and maturities of available-for-sale securities	1,217,367	480,166
Net cash used in investing activities	(25,287)	(86,375)
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock option plans and employee stock purchase plan	4,896	42,526
Tax benefits related to stock options	807	308
Acquisition of treasury shares	(4,594)	(12,304)
Net cash provided by financing activities	1,109	30,530
Effect of exchange rate changes on cash and cash equivalents	754	702
Net increase (decrease) in cash and cash equivalents	14,006	(9,381)
Cash and cash equivalents, beginning of period	39,157	48,538
Cash and cash equivalents, end of period	\$ 53,163	\$ 39,157