
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): October 28, 2010

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 October 28, 2010, Forrester Research, Inc. issued a press release announcing its financial results for the quarter ended September 30, 2010.

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.

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 associated with the Company’s reduction in force announced in February 2009 are not included in our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

Acquisition related costs and credits are not included in our pro forma results in order to more consistently present our ongoing results of operations.

Duplicate lease costs represent costs for replacement facilities for the period of time prior to the Company utilizing the new facility for operations. Duplicate lease costs are excluded from 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.

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ITEM 8.01 Other Events.

On October 28, 2010, the Company also announced that its Board of Directors has approved a special cash dividend of \$3.00 per share, to be paid on December 20, 2010 to shareholders of record on December 8, 2010.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 Press Release dated October 28, 2010 with respect to financial results for the quarter ended September 30, 2010 and the approval of a special 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: October 28, 2010

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99.1	Press Release dated October 28, 2010	6



FOR IMMEDIATE RELEASE

**Forrester Research Reports Third-Quarter Financial Results;
Board Of Directors Declares Special Dividend And
Authorizes Additional Repurchase Of Common Stock**

Cambridge, Mass., October 28, 2010 . . . Forrester Research, Inc. (Nasdaq: FORR) today announced its third-quarter ended September 30, 2010 financial results. The company also announced that its board of directors has approved a special cash dividend of \$3 per share and authorized the repurchase of up to an additional \$60 million of its common stock.

Third-Quarter Financial Performance

- Total revenues were \$59.8 million, compared with \$53.9 million for the third quarter of last year.
- On a GAAP-reported basis, Forrester reported net income of \$3.7 million, or \$0.16 per diluted share, compared with net income of \$4.3 million, or \$0.19 per diluted share, for the same period last year. The effective tax rate for the third quarter of 2010 was 41 percent, compared with 44 percent for the same period last year.
- On a pro forma basis, net income was \$4.4 million, or \$0.19 per diluted share, for the third quarter of 2010, which reflects a pro forma effective tax rate of 40 percent. Pro forma net income excludes stock-based compensation of \$1.2 million, amortization of \$0.9 million of acquisition-related intangible assets, \$0.4 million of duplicate lease costs, and net investment gains of \$1.4 million. This compares with pro forma net income of \$6.2 million, or \$0.27 per diluted share, for the same period in 2009, which reflects a pro forma effective tax rate of 40 percent. Pro forma net income for the third quarter of 2009 excludes stock-based compensation of \$1.4 million, amortization of \$0.4 million of acquisition-related intangible assets, and net investment losses of \$0.7 million.

“We had strong operating results in the third quarter,” said Michael A. Doyle, Forrester’s chief financial officer. “Revenue grew 11 percent to \$59.8 million, and our pro forma operating margin was 13.8 percent, with revenue at the high end of our guidance and pro forma operating margin exceeding guidance. In addition, our key client metrics continue to trend upwards. Earnings per share in the quarter were negatively affected by \$0.04 per share due to \$1.5 million of foreign exchange translation losses. This resulted primarily from the euro strengthening against the dollar approximately 12 percent as compared with the end of the second quarter.”

Special Dividend

Forrester also announced today that its board of directors has approved a special dividend of \$3 per common share payable on December 20, 2010 to shareholders of record on December 8, 2010. In addition, Forrester's board of directors has authorized the repurchase of up to an additional \$60 million of its common stock, bringing the total available authorization in excess of \$100 million. The shares may be purchased from time to time in open market or privately negotiated transactions, and the shares purchased will be used for, among other things, Forrester's employee and director stock plans. As of September 30, 2010, Forrester had approximately 22.3 million shares outstanding.

"Our board's decision to pay a special dividend — Forrester's first — reflects the strength of our business and our balance sheet," said George F. Colony, Forrester's chairman of the board and chief executive officer. "We continue to recover well from the recession with a strong operating performance, top-line growth approaching historical double-digit levels, and significant cash flow from operations. We remain confident that we have sufficient funds on hand to grow our business organically and through strategic acquisitions."

Nine-Month Period Ended September 30, 2010, Financial Performance

- Total revenues were \$183.6 million, compared with \$171.9 million for the same period last year.
- On a GAAP-reported basis, Forrester reported net income of \$16.4 million, or \$0.71 per diluted share for the nine months ended September 30, 2010, compared with net income of \$13.1 million, or \$0.57 per diluted share, for the same period last year. The effective tax rate for the nine-month period of 2010 was 39 percent, compared with 45 percent for the same period last year.
- On a pro forma basis, net income was \$18.9 million, or \$0.82 per diluted share, for the nine months ended September 30, 2010, which reflects a pro forma effective tax rate of 40 percent. Pro forma net income excludes stock-based compensation of \$3.7 million, amortization of \$2.7 million of acquisition-related intangible assets, \$0.3 million of acquisition-related credits, \$0.4 million of duplicate lease costs, and net investment gains of \$1.8 million. This compares with pro forma net income of \$21.2 million, or \$0.92 per diluted share, for the same period in 2009, which reflects a pro forma effective tax rate of 40 percent. Pro forma net income for the nine months ended September 30, 2009 excludes stock-based compensation of \$4.9 million, amortization of \$1.8 million of acquisition-related intangible assets, \$3.1 million of reorganization costs, and net investment losses of \$1.7 million.

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

Forrester is providing fourth-quarter 2010 financial guidance as follows:

Fourth-Quarter 2010 (GAAP):

- Total revenues of approximately \$65.0 million to \$68.0 million.

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Forrester Research Q3 2010 Results

- Operating margin of approximately 10.0 percent to 12.0 percent.
- Other income, on a net basis, is expected to be zero.
- An effective tax rate of 40 percent.
- Diluted earnings per share of approximately \$0.16 to \$0.22.

Fourth-Quarter 2010 (Pro Forma):

Pro forma financial guidance for the fourth quarter of 2010 excludes stock-based compensation of \$1.1 million to \$1.3 million, amortization of acquisition-related intangible assets of approximately \$0.9 million, and any investment gains or losses.

- Pro forma operating margin of approximately 13.0 percent to 15.0 percent.
- Pro forma effective tax rate of 40 percent.
- Pro forma diluted earnings per share of approximately \$0.21 to \$0.27.

Forrester is providing full-year 2010 guidance as follows:

Full-Year 2010 (GAAP):

- Total revenues of approximately \$247 million to \$252 million.
- Operating margin of approximately 11.5 percent to 12.5 percent.
- Other income of approximately \$1.3 million.
- An effective tax rate of 40 percent.
- Diluted earnings per share of approximately \$0.87 to \$0.93.

Full-Year 2010 (Pro Forma):

Pro forma financial guidance for full-year 2010 excludes stock-based compensation expense of approximately \$5.0 million, amortization of acquisition-related intangible assets of approximately \$3.6 million, and any investment gains or losses.

- Pro forma operating margin of approximately 15.0 percent to 16.0 percent.
- Pro forma effective tax rate of 40 percent.
- Pro forma diluted earnings per share of approximately \$1.03 to \$1.09.

The consolidated statements of income and the table of selected balance sheet and cash flow data are attached.

About Forrester Research

Forrester Research, Inc. (Nasdaq: FORR) is an independent research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. Forrester works with professionals in 19 key roles at major companies providing proprietary research, customer insight, consulting, events, and peer-to-peer executive programs. For more than 27 years, Forrester has been making IT, marketing, and

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Forrester Research Q3 2010 Results

technology industry leaders successful every day. 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 guidance for the fourth quarter of and full-year 2010. 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 respond to business and economic conditions, particularly in light of the global economic environment, technology spending, market trends, competition, industry consolidation, the ability to attract and retain professional staff, possible variations in Forrester's quarterly operating results, any cost savings related to reductions in force and associated actions, 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.

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Forrester Research, Inc.
Consolidated Statements of Income

(Unaudited, In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Revenues:				
Research services	\$ 42,895	\$ 38,893	\$ 123,063	\$ 116,968
Advisory services and other	16,882	14,988	60,547	54,898
Total revenues	<u>59,777</u>	<u>53,881</u>	<u>183,610</u>	<u>171,866</u>
Operating expenses:				
Cost of services and fulfillment	22,399	20,052	69,026	65,824
Selling and marketing	20,228	17,266	61,036	54,018
General and administrative	9,489	7,099	24,413	20,468
Depreciation	943	1,075	2,740	3,311
Amortization of intangible assets	905	439	2,715	1,751
Reorganization costs	—	—	—	3,141
Total operating expenses	<u>53,964</u>	<u>45,931</u>	<u>159,930</u>	<u>148,513</u>
Income from operations	5,813	7,950	23,680	23,353
Other income (loss), net	(945)	460	1,278	2,182
Gains (losses) from investments, net	1,377	(732)	1,829	(1,683)
Income before income taxes	6,245	7,678	26,787	23,852
Income tax provision	2,541	3,378	10,409	10,769
Net Income	<u>\$ 3,704</u>	<u>\$ 4,300</u>	<u>\$ 16,378</u>	<u>\$ 13,083</u>
Diluted income per share	<u>\$ 0.16</u>	<u>\$ 0.19</u>	<u>\$ 0.71</u>	<u>\$ 0.57</u>
Diluted weighted average shares outstanding	<u>23,107</u>	<u>22,809</u>	<u>23,040</u>	<u>22,953</u>
Basic income per share	<u>\$ 0.16</u>	<u>\$ 0.19</u>	<u>\$ 0.73</u>	<u>\$ 0.58</u>
Basic weighted average shares outstanding	<u>22,462</u>	<u>22,561</u>	<u>22,456</u>	<u>22,736</u>
Pro forma data (1):				
Income from operations	\$ 5,813	\$ 7,950	\$ 23,680	\$ 23,353
Amortization of intangible assets	905	439	2,715	1,751
Duplicate lease costs	388	—	388	—
Reorganization costs	—	—	—	3,141
Acquisition costs (credits)	—	—	(326)	—
Stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	531	733	1,587	2,481
Selling and marketing	238	274	709	884
General and administrative	388	423	1,390	1,556
Pro forma income from operations	8,263	9,819	30,143	33,166
Other income (loss), net	(945)	460	1,278	2,182
Pro forma income before income taxes	7,318	10,279	31,421	35,348
Pro forma income tax provision	2,927	4,112	12,568	14,139
Pro forma net income	<u>\$ 4,391</u>	<u>\$ 6,167</u>	<u>\$ 18,853</u>	<u>\$ 21,209</u>
Pro forma diluted income per share	<u>\$ 0.19</u>	<u>\$ 0.27</u>	<u>\$ 0.82</u>	<u>\$ 0.92</u>
Diluted weighted average shares outstanding	<u>23,107</u>	<u>22,809</u>	<u>23,040</u>	<u>22,953</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. Our pro forma presentation excludes amortization of acquisition-related intangible assets, duplicate lease costs, reorganization costs, stock-based compensation, net gains or losses from investments and costs or (credits) associated with acquisition activities, 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.**Consolidated Balance Sheet and Cash Flow Data**

(Unaudited, In thousands)

	<u>September 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Balance sheet data:		
Cash, cash equivalents and marketable investments	\$ 285,026	\$ 259,792
Accounts receivable, net	\$ 39,229	\$ 67,436
Deferred revenue	\$ 104,583	\$ 117,888
	<u>Nine months ended</u> <u>September 30,</u>	
	<u>2010</u>	<u>2009</u>
Cash flow data:		
Net cash provided by operating activities	\$ 37,688	\$ 36,469
Cash used for acquisitions	\$ (1,660)	\$ (752)
Purchases of property and equipment	\$ (6,248)	\$ (3,464)
Repurchases of common stock	\$ (13,951)	\$ (15,233)