

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 10-K**

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

For the fiscal year ended December 31, 2018

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**  
(State or other jurisdiction  
of incorporation or organization)  
60 Acorn Park Drive  
Cambridge, Massachusetts  
(Address of principal executive offices)

**04-2797789**  
(I.R.S. Employer  
Identification Number)  
02140  
(Zip Code)

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

**Securities registered pursuant to Section 12(b) of the Act:**

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$.01 Par Value	Nasdaq Global Select Market

**Securities to be registered pursuant to Section 12(g) of the Act:**

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 requirement for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of June 30, 2018 (based on the closing price as quoted by the Nasdaq National Market as of such date) was approximately \$424,000,000.

As of March 4, 2019, 18,411,000 shares of the registrant's common stock were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement related to its 2019 Annual Stockholders' Meeting to be filed subsequently — Part III of this Form 10-K.

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*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,” “believes,” “anticipates,” “intends,” “plans,” “estimates,” or similar expressions are intended to identify these forward-looking statements. Reference is made in particular to our statements about possible acquisitions, future dividends, future share repurchases, future growth rates and operating income, future financial results of SiriusDecisions, future compliance with financial covenants under our credit facility, anticipated increases in, and productivity of, our sales force and headcount, changes to our customer engagement model, and the adequacy of our cash, and cash flows to satisfy our working capital and capital expenditures. These statements are based on our current plans and expectations and involve risks and uncertainties. Important factors that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements are discussed below under “Risk Factors.” 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 a global independent research, data, and advisory services firm. We work with business and technology leaders to help them develop customer-obsessed strategies that drive growth. Forrester’s unique insights are grounded in annual surveys of more than 675,000 consumers and business leaders worldwide, rigorous and objective research methodologies, and the shared wisdom of our clients. Through proprietary research and data, custom consulting, exclusive executive peer groups and events, Forrester challenges the thinking of its clients and positions them to lead change in their organizations in an era of powerful customers.

We were incorporated in Massachusetts on July 7, 1983 and reincorporated in Delaware on February 16, 1996.

Our Internet address is [www.forrester.com](http://www.forrester.com). We make available free of charge, on or through the investor information section of our website, 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 SEC.

On January 3, 2019, we acquired SiriusDecisions, Inc., a privately held company based in Wilton, Connecticut with approximately 350 employees globally. SiriusDecisions helps companies worldwide by delivering actionable intelligence, transformative frameworks and expert guidance that equip executives to modernize and elevate sales, marketing and product performance. We believe that the combination of our expertise in strategy with SiriusDecisions’ focus on operational excellence will enable our clients to know what they should do, why they should do it, and how to do it. The acquisition creates several opportunities for us, including cross-selling services to our respective client bases, extending SiriusDecisions’ platform, methodologies, data, and best-practices tools into new roles, and accelerating international and industry growth. See Note 15 - *Subsequent Events*, to the financial statements. The following description of our business reflects our business as of December 31, 2018 and does not reflect the acquisition of SiriusDecisions, other than as explicitly indicated.

#### **Industry Background**

Enterprises struggle to keep up with digitally-savvy, empowered customers and maintain differentiation in a disruption-rich market. Technology changes and innovations occur at an increasingly rapid pace. Developing comprehensive and coordinated business strategies is increasingly difficult as consumers and businesses adopt new methods of buying and selling, and markets grow increasingly dynamic.

Consequently, companies and the professionals in the roles we serve must rely on external sources of independent business advice spanning a variety of areas including but not limited to customer behavior, technology investments, and business strategy. We believe there is a need for objective research, data, advisory and related services that allow our clients to see, interpret, and act to respond to complex market dynamics and the extraordinary pace of technology change.

#### **Forrester’s® Strategy**

Empowered customers are ushering in a new “Age of the Customer” that we believe will reshape the way organizations succeed and grow. Our differentiated strategy, products, and services are designed to help those enterprises satisfy their increasingly dynamic customer bases.

Driven by our strategy, we: 1) help our clients stay current with and understand their dynamic customers, 2) advise marketing and strategy executives such as Chief Marketing Officers as they seek to win those customers, and 3) work with technology management executives such as Chief Information Officers as they build systems to satisfy customers. Technology is moving from being a tool for managing and lowering operating costs to a means of generating market opportunities and revenue. Given this shift, today's technology management professionals have two agendas – a traditional back-office agenda of running internal systems, and a business technology (BT) agenda that provides the technology, systems, and processes to win, serve and retain customers. In today's market, we believe few companies will succeed that are unable to capitalize on the full value of business technologies and harness data to deliver differentiated experiences.

Importantly, the three areas where we work with our clients (understanding their customers, winning their customers, and building technology to serve their customers) are highly interrelated in the large organizations that we serve. This creates opportunities to sell add-on products and services to our existing clients. In addition, we believe our go to market strategy is unique, increasing our competitive differentiation.

Our core capabilities combine to deliver a comprehensive set of products and solutions to help our clients compete and win in the Age of the Customer. Our ability to customize our solutions to specific industries provides a powerful method to drive the success of our clients and creates significant opportunities to consistently enrich our relationships with our clients.

### **Forrester's Solution**

We offer a broad set of products and services designed to help our clients win in the Age of the Customer. Our solutions help our clients to:

- Understand trends in consumer behavior and how to capitalize on those trends.
- Benchmark their customer experience.
- Plan strategies to improve their customer experience.
- Develop customer-obsessed cultures that drive growth.
- Assess potential new markets, competitors, products and services, and go-to-market strategies.
- Anticipate technology-driven business model shifts.
- Educate, inform, and align strategic decision-makers in their organizations.
- Navigate technology purchases and implementation challenges and optimize technology investments, particularly in the BT space.
- Capitalize on emerging technologies, especially in BT.

Our products and services focus on six market imperatives important to our clients and prospects in the Age of the Customer:

- Drive revenue with continuously improving customer experience – so that customer experience becomes a growth engine for our clients.
- Differentiate with digital – taking the critical step to enable our clients to become digital first companies.
- Accelerate growth with marketing innovation – enabling our clients to expand and excel at engaging and retaining customers.
- Use customer insights to gain a competitive advantage – enabling our clients to anticipate changing customer expectations.
- Transform IT to win, serve and retain customers – so that IT becomes a strategic point of differentiation for our clients.
- Secure customers and protect the brand – so that trust becomes an asset of our clients.

### **Products and Services**

We offer our clients a selection of products, services, and engagement opportunities, which we have branded into five categories: Forrester Research (our core research), Forrester Connect (our peer offerings), Forrester Analytics, Forrester Consulting, and Forrester Events.

## **Forrester Research**

Forrester's published research and decision tools enable clients to better anticipate and capitalize on the disruptive forces affecting their businesses and organizations. We believe Forrester Research provides insights and frameworks to drive growth in a complex and dynamic market. Our primary syndicated research product, named Research, provides clients with access to our core syndicated research designed to inform their strategic decision-making. Research includes our Playbooks, a set of integrated reports, tools, and guidance for critical business initiatives, and our Reports, designed to deepen clients' understanding of market, customer, and technology trends through data-driven reports, case studies, predictions, and strategic road maps. Our syndicated research also includes The Forrester Wave,™ our primary mechanism for evaluating enterprise technologies. The Forrester Wave provides a detailed analysis of vendors' technologies and services based on transparent, fully accessible criteria, and measurement of characteristics weighted by us. The Forrester Wave allows clients to compare products and develop a custom shortlist based on the client's unique requirements. Since 2017 we have also published Forrester Industry Waves, which evaluate the digital experiences of firms that serve end customers, and Forrester New Waves, which evaluate vendors in emerging markets.

Our Age of the Customer Research offering, which combines our Business Technology (BT) and Marketing and Strategy (M&S) Research offerings, is closely aligned with our strategy of addressing our clients' and prospects' opportunities and challenges in the Age of the Customer. In addition to the Age of the Customer Research offering, our various Research offerings include standalone BT Research and M&S Research, as well as our TI (Technology Industry) Research offering designed specifically for technology vendors. Each of our Research offerings consists of a library of cross-linked documents that interconnect our playbooks, reports, data, product rankings, best practices, evaluation tools, and research archives. Research access is provided through role-based websites that facilitate client access to research and tools that are most relevant to their professional roles, including community tools that allow interaction between and among clients and our analysts.

We also offer clients the opportunity to license electronic "reprints" of designated Research for posting to a client's website(s) for a designated period of time to support a client's marketing or business objectives. Electronic reprints are hosted on an on-line platform that enables interactive content and provides us with improved tracking of distribution of our intellectual property.

### *Research Methodology*

We employ a structured methodology in our research that enables us to identify and analyze business technology trends, markets, and audiences and ensures consistent research quality and recommendations across all coverage areas. We ascertain the issues important to our clients and prospects through thousands of interactions and surveys with technology vendors and business, marketing, and technology professionals, and accordingly, the majority of our research is focused on helping our clients increase their customer focus and grow their business. We use the following primary research inputs:

- Our own proprietary data from our CX Index™, Consumer Technographics®, Business Technographics, and ForecastView products.
- Confidential interviews with early adopters and mainstream users of new technologies across technology, marketing, and strategy roles at end-user companies.
- In-depth interviews with business 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 business and technology opportunities in the marketplace.

Collaboration among research, product, data and consulting professionals is an integral part of our process, leading to higher-quality research and a unified perspective. Our global research and product organization supports our client base by facilitating research and product collaboration and quality, promoting a uniform client experience and improved customer satisfaction, and encouraging innovation.

Clients subscribing to our Research offerings may choose between two membership levels:

- **Member Licenses.** Member Licenses include access to the written research, as well as Inquiry with analysts, and access to Forrester Webinars. Inquiry enables clients to contact our analysts for quick feedback on projects they may have underway, to discuss ideas and models in the research, or for answers to questions about unfolding industry events. Typically, Inquiry sessions are 30-minute phone calls, scheduled upon client request, or e-mail responses coordinated through our research specialists. Forrester Webinars are Web-based conferences on selected topics of interest to particular professional roles that typically are held several times a week.
- **Reader Licenses.** Reader Licenses provide access to our written research.

Both Member and Reader clients receive access to our Customer Success Specialists, who provide additional information about our research, methodologies, coverage areas, and sources. The Customer Success Specialists are available to help clients navigate our website, find relevant information, and put clients in contact with the appropriate analyst for inquiries. Clients that subscribe for one or more Member licenses receive one ticket per order to attend a Forrester Event.

We also offer Research Share licenses that allow clients to share a designated number of published pieces of research with a designated number of persons within their organizations.

### ***Forrester Connect***

The Forrester Connect offerings are designed to help clients connect with peers and Forrester's professionals, optimize use of our products and services, and to coach executives to lead far-reaching change within their organizations.

### ***Leadership Boards***

Our Leadership Boards are exclusive peer groups for executives and other senior leaders at large organizations worldwide. Clients may participate in one or more Leadership Boards. Memberships are available to the Chief Information Officer (CIO) Group, the Chief Marketing Officer (CMO) Group and several Councils for the technology and marketing roles we cover. In addition to a Member license to access the appropriate Research offering, members of our Leadership Boards receive access to the following:

- A private forum for members to test their thinking with peers through local and national meetings, one-to-one and group peer exchanges, and virtual community activities.
- Advisors to challenge members' thinking with insights drawn from peers, our Research, and our analyst community, all designed to help members drive business growth and lead change.
- Member-generated content that includes next and best practices as well as role-specific maturity benchmark data.
- An event ticket to attend one Forrester Event.

### ***Executive Programs***

Our Executive Programs provide CMOs and CIOs with personal coaches who help the executives and their teams establish and tackle their most important initiatives. In addition to a Member license for our research offering and one ticket to attend a Forrester Event, our Executive Programs provide on-site strategy workshops, personalized research and analysis, and access to Forrester experts.

We also offer Team Access licenses that allow members of a Leadership Board or Executive Program to assign Member or Reader licenses to individuals within their extended teams to enhance collaboration and access to our Research offerings.

### ***Training and Certification***

In 2018 we launched a customer experience (CX) Training and Certification offering, which consists of a six-week online course delivered on a microlearning platform and facilitated by a Forrester course advisor, with optional live one-hour sessions with Forrester analysts. The initial course, called Foundations, enables CX practitioners and other CX proponents within our clients' organizations to learn the core skills needed to carry out a CX program aimed at driving business growth, and the certification provides professional recognition to help these individuals stand out as possessing unique skills in the growing field of CX. Participants in the program engage in hands-on activities that result in deliverables that can be put into practice immediately in their own CX programs.

## **Forrester Analytics**

Our Analytics products and services are designed to provide fact-based customer insights to our clients. Clients can leverage our Analytics products and services or choose to have us conduct custom data analysis on their behalf. Our Analytics products and services include:

- *Forrester's Customer Experience (CX) Index.* The CX Index, which uses Forrester's rigorous customer experience methodology, is a framework for assessing and measuring the quality of customer experience for nearly 600 brands worldwide. This unique framework provides useful and actionable analysis including a customer experience score, quantitative information about the score, and the most important drivers to improve the customer experience, along with a Business Impact Simulator tool that models out potential revenue uplift to help guide clients' investments in customer experience. We offer two Forrester CX Index packages, consisting of an industry package that provides a benchmark of a particular brand's CX Index scores against its competitors and an add-on best-in-class package that offers deep insights on what distinguishes leading brands. For brands not included in our standard offering, we offer a custom survey approach to build out a CX Index score and deliver our insight recommendations. We deliver the CX Index through an easy-to-use interactive platform that allows clients to customize their CX data based on business needs.
- *Consumer Technographics.* Consumer Technographics is an ongoing quantitative research program, based on surveys of over 400,000 individuals in North America, Europe, Asia Pacific, and Latin America. Marketing and strategy professionals rely on our Consumer Technographics data and analysis for unique insights into how technology impacts their customers' purchase journey, including the way consumers select, purchase, use, and communicate about products and services. We combine respondent data sets from our Consumer Technographics surveys into multiple regional and industry offerings. We deliver Consumer Technographics through an interactive platform that provides access to the data, insights and analytic tools. Additionally, clients may have access to a Technographics data insights manager to help them use the data effectively to meet their specific business needs.
- *Business Technographics.* 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. The offering also measures and reports on the current information consumption patterns of key influencers for large technology purchases. We annually survey more than 70,000 business and technology executives as well as information workers at small, medium and large enterprises in North American, European, and other global markets. Our surveys reveal these firms' technology adoption, trends, budgets, business organization, decision processes, purchase plans, brand preferences, and primary influences in the purchasing process. We deliver Business Technographics through an interactive platform that provides access to the data, insights and analytic tools. Business Technographics' clients may also have access to a dedicated data insights manager to assist in utilizing appropriate data to achieve desired outcomes.
- *FeedbackNow.* Acquired in July of 2018, our FeedbackNow solution consists of devices with physical buttons and associated monitoring software that allows companies to measure, analyze, and improve customer experience. Customers of our clients can provide real-time feedback regarding their experiences by utilizing a simple system of green, yellow and red buttons. This feedback is provided to our clients instantly via the FeedbackNow platform, where it can be analyzed and used to take immediate action to improve the highlighted experiences and business operations.
- *ForecastView.* ForecastView is an ongoing data program that provides a detailed evaluation of market size, based on expert analysis and quantitative insights from our consumer and business surveys. We leverage Technographics demand-side data and supply-side metrics to help clients uncover new business opportunities. Each forecast consists of at least ten years of data: five historic, the current year and four years in the future. We offer global forecasts for e-commerce, digital marketing, mobile applications and platforms markets. ForecastView clients may also have access to ForecastView analysts to assist in utilizing appropriate data to support client business decisions.

## **Forrester Consulting**

Our advisory and project consulting services leverage our Research, Technographics and CX Index data, as well as our proprietary consulting frameworks, to deliver focused insights and recommendations that assist clients with their challenges in developing and executing technology and business strategy, including customer experience and digital strategy, informing critical decisions and reducing business risk. Our consulting services help clients with challenges addressed in our published research, such as leading customer experience transformations, digital business transformation, and business technology transformations and modernization. We help business and technology professionals conduct maturity assessments, prioritize best practices, develop strategies, build business cases, select technology vendors, and structure organizations. We help marketing professionals at technology vendors develop content marketing strategies, create content marketing collateral, and develop sales tools. We have a dedicated consulting organization to provide professional project consulting services to our clients, utilizing our Forrester Solutions framework and best in class consulting techniques and content development tools, allowing our analysts to spend additional time on writing research and providing shorter-term advisory services.

## **Forrester Events**

We host multiple events in various locations in North America, Europe and Asia throughout the year. Events bring together executives and other participants serving or interested in the particular subject matter or professional role(s) on which an event focuses. Event participants come together to network with their peers, meet with Forrester analysts, and hear business leaders discuss business and technology issues of interest or significance to the professionals in attendance. Forrester Events focus on business imperatives of significant interest to our clients, including succeeding in the Age of the Customer, customer experience, digital transformation, privacy and security, new technology and innovation, and marketing leadership, and provide immersive experiences to challenge clients' thinking and help clients to lead change.

## **Sales and Marketing**

We sell our products and services through our direct sales force in various locations in North America, Europe, Asia, and Australia. Our sales organization is organized into five groups based on client size, geography and market potential. Our Premier group focuses on our largest vendor and end user clients across the globe and our Core group focuses on small to mid-sized vendor and end user clients. Our European and Asia Pacific groups focus on both end user and vendor clients in their respective geographies. Our International Business Development group sells our products and services through independent sales representatives in select international locations. We employed 528 sales personnel as of December 31, 2018 compared to 539 sales personnel employed as of December 31, 2017. We also sell select Research products directly online through our website.

In 2018, we substantially completed the work commenced in 2016 to evolve our customer engagement model to better serve and engage our clients and prospects and drive profitable growth, extending the model to our European and Asia Pacific groups. Our sales process has moved to a model where we provide different sales engagement and support levels for clients and prospects in our Premier and Core groups. We believe that our customer engagement model changes will improve client and dollar retention and enrichment and accelerate growth.

Our marketing activities are designed to enhance the Forrester brand, differentiate and promote Forrester products and solutions, improve the client experience, and drive growth. We achieve these outcomes by combining the value of analytics, content, social media, public relations, and creative and field marketing, delivering multi-channel campaigns, Forrester Events, and high-quality digital journeys.

As of December 31, 2018, our products and services were delivered to more than 2,300 client companies. No single client company accounted for more than 3% of our 2018 revenues.

## **Pricing and Contracts**

We report our revenue from client contracts in two categories of revenue: (1) research services and (2) advisory services and events. We classify revenue from subscriptions to our Research, Leadership Boards and Executive Programs, and Analytics products and services as research services revenue. We classify revenue from Forrester Consulting, custom Forrester Analytics projects, and Forrester Events as advisory services and events revenue.

Contract pricing for annual memberships for research and/or other subscription-based products is principally a function of the number of licensed users at the client. Pricing of contracts for advisory services generally is a fixed fee for the consulting project or shorter-term advisory service. We periodically review and increase the list prices for our products and services.

We track the agreement value of contracts to purchase our services as a significant business indicator. We calculate agreement value as the total revenues recognizable from all such contracts in force at a given time (excluding contracts that consist solely of advisory and consulting services and the value of Forrester Events sponsorships included in all contracts), without regard to how much revenue has already been recognized. Agreement value increased 10% to \$266.3 million at December 31, 2018 from \$242.9 million at December 31, 2017.



## Competition

We compete principally in the market for research, data, and advisory services, with an emphasis on customer behavior, customer experience, and the deployment of business technology to win, serve and retain customers. We believe that the principal competitive factors in the markets we participate in include:

- the ability to offer products and services that meet the changing needs of organizations and their executives for research, data, and advisory services;
- comprehensive global data and insights on customer behavior;
- independent analysis and opinions;
- the ability to render our services in digital forms;
- the pricing and packaging of our products and services; and
- customer service, including the quality of professional interactions with our clients.

We believe we compete favorably on these factors due to:

- our differentiated Age of the Customer strategy and portfolio of complementary Age of the Customer products and services;
- our research methodology;
- our experience with and focus on emerging technologies;
- our history of providing research and executable advice on the impact of technology on business; and
- our growing ability to deploy digital products.

Our principal direct competitors include other independent providers of research and advisory services, such as Gartner, as well as marketing agencies, general business consulting firms, survey-based general market research firms, providers of peer networking services, 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. We also face competition from free sources of information available on the Internet, such as Google. Our indirect competitors could choose to compete directly against us in the future. In addition, there are relatively few barriers to entry into certain segments of our market, and new competitors could readily seek to compete against us in one or more of these market segments. 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, 2018, we employed a total of 1,432 persons, including 559 Research, Connect, Analytics, Consulting and Events staff and 528 sales personnel.

Our culture emphasizes certain key values — including client service, courage, collaboration, integrity and quality — that we believe are critical to our future growth. We promote these values through training and frequent recognition for achievement. We encourage teamwork and promote and recognize individuals who foster these values. New employees participate in a three-day training process that focuses on our Age of the Customer strategy, our products and services, corporate culture, values and goals.

## Item 1A. Risk Factors

We operate in a rapidly changing and competitive environment that involves risks and uncertainties, certain of which are beyond our control. These risks and uncertainties could have a material adverse effect on our business and our results of operations and financial condition. These risks and uncertainties include, but are not limited to:

*A Decline in Renewals or Demand for Our Membership-Based Research, Connect and Analytics Services.* Our success depends in large part upon retaining (on both a client company and dollar basis) and enriching existing memberships for our Research, Connect, and Analytics products and services. Future declines in client retention, dollar retention, and enrichment, or failure to generate demand for and new sales of our membership-based products and services due to competition or otherwise, could have an adverse effect on our results of operations and financial condition.

*Demand for Our Advisory and Consulting Services.* Advisory and consulting services revenues comprised 32% of our total revenues in both 2018 and 2017. Consulting engagements generally are project-based and non-recurring. A decline in our ability to fulfill existing or generate new project consulting engagements could have an adverse effect on our results of operations and financial condition.

*We may experience difficulties in integrating the operations of acquired companies into our business and in realizing the expected benefits of the acquisitions.* The success of our recent acquisitions of SiriusDecisions, FeedbackNow and GlimpzIt will depend in part on our ability to realize the anticipated business opportunities from combining the operations of these companies with our business in an efficient and effective manner. The integration process could take longer than anticipated and could result in the loss of key employees, the disruption of each company's ongoing businesses, tax costs or inefficiencies, or inconsistencies in standards, controls, information technology systems, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, employees or other third parties, or our ability to achieve the anticipated benefits of the transaction, and could harm our financial performance. If we are unable to successfully or timely integrate the operations of any of these companies with our business, we may incur unanticipated liabilities and be unable to realize the revenue growth, synergies and other anticipated benefits resulting from the transactions, and our business, results of operations and financial condition could be materially and adversely affected. In addition, our diligence process may have failed to identify significant problems, liabilities or other challenges, and the contractual remedies under the SiriusDecisions purchase agreement and the related representations and warranties insurance policy we purchased prior to the acquisition of SiriusDecisions may not adequately protect or compensate us, which could have an adverse effect on our results of operations and financial condition.

*We have outstanding debt which could materially restrict our business and adversely affect our financial condition, liquidity and results of operations.* In connection with the SiriusDecisions acquisition, we entered into a credit agreement (the "Credit Agreement") that provides for a \$125 million term loan facility and a \$75 million revolving credit facility. All of the proceeds of the term loans and \$50 million borrowed under the revolving credit facility were used to pay a portion of the purchase price of the acquisition. The debt service requirements of these credit arrangements could impair our future financial condition and operating results. In addition, the affirmative, negative and financial covenants of the Credit Agreement could limit our future financial flexibility. A failure to comply with these covenants could result in acceleration of all amounts outstanding, which could materially impact our financial condition unless accommodations could be negotiated with our lenders. No assurance can be given that we would be successful in doing so, or that any accommodations that we were able to negotiate would be on terms as favorable as those currently. The outstanding debt may limit the amount of cash or additional credit available to us, which could restrain our ability to expand or enhance products and services, respond to competitive pressures or pursue future business opportunities requiring substantial investments of additional capital.

*We Have Undergone Substantial Internal Reorganizations.* As part of our "Age of the Customer" strategy, we have implemented significant sales and other organizational change. Our customer engagement model has moved to a structure where we provide different sales engagement and support levels for clients and prospects in our Premier and Core groups. These changes are designed to improve our retention and enrichment rates and accelerate growth. In 2017, we substantially completed the roll-out of the new model in North America, and in 2018 we extended it to our European and Asia Pacific groups. We have incurred material expenses in connection with these actions. If the changes we are implementing do not have the desired outcomes, this could have an adverse effect on our results of operations and financial condition.

*Our Business May be Adversely Affected by the Economic Environment.* Our business is in part dependent on technology spending and is impacted by economic conditions. The economic environment may materially and adversely affect demand for our products and services. If conditions in the United States and the global economy were to lead to a decrease in technology spending, or in demand for our products and services, this could have an adverse effect on our results of operations and financial condition.

*Our International Operations Expose Us to a Variety of Operational Risks which Could Negatively Impact Our Results of Operations.* As of December 31, 2018, we have clients in approximately 60 countries and approximately 23% of our revenue comes from international sales. Our operating results are subject to the risks inherent in international business activities, including challenges in staffing and managing foreign operations, changes in regulatory requirements, compliance with numerous foreign laws and regulations, differences between U.S. and foreign tax rates and laws, fluctuations in currency exchange rates, difficulty of enforcing client agreements, collecting accounts receivable, and protecting intellectual property rights in international jurisdictions. Furthermore, we rely on local independent sales representatives in some international locations. If any of these arrangements are terminated by our representatives or us, we may not be able to replace the arrangement on beneficial terms or on a timely basis, or clients sourced by the local sales representative may not want to continue to do business with us or our new representative.

*Our business could suffer as a result of the United Kingdom's decision to end its membership in the European Union.* Our London office serves as our European headquarters and is our second largest location in terms of headcount. The decision of the United Kingdom to exit from the European Union (generally referred to as "Brexit") could cause disruptions to and create uncertainty surrounding both this office and our business generally, including affecting our relationships with existing and potential customers, suppliers, and employees. The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently. The measures could potentially disrupt some of our target markets and jurisdictions in which we operate, and adversely change tax benefits or liabilities in these or other jurisdictions. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations, as the United Kingdom determines which European Union laws to replace or replicate. Brexit also may create global economic uncertainty, which may cause our customers and potential customers to monitor their costs and reduce their budgets for our products and services. Any of these effects of Brexit, among others, could materially adversely affect our results of operations and financial condition.

*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 anticipating and identifying changes in client requirements and changes in the technology industry and by addressing specific industry and business organization sectors. 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 and data professionals, consultants, 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. Our future success will also depend in part upon the effectiveness of our sales leadership in hiring and retaining sales personnel and in improving sales productivity. 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, data, advisory services, and other related products and services to meet the changing 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.

*We May be Subject to Network Disruptions or Security Breaches that Could Damage Our Reputation and Harm Our Business and Operating Results.* We may be subject to network disruptions or security breaches caused by computer viruses, illegal break-ins or hacking, sabotage, acts of vandalism by third parties or terrorism. Our security measures or those of our third-party service providers may not detect or prevent such security breaches. Any such compromise of our information security could result in the unauthorized publication of our confidential business or proprietary information, cause an interruption in our operations, result in the unauthorized release of customer or employee data, result in a violation of privacy or other laws, expose us to a risk of litigation or damage our reputation, which could harm our business and operating results.

*Competition.* We compete principally in the market for research, data and advisory services, with an emphasis on customer behavior and customer experience, and the impact of business technology on our clients' business and service models. Our principal direct competitors include other independent providers of research and advisory services, such as Gartner, as well as marketing agencies, general business consulting firms, survey-based general market research firms, providers of peer networking services, and digital media measurement services. Some of our competitors have substantially greater financial 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. We also face competition from free sources of information available on the Internet, such as Google. Our indirect competitors could choose to compete directly against us in the

future. In addition, there are relatively few barriers to entry into certain segments of our market, and new competitors could readily seek to compete against us in one or more of these market segments. 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.

*Failure to Enforce and Protect our Intellectual Property Rights.* We rely on a combination of copyright, trademark, trade secret, confidentiality and other contractual provisions to protect our intellectual property. Unauthorized third parties may obtain or use our proprietary information despite our efforts to protect it. The laws of certain countries do not protect our intellectual property to the same extent as the laws of the United States and accordingly we may not be able to protect our intellectual property against unauthorized use or distribution, which could adversely affect our business.

*Privacy Laws.* Privacy laws and regulations, and the interpretation and application of these laws and regulations, in the U.S, Europe and other countries around the world where we conduct business are sometimes inconsistent and frequently changing. For example, the European Union General Data Protection Regulation (GDPR) became enforceable on May 25, 2018. Compliance with these laws, or changing interpretations and application of these laws, could cause us to incur substantial costs or require us to take action in a manner that would be adverse to our business.

*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:

- Trends in technology and research, data and advisory services spending in the marketplace and general economic conditions.
- The timing and size of new and renewal memberships for our products and services from clients.
- The utilization of our advisory services by our clients.
- The timing of revenue-generating events sponsored by us.
- The introduction and marketing of new products and services by us and our competitors.
- The hiring and training of new research and data professionals, consultants, and sales personnel.
- Changes in demand for our research, data and advisory services.
- Fluctuations in currency exchange rates.
- An increase in the interest rates applicable to our outstanding debt obligations.

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, acquisitions or strategic alliances by us, our competitors, or in the research, data and professional services industries generally, 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.

*Taxation Risks.* We operate in numerous jurisdictions around the world. A portion of our income is generated outside of the United States and is taxed at lower rates than rates applicable to income generated in the U.S. or in other jurisdictions in which we do business. Our effective tax rate in the future, and accordingly our results of operations and financial position, could be adversely affected by changes in applicable tax law or if more of our income becomes taxable in jurisdictions with higher tax rates.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “Act”) was enacted in the United States. The changes included in the Act are broad and complex. The final transition impacts of the Act may differ from the estimates provided elsewhere in this report, possibly materially, due to, among other things, changes in interpretations of the Act, any legislative action to address questions that arise because of the Act, any changes in accounting standards for income taxes or related interpretations in response to the Act, or any updates or changes to estimates we have utilized to calculate the transition impacts, including impacts from changes to current year earnings estimates and foreign exchange rates of foreign subsidiaries. Our estimated impacts of the new law are based on our current knowledge and assumptions, and recognized impacts could be materially different from current estimates based on our actual results in future periods and our further analysis of the Act.

*Concentration of Ownership.* Our largest stockholder is our Chairman and CEO, George F. Colony, who owns approximately 42% of our outstanding stock. This concentration of ownership enables Mr. Colony to strongly influence or effectively control matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation, adoption or amendment of equity plans and approval of significant transactions such as mergers, acquisitions, consolidations and sales or purchases of assets. This concentration of ownership may also limit the liquidity of our stock. As a result, efforts by stockholders to change the direction, management or ownership of Forrester may be unsuccessful, and stockholders may not be able to freely purchase and sell shares of our stock.

*Any Weakness Identified in Our System of Internal Controls by Us and Our Independent Registered Public Accounting Firm Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 Could Have an Adverse Effect on Our Business.* Section 404 of the Sarbanes-Oxley Act of 2002 requires that companies evaluate and report on their systems of internal control over financial reporting. In addition, our independent registered public accounting firm must report on its evaluation of those controls. There can be no assurance that no weakness in our internal control over financial reporting will occur in future periods, or that any such weakness will not have a material adverse effect on our business or financial results, including our ability to report our financial results in a timely manner.

**Item 1B. *Unresolved Staff Comments***

We have not received written comments from the Securities and Exchange Commission that remain unresolved.

**Item 2. *Properties***

Our corporate headquarters building is comprised of approximately 190,000 square feet of office space in Cambridge, Massachusetts, substantially all of which is currently occupied by the Company. This facility accommodates research, data, marketing, sales, consulting, technology, and operations personnel. The lease term of this facility expires February 28, 2027.

We also rent office space in San Francisco, New York City, Dallas, McLean, Virginia, Nashville, Wilton, Connecticut (the SiriusDecisions headquarters), Amsterdam, Frankfurt, London, Paris, New Delhi, Singapore and Lausanne, Switzerland. Our San Francisco lease is for approximately 19,000 square feet, with a term that expires June 30, 2022. Our New York lease is for approximately 15,200 square feet, with an initial term until January 31, 2021. The Wilton lease is for approximately 42,000 square feet, with an initial term that expires July 31, 2020. The London lease is for approximately 17,800 square feet, with a term that expires September 24, 2021. We also lease office space on a relatively short-term basis in various other locations in North America, Europe, Asia, and Australia.

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. *Mine Safety Disclosures***

Not applicable.

**Item 5. Market For Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities**

Our common stock is listed on the Nasdaq Global Select Market under the symbol "FORR". During 2017, quarterly dividends of \$0.19 per common share were declared and paid in each of the four quarters during the year. During 2018, quarterly dividends of \$0.20 per common share were declared and paid in each of the four quarters during the year. On November 27, 2018, in conjunction with the announcement of the acquisition of SiriusDecisions, Forrester announced the indefinite suspension of its quarterly dividend program beginning in fiscal year 2019. The actual declaration of any potential future dividends, and the establishment of the per share amount and payment dates for any such future dividends are subject to the discretion of the Board of Directors.

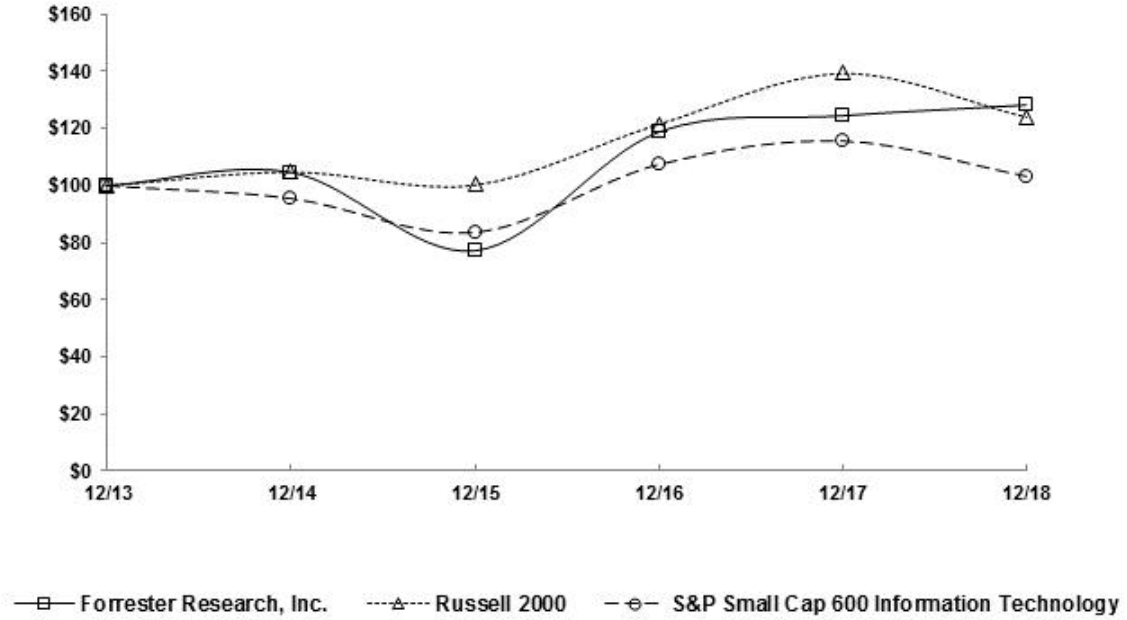
As of March 4, 2019 there were approximately 30 stockholders of record of our common stock. On March 4, 2019 the closing price of our common stock was \$49.54 per share.

Through 2018, our Board of Directors authorized an aggregate \$535.0 million to purchase common stock under our stock repurchase program including \$50.0 million authorized in February 2018. As of December 31, 2018, we had repurchased approximately 16.3 million shares of common stock at an aggregate cost of \$474.9 million, with no repurchases in the three months ended December 31, 2018.

See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters", for information on our equity compensation plans.

The following graph contains the cumulative stockholder return on our common stock during the period from December 31, 2013 through December 31, 2018 with the cumulative return during the same period for the Russell 2000 and the S&P 600 Small Cap Information Technology Index, and assumes that the dividends, if any, were reinvested.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***  
 Among Forrester Research, Inc., the Russell 2000 Index,  
 and S&P Small Cap 600 Information Technology



\*\$100 invested on 12/31/13 in stock or index, including reinvestment of dividends.  
 Fiscal year ending December 31.

**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.

	Years Ended December 31,				
	2018	2017	2016	2015	2014
(In thousands, except per share amounts)					
<b>Consolidated Statement of Income Data</b>					
Research services	\$ 228,399	\$ 216,471	\$ 215,216	\$ 210,268	\$ 207,517
Advisory services and events	129,176	121,202	110,879	103,458	104,545
Total revenues	357,575	337,673	326,095	313,726	312,062
Income from operations	22,425	27,549	30,774	18,827	18,213
Other income and gains (losses) on investments, net	1,100	(178)	(65)	493	176
Net income	\$ 15,380	\$ 15,140	\$ 17,651	\$ 11,996	\$ 10,865
Basic income per common share	\$ 0.85	\$ 0.84	\$ 0.98	\$ 0.67	\$ 0.58
Diluted income per common share	\$ 0.84	\$ 0.83	\$ 0.97	\$ 0.66	\$ 0.57
Basic weighted average shares outstanding	18,091	17,919	17,984	17,927	18,713
Diluted weighted average shares outstanding	18,380	18,240	18,269	18,143	19,007

	As of December 31,				
	2018	2017	2016	2015	2014
(In thousands)					
<b>Consolidated Balance Sheet Data</b>					
Cash, cash equivalents and marketable investments	\$ 140,296	\$ 134,123	\$ 138,105	\$ 101,106	\$ 104,535
Working capital	46,108	41,766	45,962	15,274	26,298
Total assets	353,524	345,200	335,785	318,991	332,707
Deferred revenue	135,332	145,207	134,265	140,676	144,568
Total liabilities	201,924	204,011	185,749	191,689	191,105
Cash dividends declared	14,502	13,631	12,987	12,179	11,962

Cash dividends in 2018, 2017, 2016, 2015 and 2014 represent quarterly dividends of \$0.20, \$0.19, \$0.18, \$0.17 and \$0.16 per common share declared and paid during 2018, 2017, 2016, 2015 and 2014, respectively.

The following items impact the comparability of our consolidated data:

- On January 1, 2018, the Company adopted ASU No. 2014-09, *Revenue from Contracts with Customers - ASC 606*, using the modified retrospective method. The reported results for 2018 reflect the application of ASC 606, while the reported results for prior years reflect the application of the prior revenue standard - ASC 605, *Revenue Recognition*. Adoption of ASC 606 had the following effects on our 2018 financial results:
  - an increase of \$1.6 million in total revenues for the year ended December 31, 2018 of which \$1.3 million related to revenues from research services revenues and \$0.3 million related to revenues from advisory services and events.
  - an increase in net income and diluted income per share for the year ended December 31, 2018 by \$1.4 million and \$0.08, respectively.
  - an increase in working capital as of December 31, 2018 of \$4.6 million.
  - a decrease in deferred revenue as of December 31, 2018 of \$14.0 million
- On December 22, 2017, the Tax Cuts and Jobs Act was enacted resulting in a decrease in the U.S. corporate tax rate from 35% to 21% for the year ended December 31, 2018 and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. As a result, we have recorded amounts related to the remeasurement of federal deferred tax assets and liabilities of \$1.2 million and the one-time transition tax of \$0.8 million, of which \$0.4 million and \$1.6 million was recognized during 2018 and 2017, respectively.



**Overview**

We derive revenues from memberships of our Research, Connect and Analytics products and services, licensing electronic “reprints” of our Research, performing advisory services and consulting projects, and hosting Events. We offer contracts for our Research, Connect and Analytics products that are typically renewable annually and payable in advance. Membership 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. Reprints include an obligation to deliver a customer-selected research document and certain usage data provided through an on-line platform, which represents two performance obligations. Billings for licensing of reprints are initially recorded as deferred revenue. We recognize revenue for the performance obligation for the research document at the time of providing access to the document. We recognize revenue for the performance obligation for the data portion of the reprint ratably over the license term. Clients purchase advisory and consulting services independently and/or to supplement their memberships to our subscription-based products. Billings attributable to advisory services and consulting projects are initially recorded as deferred revenue. Advisory service revenues, such as workshops, speeches and advisory days, are recognized when the customer receives the agreed upon deliverable. Consulting project revenues, which generally are short-term in nature and based upon fixed-fee agreements, are recognized as the services are provided. Event billings are also initially recorded as deferred revenue and are recognized as revenue upon completion of each Event.

As previously noted, on January 3, 2019, we acquired 100% of the issued and outstanding shares of SiriusDecisions, Inc., a privately held company based in Wilton, Connecticut with approximately 350 employees globally. Pursuant to the terms of the merger agreement, the Company paid \$247.3 million at closing, which included the purchase price of \$245.0 million plus estimated cash acquired, reduced by certain working capital items. Net cash paid, which accounts for the cash acquired of \$7.2 million, was \$240.1 million. We paid for the acquisition with \$175 million of debt and cash on hand. SiriusDecisions helps companies worldwide by delivering actionable intelligence, transformative frameworks and expert guidance that equip executives to modernize and elevate sales, marketing and product performance. See Note 15 - *Subsequent Events* to the financial statements for more information on the acquisition. Accordingly, this management discussion and analysis of financial condition and results of operations does not include a discussion of SiriusDecisions, other than as explicitly indicated. On or before March 21, 2019, we intend to file a Form 8-K/A that will include (1) an unaudited pro forma combined balance sheet as of December 31, 2018 showing the combination of Forrester and SiriusDecisions as if the acquisition was completed on December 31, 2018 and (2) an unaudited pro forma combined statement of income for the year ended December 31, 2018 showing the combination of Forrester and SiriusDecisions as if the acquisition was completed on January 1, 2018.

Our primary operating expenses consist of cost of services and fulfillment, selling and marketing expenses and general and administrative expenses. Cost of services and fulfillment represents the costs associated with the production and delivery of our products and services, including salaries, bonuses, employee benefits and stock-based compensation expense for all personnel that produce and deliver our products and services, including all associated editorial, travel, and support services. Selling and marketing expenses include salaries, sales commissions, bonuses, employee benefits, stock-based compensation expense, travel expenses, promotional costs 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 human resources groups and our other administrative functions, including salaries, bonuses, employee benefits, and stock-based compensation expense. Overhead costs such as facilities and annual fees for cloud-based information technology systems are allocated to these categories according to the number of employees in each group.

Deferred revenue, agreement value, client retention, dollar retention, enrichment and number of clients are metrics that we believe are important to understanding our business. We believe that the amount of deferred revenue, along with the agreement value of contracts, provide a significant measure of our business activity. We define these metrics as follows:

- *Deferred revenue* — billings in advance of revenue recognition as of the measurement date.
- *Agreement value* — the total revenues recognizable from all contracts to purchase our services in force at a given time (excluding contracts that consist solely of advisory or consulting services and the value of Event sponsorships included in all contracts), without regard to how much revenue has already been recognized. No single client accounted for more than 3% of agreement value at December 31, 2018.
- *Client retention* — the percentage of client companies with memberships expiring during the most recent twelve-month period that renewed one or more of those memberships during that same period.
- *Dollar retention* — the total dollar value of client membership contracts expiring during the most recent twelve-month period, which are renewed in whole or in part, as a percentage of the dollar value of all expiring client membership contracts during the same period.

- *Enrichment* — the percentage of the dollar value of client membership contracts renewed during the most recent twelve-month period to the dollar value of the corresponding expiring contracts.
- *Clients* — we aggregate the various divisions and subsidiaries of a corporate parent as a single client and we also aggregate separate instrumentalities of the federal, state, and provincial governments as single clients.

Client retention, dollar retention, and enrichment are not necessarily indicative of the rate of future retention of our revenue base. A summary of our key metrics is as follows (dollars in millions):

	As of December 31,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2018	2017		
Deferred revenue	\$ 135.3	\$ 145.2	\$ (9.9)	(7%)
Agreement value	\$ 266.3	\$ 242.9	\$ 23.4	10%
Client retention	74%	76%	(2)	(3%)
Dollar retention	88%	88%	—	—
Enrichment	101%	96%	5	5%
Number of clients	2,353	2,409	(56)	(2%)

	As of December 31,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2017	2016		
Deferred revenue	\$ 145.2	\$ 134.3	\$ 10.9	8%
Agreement value	\$ 242.9	\$ 238.4	\$ 4.5	2%
Client retention	76%	75%	1	1%
Dollar retention	88%	87%	1	1%
Enrichment	96%	93%	3	3%
Number of clients	2,409	2,432	(23)	(1%)

The financial information for FeedbackNow has not been incorporated into agreement value, retention, enrichment or client count as of December 31, 2018.

Deferred revenue at December 31, 2018 decreased 7% compared to the prior year and decreased 6% after adjusting for the effect of foreign currency fluctuations. The decrease in deferred revenue resulted from the implementation of the new revenue standard in the first quarter of 2018 that resulted in an approximate 10% reduction in deferred revenue at December 31, 2018 compared to the prior year. Under old GAAP, deferred revenue would have increased approximately 3% as contract billings exceeded revenue for the period. Agreement value at December 31, 2018 increased 10% compared to the prior year and increased 8% after adjusting for the effect of foreign currency fluctuations, representing an increase in the related contract bookings for the year and increased bundling of consulting services with our Research and Connect products.

Deferred revenue at December 31, 2017 increased 8% compared to the prior year and increased 6% after adjusting for the effect of foreign currency fluctuations, due to growth in contract bookings exceeding revenue recognized for the year. Agreement value at December 31, 2017 increased 2% compared to the prior year and increased 3% after adjusting for the effect of foreign currency fluctuations, representing an increase in the related contract bookings for the year.

Dollar retention rates increased 1 percentage point during 2017 to 88% and remained essentially flat during 2018. Client retention rates increased 1 percentage point during 2017 and then declined throughout 2018 by a total of 2 percentage points. Our enrichment metric increased by 3 percentage points during 2017 and continued to improve in each sequential quarter of 2018 resulting in a 5 percentage point improvement during 2018. Enrichment has increased in part due to an increase in our bundling of advisory and consulting services with our subscription products in the product solutions that we offer to our clients.

### 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 ("GAAP"). 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, non-marketable investments,

goodwill, intangible and other long-lived assets, and income taxes. Management bases its estimates on historical experience, data available at the time the estimates are made and various 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 that involve uncertainty that could have a material impact on our financial statements. 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 GAAP, with no need for management's judgment in its application. For a discussion of our other accounting policies, see Note 1 of the Notes to Consolidated Financial Statements beginning on page 42.

- *Revenue Recognition.* We generate revenues from memberships to our Research, Connect and Analytics products and services, licensing electronic reprints of our Research, performing advisory services and consulting projects and hosting Events. We execute contracts that govern the terms and conditions of each arrangement. Revenues are recognized when an approved contract with a customer exists, the fees, payment terms, and rights regarding the products or services to be transferred can be identified, it is probable we will collect substantially all of the consideration for the products and services expected to be provided, and we have transferred control of the products and services to the customer. We continually evaluate customers' ability and intention to pay by reviewing factors including the customer's payment history, our ability to mitigate credit risk and experience selling to similarly situated customers.

Our contracts may include either a single promise (referred to as a performance obligation) to transfer a product or service or a combination of multiple promises to transfer products or services. We evaluate the existence of multiple performance obligations within our products and services by using judgement to determine if the customer can benefit from each contractual promise on its own or together with other readily available resources and if the transfer of each contractual promise is separately identifiable from other promises in a contract. When both criteria are met, each promise is accounted for as a separate performance obligation. Revenues from contracts that contain multiple products or services are allocated among the separate performance obligations on a relative basis according to their standalone selling prices. We obtain the standalone selling prices of our products and services based upon an analysis of standalone sales of these products and services during the year. When there is an insufficient history of standalone sales, we use judgment to estimate the standalone selling price, taking into consideration available market conditions, factors used to set list price(s), pricing of similar products, and internal pricing objectives.

The majority of our research services revenues, including our Research, Connect and Analytics subscription products, are recognized ratably over the term of the contract. Certain research services revenues, including revenues from sales of reprints, are recognized as revenue when delivered. Advisory services revenues, such as workshops, speeches and advisory days, are recognized at the point in time the customer receives the agreed upon deliverable and consulting project revenues are recognized over time as the services are provided. Event revenues are recognized upon completion of the Event. Reimbursed out-of-pocket expenses are recorded as advisory services and events revenues.

Our Research subscription products include access to all or a designated portion of our research, and depending on the type of license, unlimited phone or email analyst inquiry, and unlimited participation in Forrester Webinars, all of which are delivered throughout the contract period and are accounted for as a single performance obligation. Annual subscriptions for Leadership Boards include access to the Research offering, access to a private forum with other Leadership Board member peers, access to a Forrester advisor, member-generated content, and one Event ticket. Leadership Boards are accounted for as two performance obligations: (1) the Event ticket and (2) the remaining services that are delivered throughout the contract period. Arrangement consideration is allocated to each obligation based upon their standalone selling prices, which are determined based on standalone sales of Event tickets and the estimated selling price of the remaining services. Our Analytics subscription products include access to designated survey data products and access to a data advisor, which are delivered throughout the contract period and are accounted for as a single performance obligation. Certain of our Analytics subscription products also include advisory services and these products are accounted for as two performance obligations: (1) the subscription and data advisor and (2) the advisory services. Arrangement consideration is allocated to each obligation based upon its standalone selling price, which is determined based on standalone sales of the advisory services and the estimated selling price of the remaining Analytics services.

We are required to estimate the amount of prepaid performance obligations that will expire unused and recognize revenue for that estimate over the same period the related rights are exercised by our customers. This assessment requires judgment, including estimating the percentage of prepaid rights that will go unexercised and anticipating the impact that future changes to products, pricing and customer engagement will have on actual expirations. We update the estimates used to recognize unexercised rights on a quarterly basis.

We use judgment to determine the type of costs to obtain our contracts that can be capitalized, primarily commissions. Our revenue recognition determines the timing of commission expenses, as commissions are earned during the month a contract is signed and are deferred and recognized as expense as the related revenue is recognized. We evaluate the recoverability of deferred commissions at each balance sheet date.

- *Non-Marketable Investments.* We hold minority interests in technology-related investment funds with a book value of \$2.5 million at December 31, 2018. These investment funds are not publicly traded, and, therefore, because no established market for these securities exists, the estimate of the fair value of our investments requires significant judgment. These investments are accounted for using the equity method, and as such we record our share of the investee's operating results each period. We review the fair value of our investments on a regular basis to evaluate whether an other-than-temporary impairment in the investment has occurred. We record impairment charges when we believe that an investment has experienced a decline in value that is other-than-temporary. 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, Intangible Assets and Other Long-Lived Assets.* As of December 31, 2018, we had \$90.1 million of goodwill and intangible assets with finite lives recorded on our Consolidated Balance Sheet. Goodwill is required to be measured for impairment at least annually or whenever events indicate that there may be an impairment. In order to determine if an impairment exists, we compare each of our reporting unit's carrying value to the reporting unit's fair value. Determining the reporting unit's fair value requires us to make estimates of market conditions and operational performance. Absent an event that indicates a specific impairment may exist, we have selected November 30th as the date to perform the annual goodwill impairment test. The annual assessment of goodwill can be based on either a quantitative or qualitative assessment, or a combination of both. We completed the annual goodwill impairment testing as of November 30, 2018 utilizing a quantitative assessment and concluded that the fair values of each of our reporting units continues to significantly exceed their respective carrying values. Future events 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 results of operations.

Intangible assets with finite lives as of December 31, 2018 consist of acquired customer relationships, acquired technology, and trade names and were valued according to the future cash flows they are estimated to produce. These assigned values are amortized on a basis which best matches the periods in which the economic benefits are expected to be realized. Tangible assets with finite lives consist of property and equipment, which are depreciated over their estimated useful lives. We continually evaluate whether events or circumstances have occurred that indicate that the estimated remaining useful life of our intangible and long-lived tangible assets may warrant revision or that the carrying value of these assets may be impaired. No such events or circumstances occurred during 2018. To compute whether intangible 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 their estimated fair value.

- *Income Taxes.* We recognize deferred tax assets and liabilities using enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities as well as operating loss carryforwards (from acquisitions). Such amounts are adjusted as appropriate to reflect changes in the tax rates expected to be in effect when the temporary differences reverse. We record a valuation allowance to reduce our deferred taxes to an amount we believe is more likely than not to be realized. We consider future taxable income and prudent and feasible tax planning strategies in assessing the need for a valuation allowance.

As a global company, we use significant judgment to calculate and provide for income taxes in each of the tax jurisdictions in which we operate. In the ordinary course of our business, there are transactions and calculations undertaken whose ultimate tax outcome cannot be certain. Some of these uncertainties arise as a consequence of transfer pricing for transactions with our subsidiaries and potential challenges to nexus and credit estimates. We estimate our exposure to unfavorable outcomes related to these uncertainties and record a liability based on the probability for such outcomes in accordance with current accounting guidelines.

Although we believe our estimates are reasonable, no assurance can be given that the final tax outcome will not be different from what is reflected in our historical income tax provisions, returns, and accruals. Such differences, or changes in estimates relating to potential differences, could have a material impact on our income tax provision and operating results in the period in which such a determination is made.

## Results of Operations for the years ended December 31, 2018, 2017 and 2016

The following table sets forth our Consolidated Statements of Income as a percentage of total revenues for the years noted.

	Years Ended December 31,		
	2018	2017	2016
<b>Revenues:</b>			
Research services	63.9%	64.1%	66.0%
Advisory services and events	36.1	35.9	34.0
Total revenues	100.0	100.0	100.0
<b>Operating expenses:</b>			
Cost of services and fulfillment	41.0	40.5	39.3
Selling and marketing	36.9	36.7	35.9
General and administrative	12.3	12.4	12.4
Depreciation	2.2	2.0	2.4
Amortization of intangible assets	0.3	0.2	0.3
Acquisition and integration costs	1.0	—	—
Reorganization costs	—	—	0.3
Income from operations	6.3	8.2	9.4
Other income, net	0.2	—	0.2
Gains (losses) on investments, net	0.1	(0.1)	(0.2)
Income before income taxes	6.6	8.1	9.4
Income tax provision	2.3	3.6	4.0
Net income	4.3%	4.5%	5.4%

### 2018 compared to 2017

#### Revenues

	(dollars in millions)		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2018	2017		
Revenues	\$ 357.6	\$ 337.7	\$ 19.9	6%
Revenues from research services	\$ 228.4	\$ 216.5	\$ 11.9	6%
Revenues from advisory services and events	\$ 129.2	\$ 121.2	\$ 8.0	7%
Revenues attributable to customers outside of the U.S.	\$ 83.4	\$ 77.6	\$ 5.8	7%
Percentage of revenue attributable to customers outside of the U.S.	23%	23%	—	—
Number of clients (at end of period)	2,353	2,409	(56)	(2%)
Number of events	15	14	1	7%

Total revenues increased 6% during 2018 compared to 2017 and foreign currency fluctuations had an insignificant effect. The new revenue standard had the effect of increasing revenue by \$1.6 million, or 1% compared to the prior year period. Revenues from customers outside of the U.S. increased 7% during 2018 compared to the prior year and increased 6% after adjusting for the effect of foreign currency fluctuations, representing 23% of total revenues in 2018 and reflecting strong growth in the Asia Pacific region and Canada, partially offset by a low growth rate in Europe.

Research services revenues are recognized as revenue primarily on a ratable basis over the term of the contracts, which are generally twelve-month periods. Research services revenues increased 6% during 2018 compared to the prior year and increased by 5% after adjusting for the effect of foreign currency fluctuations. The increase reflects growth in our Research, Connect and Analytics products. The growth in our Analytics product was entirely due to the acquisition of FeedbackNow. The new revenue standard had the effect of increasing research services revenue by \$1.3 million, or 1% compared to the prior year period.

Revenues from advisory services and events increased 7% during 2018 compared to the prior year and increased by 6% after adjusting for the effect of foreign currency fluctuations. The increase was due to strong growth in both advisory and Events revenues,

partially offset by slower growth in consulting revenues. The increase in Events revenues was principally due to 15 Events being held in 2018 compared to 14 Events held during the prior year period, and higher sponsorship revenues in 2018 compared to the prior year. The new revenue standard had the effect of increasing advisory services and events revenue by \$0.3 million, or 0.3% compared to the prior year period.

Please refer to the “Segment Results” section below for a discussion of revenue and contribution margin results by segment.

### Cost of Services and Fulfillment

	2018	2017	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Cost of services and fulfillment (dollars in millions)	\$ 146.5	\$ 136.9	\$ 9.6	7%
Cost of services and fulfillment as a percentage of total revenues	41.0%	40.5%	0.5	1%
Service and fulfillment employees (at end of period)	639	602	37	6%

Cost of services and fulfillment expenses increased 7% in 2018 compared to 2017 and foreign currency fluctuations had an insignificant effect on the growth rate. The increase in dollars was primarily due to (1) a \$5.7 million increase in compensation and benefit costs, resulting from a 4% increase in the average number of employees, annual merit increases compared to the prior year, and \$1.1 million from the FeedbackNow acquisition, (2) a \$1.2 million increase in Event costs due primarily from 15 Events held in 2018 compared to 14 held during the prior year, (3) a \$1.0 million increase in professional services costs primarily due to an increase in costs for the digitization of our Analytics product, equipment and third-party costs related to FeedbackNow revenue, (4) a \$0.8 million increase in travel costs to support the increase in revenue, and (5) a \$0.8 million increase in software services costs, equipment and facilities costs.

### Selling and Marketing

	2018	2017	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Selling and marketing expenses (dollars in millions)	\$ 131.8	\$ 123.9	\$ 7.9	6%
Selling and marketing expenses as a percentage of total revenues	36.9%	36.7%	0.2	1%
Selling and marketing employees (at end of period)	590	597	(7)	(1%)

Selling and marketing expenses increased 6% in 2018 compared to 2017 and foreign currency fluctuations had an insignificant effect on the growth rate. The increase in dollars was primarily due to (1) a \$4.9 million increase in compensation and benefit costs resulting from an increase in the average cost per employee, annual merit increases and increased sales commission expense, (2) a \$1.3 million increase in travel and entertainment expenses primarily resulting from an increase in expense for our annual sales conference, and (3) multiple small increases including an increase in the allowance for doubtful accounts and an increase in professional services costs. We intend to increase our sales employees by approximately 3% to 5% during 2019 as compared to 2018, excluding the effect of the SiriusDecisions acquisition.

### General and Administrative

	2018	2017	Absolute Increase (Decrease)	Percentage Increase (Decrease)
General and administrative expenses (dollars in millions)	\$ 43.9	\$ 41.9	\$ 2.0	5%
General and administrative expenses as a percentage of total revenues	12.3%	12.4%	(0.1)	(1%)
General and administrative employees (at end of period)	203	193	10	5%

General and administrative expenses increased 5% in 2018 compared to 2017 and after adjusting for the effect of foreign currency fluctuations, increased 4%. The increase in dollars was primarily due to (1) a \$2.0 million increase in salaries and benefits resulting from a 4% increase in the average number of employees (primarily from the acquisition of GlimpzIt), annual merit increases,

and an increase in severance costs, and (2) a \$0.5 million increase in professional services costs due to an increase in consulting services and legal costs. These increases were partially offset by a \$0.3 million decrease in hiring and relocation costs.

### **Depreciation**

Depreciation expense increased by \$1.3 million to \$7.9 million in 2018 as compared to \$6.6 million in 2017 primarily due to additional software assets being put into service.

### **Amortization of Intangible Assets**

Amortization expense increased by \$0.4 million in 2018 as compared to 2017 due to the acquisitions of GlimpzIt and FeedbackNow. We expect amortization expense related to our intangible assets as of December 31, 2018 to be approximately \$0.9 million for the year ending December 31, 2019.

### **Acquisition and Integration Costs**

During the year ended December 31, 2018, we incurred \$3.8 million of acquisition and integration costs. These costs consist of the direct and incremental costs to acquire and integrate the companies as well as certain fair value adjustments related to the acquisitions. The charges primarily consisted of accounting and tax professional fees, valuation services, legal fees, and the increase in the value of the contingent purchase price for FeedbackNow.

### **Income from Operations**

Income from operations decreased \$5.1 million, or 19% during 2018 as compared to the prior year and decreased to 6.3% of total revenues in 2018 from 8.2% in the prior year. The contraction in income from operations as a percentage of total revenues in 2018 was primarily due to the \$3.8 million of acquisition and integration costs during 2018, which represented 1% of total revenues. In addition, cost of services and fulfillment as a percentage of total revenues increased by 50 basis points in 2018 compared to 2017, which was primarily due to the FeedbackNow acquisition.

### **Other Income, Net**

Other income, net primarily consists of interest income on our marketable investments as well as gains and losses on foreign currency. The increase in other income, net during 2018 was due to an increase in interest income of \$0.3 million as compared to 2017.

### **Gains (Losses) on Investments, Net**

Gains (losses) on investments, net include our share of equity method investment gains or losses from our technology-related investment funds and gains or losses from the sale of marketable securities. The increase during 2018 was due to an investment gain of \$0.6 million in 2018 recognized by the underlying funds as compared to an investment loss of \$0.6 million in the prior year.

### **Provision for Income Taxes**

	2018	2017	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Provision for income taxes (dollars in millions)	\$ 8.1	\$ 12.2	\$ (4.1)	(33%)
Effective tax rate	34.6%	44.7%	(10.1)	(23%)

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Act") was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S international taxation from a worldwide tax system to a modified territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. In December 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting for certain income tax effects of the Act. SAB 118 provided a measurement period of one year from the enactment date of the Act for companies to complete the accounting for the income tax effects of the Act. We have

recorded the income tax effect of the Act for the remeasurement of federal deferred tax assets and liabilities of \$1.2 million of tax expense and the one-time transition tax on the mandatory deemed repatriation of foreign earnings of \$0.8 million (based on cumulative foreign earnings of \$22.6 million), of which \$0.4 million and \$1.6 million was recognized during 2018 and 2017, respectively.

The decrease in the effective tax rate during 2018 as compared to the prior year was primarily due to the reduction in the corporate tax rate from 35% to 21% in 2018 due to the Act (as described above) and the reduction in the tax expense recognized for the implementation of the Act in 2018 as compared to 2017, as described above. In addition, 2017 included a 3.9% increase in our tax rate due to a change in our valuation allowance related to losses on investments. These decreases were partially offset by (1) an increase in non-deductible expenses during 2018 related to acquisition expenses and changes due to the Act, and (2) by a positive audit settlement in 2017 that did not recur in 2018.

## 2017 compared to 2016

### Revenues

	2017	2016	Absolute Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in millions)			
Revenues	\$ 337.7	\$ 326.1	\$ 11.6	4%
Revenues from research services	\$ 216.5	\$ 215.2	\$ 1.3	1%
Revenues from advisory services and events	\$ 121.2	\$ 110.9	\$ 10.3	9%
Revenues attributable to customers outside of the U.S.	\$ 77.6	\$ 73.9	\$ 3.7	5%
Percentage of revenue attributable to customers outside of the U.S.	23%	23%	—	—
Number of clients (at end of period)	2,409	2,432	(23)	(1%)
Number of events	14	14	—	—

Total revenues increased 4% during 2017 compared to 2016 and 3% after adjusting for the effect of foreign currency fluctuations. Revenues from customers outside of the U.S. increased 5% during 2017 compared to the prior year and remained at 5% after adjusting for the effect of foreign currency fluctuations, representing 23% of total revenues in 2017 and reflecting strong growth in the Asia Pacific region, partially offset by low growth rates in Canada and Europe.

Research services revenues increased 1% during 2017 compared to the prior year and foreign currency fluctuations had an insignificant effect on revenue growth. The increase reflects growth in our Connect and Research products partially offset by a decline in revenue in our Analytics products.

Revenues from advisory services and events increased 9% during 2017 compared to the prior year and foreign currency fluctuations had an insignificant effect on revenue growth. The increase was due to 9% growth in our consulting and advisory products and our Events business.

Please refer to the “Segment Results” section below for a discussion of revenue and contribution margin results by segment.

### Cost of Services and Fulfillment

	2017	2016	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Cost of services and fulfillment (dollars in millions)	\$ 136.9	\$ 128.2	\$ 8.7	7%
Cost of services and fulfillment as a percentage of total revenues	40.5%	39.3%	1.2	3%
Service and fulfillment employees (at end of period)	602	602	—	—

Cost of services and fulfillment expenses increased 7% in 2017 compared to 2016 and foreign currency fluctuations had an insignificant effect on the growth rate. The increase in dollars was primarily due to (1) a \$5.4 million increase in compensation and benefit costs, resulting from a 3% increase in the average number of employees, an increase in incentive bonus expense and annual



merit increases compared to the prior year, (2) a \$1.5 million increase in professional services costs due to an increase in outsourced fees related to consulting projects delivered, an increase in fees related to the delivery of reprints on our digital reprint platform, and an increase in costs for the digitization of our Analytics products, and (3) a \$0.8 million increase in Event expenses.

### ***Selling and Marketing***

	2017	2016	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Selling and marketing expenses (dollars in millions)	\$ 123.9	\$ 116.9	\$ 7.0	6%
Selling and marketing expenses as a percentage of total revenues	36.7%	35.9%	0.8	2%
Selling and marketing employees (at end of period)	597	584	13	2%

Selling and marketing expenses increased 6% in 2017 compared to 2016 and foreign currency fluctuations had an insignificant effect on the growth rate. The increase in dollars was primarily due to a \$6.7 million increase in compensation and benefit costs resulting from a 3% increase in the average number of employees, annual merit increases, an increase in incentive bonuses and an increase in severance costs compared to the prior year.

### ***General and Administrative***

	2017	2016	Absolute Increase (Decrease)	Percentage Increase (Decrease)
General and administrative expenses (dollars in millions)	\$ 41.9	\$ 40.6	\$ 1.3	3%
General and administrative expenses as a percentage of total revenues	12.4%	12.4%	—	—
General and administrative employees (at end of period)	193	192	1	1%

General and administrative expenses increased 3% in 2017 compared to 2016 and foreign currency fluctuations had an insignificant effect on the growth rate. The increase in dollars was primarily due to (1) a \$1.1 million increase in salaries and benefits resulting from a 4% increase in the average number of employees, annual merit increases, and an increase in incentive bonuses and (2) a \$0.7 million increase in stock compensation expense primarily due to the expansion of our Board of Directors in 2017. These increases were partially offset by a decrease in professional services primarily due to a decrease in legal and accounting expenses.

### ***Depreciation***

Depreciation expense decreased by \$1.2 million to \$6.6 million in 2017 as compared to \$7.8 million in 2016 due to certain equipment and software assets becoming fully depreciated.

### ***Amortization of Intangible Assets***

Amortization expense remained essentially consistent in 2017 as compared to 2016.

### ***Reorganization Costs***

During 2016, we incurred \$1.0 million of severance and related benefits costs for a reduction in our workforce implemented and completed in the first quarter of 2016, that included approximately 2% of employees across various geographies and functions. All costs under this plan were paid during 2016.

### ***Income from Operations***

Income from operations decreased \$3.2 million or 10% during 2017 as compared to the prior year and decreased to 8.2% of total revenues in 2017 from 9.4% in the prior year. The contraction in income from operations as a percentage of total revenues in 2017 was due to operating expenses increasing by 5% compared to revenue growth of only 4%. The primary cause of the operating expense increase was a 6% increase in compensation and benefits during 2017 as compared to 2016. Although our year-end headcount

increased by only 1% compared to 2016, our average headcount for the year increased by 3%. In addition to the headcount increase, we incurred an increase in incentive compensation during 2017.

#### ***Other Income, Net***

The decrease in other income, net during 2017 was due to foreign currency losses of approximately \$0.6 million during the current year compared to foreign currency gains of approximately \$0.1 million during the prior year. This decrease was slightly offset by an increase in interest income of \$0.3 million as compared to 2016.

#### ***Losses on Investments, Net***

Losses on investments, net include our share of equity method investment gains or losses from our technology-related investment funds and gains or losses from the sale of marketable securities. The decrease in investment losses during 2017 was due to a decrease in investment losses incurred by the underlying funds as compared to the prior year.

#### ***Provision for Income Taxes***

	2017	2016	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Provision for income taxes (dollars in millions)	\$ 12.2	\$ 13.1	\$ (0.9)	(7%)
Effective tax rate	44.7%	42.5%	2.2	5%

The increase in the effective tax rate during 2017 as compared to the prior year was primarily due to \$1.6 million of tax expense in 2017 due to the Act (as described above) which was partially offset by a \$1.3 million tax benefit in 2017 from the settlement of a tax audit.

#### ***Segment Results***

The Product segment includes the costs of the product management organization that is responsible for pricing and packaging and the launch of new products. In addition, this segment includes the costs of our Analytics, Connect and Events organizations. Revenue in this segment includes all of our revenue (including Research and Connect) except for revenue from advisory services and project consulting services that are delivered by personnel in the Research and Project Consulting segments.

The Research segment includes the costs of our research personnel who are responsible for writing the research and performing the webinars and inquiries for our Research and Connect products. In addition, the research personnel deliver advisory services (such as workshops, speeches and advisory days) and a portion of our project consulting services. Revenue in this segment includes only revenue from advisory services and project consulting services that are delivered by the research personnel in this segment.

The Project Consulting segment includes the costs of the consultants that deliver the majority of our project consulting services. Revenue in this segment includes the project consulting revenue delivered by the consultants in this segment.

We evaluate reportable segment performance and allocate resources based on segment revenues and expenses. Segment expenses include the direct expenses of each segment organization and exclude selling and marketing expenses, general and administrative expenses, stock-based compensation expense, depreciation expense, adjustments to incentive bonus compensation from target amounts, amortization of intangible assets, reorganization costs, other income and gains (losses) on investments. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

	<u>Product</u>	<u>Research</u>	<u>Project Consulting</u>	<u>Consolidated</u>
<b>Year Ended December 31, 2018</b>				
<i>Research services revenues</i>				
Research	\$ 157,669	\$ —	\$ —	\$ 157,669
Connect	50,820	—	—	50,820
Analytics	19,910	—	—	19,910
Total research services revenues	<u>228,399</u>	<u>—</u>	<u>—</u>	<u>228,399</u>
<i>Advisory services and events revenues</i>				
Advisory services	—	41,086	478	41,564
Consulting services	8,649	10,027	55,465	74,141
Events	13,471	—	—	13,471
Total advisory services and events revenues	<u>22,120</u>	<u>51,113</u>	<u>55,943</u>	<u>129,176</u>
Total segment revenues	<u>250,519</u>	<u>51,113</u>	<u>55,943</u>	<u>357,575</u>
Segment expenses	50,551	51,129	27,981	129,661
Contribution margin (loss)	199,968	(16)	27,962	227,914
Year over year revenue change	5%	13%	3%	6%
Year over year expense change	12%	5%	10%	9%

	<u>Product</u>	<u>Research</u>	<u>Project Consulting</u>	<u>Consolidated</u>
<b>Year Ended December 31, 2017</b>				
<i>Research services revenues</i>				
Research	\$ 148,935	\$ —	\$ —	\$ 148,935
Connect	48,798	—	—	48,798
Analytics	18,738	—	—	18,738
Total research services revenues	<u>216,471</u>	<u>—</u>	<u>—</u>	<u>216,471</u>
<i>Advisory services and events revenues</i>				
Advisory services	—	36,074	320	36,394
Consulting services	10,132	8,980	53,941	73,053
Events	11,755	—	—	11,755
Total advisory services and events revenues	<u>21,887</u>	<u>45,054</u>	<u>54,261</u>	<u>121,202</u>
Total segment revenues	<u>238,358</u>	<u>45,054</u>	<u>54,261</u>	<u>337,673</u>
Segment expenses	45,205	48,812	25,477	119,494
Contribution margin (loss)	193,153	(3,758)	28,784	218,179
Year over year revenue change	1%	1%	18%	4%
Year over year expense change	9%	3%	10%	7%

	Product	Research	Project Consulting	Consolidated
<b>Year Ended December 31, 2016</b>				
<i>Research services revenues</i>				
Research	\$ 147,576	\$ —	\$ —	\$ 147,576
Connect	47,291	—	—	47,291
Analytics	20,349	—	—	20,349
Total research services revenues	<u>215,216</u>	<u>—</u>	<u>—</u>	<u>215,216</u>
<i>Advisory services and events revenues</i>				
Advisory services	—	34,392	590	34,982
Consulting services	9,547	10,239	45,284	65,070
Events	10,827	—	—	10,827
Total advisory services and events revenues	<u>20,374</u>	<u>44,631</u>	<u>45,874</u>	<u>110,879</u>
Total segment revenues	<u>235,590</u>	<u>44,631</u>	<u>45,874</u>	<u>326,095</u>
Segment expenses	<u>41,528</u>	<u>47,496</u>	<u>23,141</u>	<u>112,165</u>
Contribution margin (loss)	<u>194,062</u>	<u>(2,865)</u>	<u>22,733</u>	<u>213,930</u>

Product segment revenues increased 5% during 2018 compared to the prior year. Research services revenues increased 6% during 2018 compared to the prior year, reflecting growth in our Research, Connect and Analytics products. The growth in our Analytics product was entirely due to the acquisition of FeedbackNow. The new revenue standard had the effect of increasing research services revenue by \$1.3 million, or 1% during 2018 compared to the prior year period. Advisory services and events revenues, which includes Analytics consulting and Events revenues in this segment, increased \$0.2 million, or 1%, during 2018 compared to the prior year period due to a \$1.7 million increase in Events revenues that was partially offset by a \$1.5 million decrease in Analytics consulting revenues. Product segment expenses increased 12% during 2018 compared to the prior year period. The acquisition of FeedbackNow accounted for 4 percentage points, or \$1.9 million of the increase. In addition, we incurred a \$1.9 million increase in compensation and benefit costs due to an increase in headcount, annual merit increases, and incentive bonuses, and Event costs increased by \$1.1 million in 2018 due primarily to holding 15 events in 2018 compared to 14 in 2017.

Product segment revenues increased 1% during 2017 compared to the prior year. Research services revenues increased 1% during 2017 compared to the prior year, reflecting growth in our Connect and Research products partially offset by a decline in revenue in our Analytics products. Advisory services and events revenues increased \$1.5 million, or 7%, during 2017 compared to the prior year due to a \$0.9 million increase in Events revenues and a \$0.6 million increase in Analytics consulting. Product segment expenses increased 9% during 2017 compared to the prior year period due to a \$2.3 million increase in compensation and benefit costs due to an increase in headcount, annual merit increases, and incentive bonuses. In addition, Event costs increased by \$0.8 million in 2017 due to the holding of larger events, and professional services costs increased by \$0.5 million due to increased spending on the digitization of our Analytics products.

Research segment revenues increased 13% during 2018 compared to the prior year due to growth in both advisory and consulting revenues. Research segment expenses increased by 5% compared to the prior year due primarily to a \$1.8 million increase in compensation and benefit costs due an increase in headcount, annual merit increases, and incentive bonuses.

Research segment revenues increased 1% during 2017 compared to the prior year due to an increase in advisory revenues that was partially offset by a decrease in consulting revenues. The decrease in consulting revenues was due to the consultants in the Project Consulting segment delivering a greater portion of our consulting revenue. Research segment expenses increased by 3% compared to the prior year due primarily to a \$1.5 million increase in compensation and benefit costs due an increase in headcount, annual merit increases, and incentive bonuses.

Project Consulting segment revenues increased 3% during 2018 compared to the prior year as our content marketing group delivered strong revenue growth while our strategy consulting group experienced more moderate growth. Project Consulting segment expenses increased 10% during 2018 compared to the prior year due primarily due to a \$2.0 million increase in compensation and benefit costs due to an increase in headcount, annual merit increases, and incentive bonuses during 2018. We also incurred increases in professional services and travel and entertainment expenses compared to prior year.

Project Consulting segment revenues increased 18% during 2017 compared to the prior year as our content marketing group delivered strong revenue growth while our strategy consulting group experienced more moderate growth. Project Consulting segment expenses increased \$2.3 million, or 10%, during 2017 compared to the prior year due primarily to a \$1.4 million increase in

compensation and benefit costs due to an increase in headcount, annual merit increases, and incentive bonuses during 2017. There was also a \$0.8 million increase in travel and entertainment and outsource fees due to the increased delivery of consulting engagements during the year.

## Liquidity and Capital Resources

We have historically financed our operations primarily through funds generated from operations. Research services revenues, which constituted approximately 64% of our revenues during 2018, are generally renewable annually and are typically payable in advance. We generated cash from operating activities of \$38.4 million and \$37.5 million during the years ended December 31, 2018 and 2017, respectively. The \$0.9 million increase in cash provided from operations during 2018 is primarily attributable to (1) a \$3.7 million increase in cash generated from the change in accounts receivable and deferred revenue, which resulted from cash collections exceeding revenue during 2018 in contrast to revenue exceeding cash collections during 2017, (2) a \$3.0 million decrease in net income combined with the effect of non-cash items, and (3) a \$0.2 million increase in cash from working capital.

During 2018, we generated \$40.0 million of cash from investing activities, consisting primarily of \$54.4 million in net sales and maturities of marketable investments as we liquidated our entire portfolio of marketable securities during December 2018 to fund the SiriusDecisions acquisition. We used \$9.3 million for the acquisitions of FeedbackNow and GlimpzIt and also used \$5.1 million for purchases of property and equipment during 2018. Property and equipment purchases during 2018 consisted primarily of software. During 2017, we used \$1.0 million of cash for investing activities, consisting primarily of \$7.9 million of purchases of property and equipment, which was partially offset by \$6.5 million in net sales and maturities of marketable investments. Property and equipment purchases during 2017 consisted primarily of software and leasehold improvements for our Nashville office.

We used \$14.0 million of cash from financing activities during 2018 primarily due to \$14.5 million for the payment of quarterly dividends, consisting of a \$0.20 per share dividend each quarter, \$9.9 million for purchases of our common stock and \$2.5 million in taxes paid related to net share settlements of restricted stock units. These uses were partially offset by \$13.0 million of proceeds received from the exercise of stock options and our employee stock purchase plan. We used \$37.6 million of cash from financing activities during 2017 primarily due to \$40.0 million for purchases of our common stock and \$13.6 million for the payment of quarterly dividends, consisting of a \$0.19 per share dividend each quarter, as well as \$2.5 million in taxes paid related to net share settlements of restricted stock units. These uses were partially offset by \$18.5 million of proceeds received from the exercise of stock options and our employee stock purchase plan. As a result of the acquisition of SiriusDecisions on January 3, 2019 and the related debt incurred to fund the acquisition, we have suspended our dividend program and plan to substantially reduce or eliminate repurchases of our common stock during 2019. We anticipate using excess cash flow during 2019 to reduce the amount outstanding on our revolving credit facility and to pay the scheduled principal payment of \$6.3 million on our term loans. We also anticipate paying approximately \$3.1 million of deferred acquisition purchase price for the FeedbackNow acquisition during 2019.

In February 2018, our Board of Directors increased our stock repurchase authorization by an additional \$50.0 million. As of December 31, 2018, our remaining stock repurchase authorization was approximately \$60.1 million.

As of December 31, 2018, we had cash and cash equivalents of \$140.3 million. This balance includes \$39.9 million held outside of the U.S. In December 2018, we repatriated approximately \$21 million of cash to the U.S. to help fund the SiriusDecisions acquisition, which required us to accrue and pay an immaterial amount of U.S. state taxes. For the remaining funds outside of the U.S., if they are needed for operations in the U.S., we would be required to accrue and pay U.S. state taxes and may be required to pay withholding taxes to foreign jurisdictions to repatriate these funds. However, our intent is to permanently reinvest these funds outside of the U.S. and our current plans do not demonstrate a need to repatriate these funds for our U.S. operations. We believe that our current cash balance and cash flows from operations will satisfy working capital, financing activities, and capital expenditure requirements for the next twelve months.

As of December 31, 2018, we had future contractual obligations as follows:

Contractual Obligations	Total	2019	2020	2021	2022	2023	Thereafter
	(In thousands)						
Operating leases (1)	\$ 73,035	\$ 12,498	\$ 11,762	\$ 10,145	\$ 8,552	\$ 7,856	\$ 22,222
Fair value of contingent consideration (2)	4,196	1,759	2,437	—	—	—	—
Acquisition holdbacks	2,304	1,305	999	—	—	—	—
Purchase commitments (3)	12,805	10,291	2,514	—	—	—	—
	<u>\$ 92,340</u>	<u>\$ 25,853</u>	<u>\$ 17,712</u>	<u>\$ 10,145</u>	<u>\$ 8,552</u>	<u>\$ 7,856</u>	<u>\$ 22,222</u>

- (1) Operating leases comprise of future minimum rental commitments under non-cancellable property leases.
- (2) Refer to Footnote 6 – *Fair Value Measurements* for the assumptions used to estimate the future amounts owed.
- (3) Purchase commitments principally comprise of contractual commitments for software, outsourced research services and Event venues.

As of December 31, 2018, \$0.4 million of unrecognized tax benefits for uncertain tax positions and the accrual for the related interest, net of the federal benefit, was included in non-current liabilities. These amounts were not included in the table above because we are unable to make a reasonably reliable estimate of when a cash settlement, if any, will occur with a tax authority as the timing of examinations and ultimate resolutions of those examinations is uncertain.

#### **Off-Balance Sheet Arrangements**

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

#### **Recent Accounting Pronouncements**

See Note 1 – *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements including the expected dates of adoption and effects on results of operations and financial condition.

**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 foreign currency exchange rates. We have historically not used derivative financial instruments.

*Foreign Currency Exchange.* On a global level, we face exposure to movements in foreign currency exchange rates as we enter into normal business transactions that may be in currencies other than the local currency of our subsidiaries. In addition, transactions and account balances between our U.S. and foreign subsidiaries expose us to currency exchange risk. This exposure may change over time as business practices evolve and could have a material adverse effect on our results of operations. For the years ended December 31, 2018 and 2017, we incurred foreign currency exchange losses of \$0.6 million. For the year ended December 31, 2016, we incurred foreign currency exchange gains of \$0.1 million. Historically, we have not entered into any hedging agreements as we have assessed our exposure to sudden changes in foreign currency exchange rates to be insignificant. However, we may enter into hedging agreements in the future to attempt to mitigate the financial effect of future fluctuations in the euro, British pound or other foreign currencies.

**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 2018 Annual Report on Form 10-K.

**FORRESTER RESEARCH, INC.  
INDEX TO FINANCIAL STATEMENTS**

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To the Board of Directors and Stockholders of  
Forrester Research, Inc.:

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Forrester Research, Inc. and its subsidiaries (the “Company”) as of December 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, stockholders’ equity and cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

***Change in Accounting Principle***

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues from contracts with customers in 2018.

***Basis for Opinions***

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP  
Boston, Massachusetts  
March 8, 2019

We have served as the Company's auditor since 2010.

**FORRESTER RESEARCH, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except per share data)

	December 31, 2018	December 31, 2017
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 140,296	\$ 79,790
Marketable investments (Note 4)	—	54,333
Accounts receivable, net (Note 13)	67,318	70,023
Deferred commissions	15,677	13,731
Prepaid expenses and other current assets	12,802	18,942
Total current assets	236,093	236,819
Property and equipment, net (Note 13)	22,005	25,249
Goodwill (Note 3)	85,165	76,169
Intangible assets, net (Note 3)	4,951	732
Other assets	5,310	6,231
Total assets	<u>\$ 353,524</u>	<u>\$ 345,200</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 588	\$ 217
Accrued expenses and other current liabilities (Note 13)	54,065	49,629
Deferred revenue	135,332	145,207
Total current liabilities	189,985	195,053
Non-current liabilities	11,939	8,958
Total liabilities	201,924	204,011
Commitments (Note 8)		
Stockholders' Equity (Note 9):		
Preferred stock, \$0.01 par value		
Authorized - 500 shares; issued and outstanding - none	—	—
Common stock, \$0.01 par value		
Authorized - 125,000 shares		
Issued - 22,951 and 22,432 shares as of December 31, 2018 and 2017, respectively		
Outstanding - 18,320 and 18,041 shares as of December 31, 2018 and 2017, respectively	230	224
Additional paid-in capital	200,696	181,910
Retained earnings	127,717	123,010
Treasury stock - 4,631 and 4,391 shares as of December 31, 2018 and 2017, respectively, at cost	(171,889)	(161,943)
Accumulated other comprehensive loss	(5,154)	(2,012)
Total stockholders' equity	151,600	141,189
Total liabilities and stockholders' equity	<u>\$ 353,524</u>	<u>\$ 345,200</u>

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,		
	2018	2017	2016
<b>Revenues:</b>			
Research services	\$ 228,399	\$ 216,471	\$ 215,216
Advisory services and events	129,176	121,202	110,879
<b>Total revenues</b>	<b>357,575</b>	<b>337,673</b>	<b>326,095</b>
<b>Operating expenses:</b>			
Cost of services and fulfillment	146,502	136,872	128,175
Selling and marketing	131,824	123,917	116,898
General and administrative	43,920	41,906	40,579
Depreciation	7,955	6,648	7,812
Amortization of intangible assets	1,162	781	831
Acquisition and integration costs	3,787	—	—
Reorganization costs	—	—	1,026
<b>Total operating expenses</b>	<b>335,150</b>	<b>310,124</b>	<b>295,321</b>
Income from operations	22,425	27,549	30,774
Other income, net	674	301	740
Gains (losses) on investments, net	426	(479)	(805)
Income before income taxes	23,525	27,371	30,709
Income tax provision	8,145	12,231	13,058
<b>Net income</b>	<b>\$ 15,380</b>	<b>\$ 15,140</b>	<b>\$ 17,651</b>
Basic income per common share	\$ 0.85	\$ 0.84	\$ 0.98
Diluted income per common share	\$ 0.84	\$ 0.83	\$ 0.97
Basic weighted average common shares outstanding	18,091	17,919	17,984
Diluted weighted average common shares outstanding	18,380	18,240	18,269

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

## FORRESTER RESEARCH, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Years Ended December 31,		
	2018	2017	2016
Net income	\$ 15,380	\$ 15,140	\$ 17,651
Other comprehensive income (loss), net of taxes:			
Foreign currency translation	(3,257)	5,593	(2,764)
Net change in market value of investments	141	(32)	17
Other comprehensive income (loss)	(3,116)	5,561	(2,747)
Comprehensive income	\$ 12,264	\$ 20,701	\$ 14,904

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

## FORRESTER RESEARCH, INC.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Number of Shares	\$0.01 Par Value			Number of Shares	Cost		
Balance, December 31, 2015	21,063	\$ 211	\$ 134,967	\$ 117,135	3,311	\$ (120,185)	\$ (4,826)	\$ 127,302
Issuance of common stock under stock plans, including tax effects	656	6	14,626	—	—	—	—	14,632
Stock-based compensation expense	—	—	7,976	—	—	—	—	7,976
Repurchases of common stock	—	—	—	—	47	(1,791)	—	(1,791)
Dividends paid on common shares	—	—	—	(12,987)	—	—	—	(12,987)
Net income	—	—	—	17,651	—	—	—	17,651
Net change in marketable investments, net of tax	—	—	—	—	—	—	17	17
Foreign currency translation	—	—	—	—	—	—	(2,764)	(2,764)
Balance, December 31, 2016	21,719	217	157,569	121,799	3,358	(121,976)	(7,573)	150,036
Issuance of common stock under stock plans, including tax effects	713	7	15,972	—	—	—	—	15,979
Cumulative effect adjustment due to adoption of new accounting pronouncements	—	—	(121)	(298)	—	—	—	(419)
Stock-based compensation expense	—	—	8,490	—	—	—	—	8,490
Repurchases of common stock	—	—	—	—	1,033	(39,967)	—	(39,967)
Dividends paid on common shares	—	—	—	(13,631)	—	—	—	(13,631)
Net income	—	—	—	15,140	—	—	—	15,140
Net change in marketable investments, net of tax	—	—	—	—	—	—	(32)	(32)
Foreign currency translation	—	—	—	—	—	—	5,593	5,593
Balance, December 31, 2017	22,432	224	181,910	123,010	4,391	(161,943)	(2,012)	141,189
Issuance of common stock under stock plans, including tax effects	519	6	10,486	—	—	—	—	10,492
Cumulative effect adjustment due to adoption of new accounting pronouncements	—	—	—	3,829	—	—	(26)	3,803
Stock-based compensation expense	—	—	8,300	—	—	—	—	8,300
Repurchases of common stock	—	—	—	—	240	(9,946)	—	(9,946)
Dividends paid on common shares	—	—	—	(14,502)	—	—	—	(14,502)
Net income	—	—	—	15,380	—	—	—	15,380
Net change in marketable investments, net of tax	—	—	—	—	—	—	141	141
Foreign currency translation	—	—	—	—	—	—	(3,257)	(3,257)
Balance, December 31, 2018	22,951	\$ 230	\$ 200,696	\$ 127,717	4,631	\$ (171,889)	\$ (5,154)	\$ 151,600

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,		
	2018	2017	2016
<b>Cash flows from operating activities:</b>			
Net income	\$ 15,380	\$ 15,140	\$ 17,651
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	7,955	6,648	7,812
Amortization of intangible assets	1,162	781	831
Net (gains) losses from investments	(426)	479	805
Deferred income taxes	2,931	6,425	2,602
Stock-based compensation	8,300	8,490	7,976
Amortization of premium (discount) on investments	(68)	207	345
Foreign currency (gains) losses	603	632	(81)
Changes in assets and liabilities, net of businesses acquired			
Accounts receivable	2,588	(10,327)	7,963
Deferred commissions	(1,077)	(1,679)	1,477
Prepaid expenses and other current assets	285	(4,146)	861
Accounts payable	172	(1,600)	1,317
Accrued expenses and other liabilities	1,217	7,857	58
Deferred revenue	(604)	8,586	(5,140)
Net cash provided by operating activities	<u>38,418</u>	<u>37,493</u>	<u>44,477</u>
<b>Cash flows from investing activities:</b>			
Acquisitions, net of cash acquired	(9,250)	—	—
Purchases of property and equipment	(5,049)	(7,861)	(4,140)
Purchases of marketable investments	(41,810)	(31,910)	(36,763)
Proceeds from maturities of marketable investments	63,627	31,913	18,271
Proceeds from sales of marketable investments	32,568	6,545	4,815
Other investing activity	—	343	(48)
Net cash provided by (used in) investing activities	<u>40,086</u>	<u>(970)</u>	<u>(17,865)</u>
<b>Cash flows from financing activities:</b>			
Dividends paid on common stock	(14,502)	(13,631)	(12,987)
Repurchases of common stock	(9,946)	(39,967)	(1,791)
Proceeds from issuance of common stock under employee equity incentive plans	13,020	18,506	16,734
Taxes paid related to net share settlements of stock-based compensation awards	(2,526)	(2,527)	(2,069)
Net cash used in financing activities	<u>(13,954)</u>	<u>(37,619)</u>	<u>(113)</u>
Effect of exchange rate changes on cash and cash equivalents	(4,044)	3,928	(2,872)
Net increase in cash and cash equivalents	60,506	2,832	23,627
Cash and cash equivalents, beginning of year	79,790	76,958	53,331
Cash and cash equivalents, end of year	<u>\$ 140,296</u>	<u>\$ 79,790</u>	<u>\$ 76,958</u>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for income taxes	<u>\$ 4,174</u>	<u>\$ 10,443</u>	<u>\$ 8,507</u>

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

Non-cash investing activities for the year ended December 31, 2018 include \$5.7 million of consideration payable as a result of the acquisition of FeedbackNow. This amount includes \$3.4 million of contingent consideration, \$1.5 million for an indemnity holdback and \$0.8 million for the working capital adjustment. Refer to Note 2 – *Acquisitions* for further information on these amounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2018**Note 1 - Summary of Significant Accounting Policies*****Basis of Presentation****Principles of Consolidation*

Forrester Research, Inc. (“Forrester” or the “Company”) is a global independent research, data, and advisory services firm. Forrester works with business and technology leaders to help them develop customer-obsessed strategies that drive growth. Forrester’s unique insights are grounded in annual surveys of more than 675,000 consumers and business leaders worldwide, rigorous and objective research methodologies, and the shared wisdom of our clients. Through proprietary research and data, custom consulting, exclusive executive peer groups and events, Forrester challenges the thinking of its clients and positions them to lead change in their organizations in an era of powerful customers. The accompanying consolidated financial statements include the accounts of Forrester and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

*Business Acquisitions*

In 2018, Forrester acquired SocialGlimpz, Inc. and S.NOW SA. Refer to Note 2 – *Acquisitions*, for further information on these acquisitions.

On January 3, 2019, Forrester acquired 100% of the issued and outstanding shares of SiriusDecisions, Inc., a privately-held company based in Wilton, Connecticut for \$247.3 million in cash. Refer to Note 15 – *Subsequent Events*, for further information on the acquisition.

*Management Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Forrester considers the more significant of these estimates to be revenue recognition, non-marketable investments, valuation of goodwill, intangible assets and acquired assets and liabilities from business combinations, ongoing impairment reviews of goodwill and intangible assets, and income taxes. On an ongoing basis, management evaluates its estimates. Actual results could differ from these estimates.

*Reclassifications*

The line item “proceeds from sales and maturities of marketable investments” within the investing activities section of the statement of cash flows has changed from the prior years’ consolidated financial statements to reflect the separate presentation of proceeds from sales and maturities of marketable investments.

*Adoption of New Accounting Pronouncements*

The Company adopted the guidance in Accounting Standards Update (“ASU”) No. 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*, on January 1, 2018. The new standard clarifies certain aspects of the statement of cash flows, including contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, and distributions received from equity method investees, among others. The adoption of this standard did not have a material impact on the Company’s statements of cash flows.

The Company adopted the guidance in ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, on January 1, 2018. The new standard requires restricted cash to be included with cash and cash equivalents when reconciling the beginning and ending amounts on the statement of cash flows. The adoption of this standard did not have an impact on the Company’s statements of cash flows.



The Company adopted the guidance in ASU No. 2017-01, *Business Combinations (ASC 805) – Clarifying the Definition of a Business* on January 1, 2018. The new standard amends the current business combinations guidance by clarifying the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The adoption of the standard did not have an impact on the Company's financial position or statement of operations.

The Company elected to adopt the guidance in ASU No. 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, on January 1, 2018. The new standard allows but does not require, a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017 (the "Act") enacted on December 22, 2017. The Company elected to make the reclassification adjustment as of the beginning of the period of adoption in the amount of \$26 thousand using the aggregate portfolio approach. The reclassification amount includes the effect of the change in the U.S. federal corporate income tax rate on the gross deferred tax amounts at the date of enactment of the Act related to items remaining in accumulated other comprehensive loss.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (ASC 606)*. ASC 606 supersedes all existing revenue recognition requirements, including most industry-specific guidance. The new standard requires a company to recognize revenue when it transfers products or services to customers in an amount that reflects the consideration that the company expects to receive for those products or services. ASC 606 also includes subtopic ASC 340-40, *Other Assets and Deferred Costs-Contracts with Customers*, which provides guidance on accounting for certain revenue related costs including costs associated with obtaining and fulfilling a contract.

On January 1, 2018, the Company adopted ASC 606 using the modified retrospective method. Under this method, the reported results for 2018 reflect the application of ASC 606, while the reported results for 2017 were prepared under the guidance of ASC 605, *Revenue Recognition*, which is referred to herein as the "previous guidance". The modified retrospective method requires the cumulative effect of applying the new guidance to all contracts with customers that were not completed as of January 1, 2018 to be recorded as an adjustment to retained earnings as of the adoption date. Forrester considered a contract to be complete if all the revenue was recognized in accordance with the previous guidance that was in effect before the adoption date.

The effect of adopting ASC 606 included a \$7.8 million reduction in deferred revenue, primarily related to prepaid performance obligations that are expected to expire in 2018 and 2019 that would have been recognized in 2017 under the new guidance; a decrease of \$5.5 million in prepaid expenses and other current assets related to deferred survey costs that would have been expensed as incurred in 2017 under the new guidance and the current tax impact of the cumulative effect; an increase of \$0.9 million in deferred commissions related to the capitalization of fringe benefits as incremental costs to obtain customer contracts under the new guidance; and an increase of \$0.6 million in other assets for the deferred tax effect of the cumulative effect. Retained earnings increased by \$3.8 million as a net result of these adjustments.

The following tables summarize the effect of adopting ASC 606 on the Company's financial statements during and as of the year ended December 31, 2018 (in thousands):

**Consolidated Balance Sheet**

	<b>As of December 31, 2018</b>	
	<b>As Reported</b>	<b>Amounts as if Previous Guidance in Effect</b>
Accounts receivable, net	\$ 67,318	\$ 71,858
Deferred commissions	15,677	14,725
Prepaid expenses and other current assets	12,802	18,587
Total current assets	236,093	245,467
Other assets	5,310	4,748
Total assets	353,524	362,336
Deferred revenue	\$ 135,332	\$ 149,344
Total current liabilities	189,985	203,997
Total liabilities	201,924	215,936
Retained earnings	127,717	122,517
Total stockholders' equity	151,600	146,400
Total liabilities and stockholders' equity	353,524	362,336

Total assets were \$8.8 million less than if the previous guidance remained in effect, largely due to the following changes:

- Accounts receivable, net was lower due to the Company excluding invoices issued on cancellable contracts in excess of revenue recognized.
- Deferred commissions were higher due to the capitalization of fringe benefits costs.
- Prepaid expenses and other current assets were lower due to expensing survey costs as incurred and the current period tax effect of the adjustments.

Deferred revenue was \$14.0 million lower due to the accelerated recognition of revenue for estimated unexercised rights, which would have been deferred under the previous guidance until the right expired, and the exclusion of invoices issued on cancellable contracts in excess of revenue recognized.

**Consolidated Statement of Income**

	<b>Year Ended December 31, 2018</b>	
	<b>As Reported</b>	<b>Amounts as if Previous Guidance in Effect</b>
<b>Revenues:</b>		
Research services	\$ 228,399	\$ 227,059
Advisory services and events	129,176	128,872
Total revenues	357,575	355,931
<b>Operating expenses:</b>		
Cost of services and fulfillment	146,502	146,666
Selling and marketing	131,824	131,907
Total operating expenses	335,150	335,397
Income from operations	22,425	20,534
Income before income taxes	23,525	21,634
Income tax provision	8,145	7,652
Net income	15,380	13,982
Basic income per common share	\$ 0.85	\$ 0.77
Diluted income per common share	\$ 0.84	\$ 0.76

The \$1.6 million increase in total revenues for year ended December 31, 2018 is for estimated future unexercised customer rights that were previously recognized when they occurred. The net impact, including the tax effect, of accounting for revenue and costs to obtain and fulfill customer contracts under the new guidance increased net income and diluted net income per share for the year ended December 31, 2018 by \$1.4 million and \$0.08, respectively.

#### Consolidated Statement of Comprehensive Income

	Year Ended December 31, 2018	
	As Reported	Amounts as if Previous Guidance in Effect
Net income	\$ 15,380	\$ 13,982
Comprehensive income	12,264	10,866

#### Consolidated Statement of Cash Flows

	Year Ended December 31, 2018	
	As Reported	Amounts as if Previous Guidance in Effect
Cash flows from operating activities:		
Net income	\$ 15,380	\$ 13,982
Accounts receivable	2,588	(1,952)
Deferred commissions	(1,077)	(994)
Prepaid expenses and other current assets	285	(43)
Deferred revenue	(604)	5,580

The impact to comprehensive income and cash flows from operating activities are driven by the consolidated balance sheet and income statement changes previously discussed.

#### Fair Value Measurements

The carrying amounts reflected in the Consolidated Balance Sheets for cash, cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short-term maturities. The Company has certain financial assets and liabilities recorded at fair value at each balance sheet date in accordance with the accounting standards for fair value measurements. Refer to Note 6 – *Fair Value Measurements* for the Company's fair value disclosures.

#### 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.

The Company liquidated its entire portfolio of marketable investments in December of 2018 to fund the acquisition of SiriusDecisions on January 3, 2019. Forrester previously accounted for all marketable investments as available-for-sale securities and as such, the marketable investments were carried at fair value with unrealized gains and losses (not related to credit losses) recorded in accumulated other comprehensive loss in the Consolidated Balance Sheets. Realized gains and losses on securities are included in earnings and were determined using the specific identification method. The Company conducted periodic reviews to identify and evaluate each investment that had an unrealized loss, in accordance with the meaning of other-than-temporary impairment and its application to certain investments, as required under current accounting standards. An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses on available-for-sale securities that are determined to be temporary, and not related to credit loss, are recorded, net of tax, in accumulated other comprehensive loss. The determination of whether a loss is considered temporary is based in part on whether the Company intends to sell the security or whether the Company would more likely than not be required to sell the security before the expected recovery of the amortized cost basis. During the years ended December 31, 2018, 2017 and 2016, the Company did not record any other-than-temporary impairment losses on its available-for-sale securities.

### ***Concentrations of Credit Risk***

Forrester has no off-balance sheet or significant 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, cash equivalents, and accounts receivable. No single customer accounted for greater than 3% of revenues or 6% of accounts receivable in any of the periods presented.

### ***Goodwill***

Goodwill is not amortized; however, it is required to be tested for impairment annually. Furthermore, testing for impairment is required on an interim basis if an event or circumstance indicates that it is more likely than not an impairment loss has been incurred. An impairment loss would be recognized to the extent that the carrying amount of goodwill exceeds its implied fair value. Absent an event that indicates a specific impairment may exist, the Company has selected November 30th as the date for performing the annual goodwill impairment test. Goodwill impairment charges have not been required for the years ended December 31, 2018, 2017 and 2016.

### ***Impairment of Other Long-Lived Tangible and Intangible Assets***

Forrester continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of long-lived assets and intangible assets may warrant revision or if events or circumstances indicate 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. Impairment charges have not been required for the years ended December 31, 2018, 2017 and 2016.

### ***Non-Current Liabilities***

The Company records certain liabilities that are expected to be settled over a period that exceeds one year as non-current liabilities. The Company also records as a non-current liability the portion of the deferred rent liability that is expected to be recognized over a period greater than one year. The non-current deferred rent liability at December 31, 2018 and 2017 was \$6.6 million and \$7.5 million, respectively, and results from the difference between cash payments and the straight-line recognition of rent expense under the Company's facility leases.

### ***Foreign Currency***

The functional currency of Forrester's wholly-owned subsidiaries is their respective local currency. These subsidiary financial statements are translated to U.S. dollars using period-end exchange rates for assets and liabilities and average exchange rates during the corresponding period for revenues and expenses, with translation gains and losses accumulated as a component of accumulated other comprehensive loss in the Consolidated Balance Sheets. Gains and losses related to the remeasurement of monetary assets and liabilities denominated in a currency other than an entity's functional currency are included in other income, net in the Consolidated Statements of Income. For each of the years ended December 31, 2018 and 2017, Forrester recorded \$0.6 million of foreign exchange losses in other income, net. For the year ended December 31, 2016, Forrester recorded \$0.1 million of foreign exchange gains.

## Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows (in thousands):

	Net Unrealized Gain (Loss) on Marketable Investments	Cumulative Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2015	\$ (100)	\$ (4,726)	\$ (4,826)
Foreign currency translation before reclassification	—	(2,764)	(2,764)
Unrealized gain on investments, net of tax of \$(14)	17	—	17
Balance at December 31, 2016	(83)	(7,490)	(7,573)
Foreign currency translation	—	5,593	5,593
Unrealized loss on investments, net of tax of \$22	(32)	—	(32)
Balance at December 31, 2017	(115)	(1,897)	(2,012)
Foreign currency translation	—	(3,257)	(3,257)
Reclassification of stranded tax effects from tax reform	(26)	—	(26)
Unrealized gain on investments before reclassification, net of tax of \$(4)	12	—	12
Reclassification adjustment for net losses realized in net income, net of tax of \$(75)	129	—	129
Balance at December 31, 2018	<u>\$ —</u>	<u>\$ (5,154)</u>	<u>\$ (5,154)</u>

## Revenue

The Company recognizes revenue when a customer obtains control of promised products or services, in an amount that reflects the consideration expected to be received in exchange for those products or services. The Company follows the five-step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies the performance obligation. Revenues are presented net of any sales or value added taxes collected from customers and remitted to the government.

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of the consideration expected to be transferred is probable. The Company applies judgment in determining the customer's ability and intention to pay for services expected to be transferred, which is based on factors including the customer's payment history, management's ability to mitigate exposure to credit risk (for example, requiring payment in advance of the transfer of products or services, or the ability to stop transferring promised products or services in the event a customer fails to pay consideration when due) and experience selling to similarly situated customers. Since the transaction price is fixed and defined as part of entering into a contract, and generally does not change, variable consideration is insignificant.

Performance obligations within a contract are identified based on the products and services promised to be transferred in the contract. When a contract includes more than one promised product or service, the Company must apply judgment to determine whether the promises represent multiple performance obligations or a single, combined performance obligation. This evaluation requires the Company to determine if the promises are both capable of being distinct, where the customer can benefit from the product or service on its own or together with other resources readily available, and are distinct within the context of the contract, where the transfer of products or services is separately identifiable from other promises in the contract. When both criteria are met, each promised product or service is accounted for as a separate performance obligation. In cases where the promises are distinct, the Company is further required to evaluate if the promises are a series of products and services that are substantially the same and have the same pattern of transfer to the customer (referred to as the "series" guidance). When the Company determines that promises meet the series guidance, they are accounted for as a single, combined performance obligation. The number of performance obligations in the Company's arrangements is not different under ASC 606 than the number of separate units of accounting under previous guidance, as discussed further below.

Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation on a relative basis according to their standalone selling prices. The Company continues to determine standalone selling price based on the price at which the performance obligation is sold separately. If the Company does not have a history of selling a performance obligation, management applies judgment to estimate the standalone selling price, taking into consideration available information, including market conditions, factors considered to set list price, pricing of similar products, and internal pricing objectives. The corresponding allocated revenues are recognized as the performance obligations are satisfied, as discussed below.

#### *Research services revenues*

Research services revenues consist primarily of memberships to Research, Connect, and Analytics products. The majority of the Research revenues are annual subscriptions to our research, including access to all or a designated portion of our research and, depending on the type of license, unlimited phone or email analyst inquiry and unlimited participation in Forrester webinars, all of which are delivered throughout the contract period. The Company has concluded that the promises represent a stand ready obligation to provide a daily information service, in which the services are the same each day, every day is distinct, and the customer simultaneously receives and consumes the benefits as the Company transfers control throughout the contract period. Accordingly, these subscriptions meet the requirements of the series guidance and are each accounted for as a single performance obligation. The Company recognizes revenue ratably over time, using an output measure of time elapsed. Research revenues also include sales of electronic reprints, which are written research documents prepared by Forrester's analysts and hosted via an on-line platform. Reprints include a promise to deliver a customer-selected research document and certain usage data provided through the on-line platform, which represents two performance obligations. The Company satisfies the performance obligation for the research document by providing access to the electronic reprint and accordingly recognizes revenue at that point in time. The Company satisfies the performance obligation for the data portion of the reprint on a daily basis and accordingly recognizes revenue over time.

The majority of the Connect revenues are the Company's Leadership Board product which includes access to the Research offering, access to a private forum with other Leadership Board member peers, access to a Forrester advisor, member-generated content, and one Event ticket. The Company has concluded that all promises, other than the Event ticket, represent a stand ready obligation to provide a daily information and peer service, in which the services are the same each day, every day is distinct, and the customer simultaneously receives and consumes the benefits as the Company transfers control throughout the contract period. Accordingly, these promises meet the requirements of the series guidance and are accounted for as a single performance obligation. The Company recognizes revenue ratably over time, using an output measure of time elapsed. The Event ticket is accounted for as a separate performance obligation and is recognized when the Event occurs.

Analytics revenues are primarily annual subscriptions to access designated survey data products and typically include a data advisor, all of which are delivered throughout the contract period. For Analytics subscriptions, the Company has concluded that the promises represent a stand ready obligation to provide a daily data service, in which the services are the same each day, every day is distinct, and the customer simultaneously receives and consumes the benefits as the Company transfers control throughout the contract period. Accordingly, these subscriptions meet the requirements of the series guidance and are accounted for as a single performance obligation. The Company recognizes revenue ratably over time, using an output measure of time elapsed. Certain of the Analytics products include advisory services which are accounted for as a separate performance obligation and are recognized at the point in time the service is completed or the final deliverable is transferred to the customer.

#### *Advisory services and events revenues*

Advisory services and events revenues consists of sales of advisory services, consulting projects, and Events.

Advisory services revenues are short-term presentations or knowledge sharing sessions (which can range from one hour to two days), such as workshops, speeches and advisory days. Each is a promise for a Forrester analyst to deliver a deeper understanding of Forrester's published research and represents a single performance obligation. Revenue is recognized at the point in time the service is completed or the final deliverable is transferred to the customer.

Consulting project revenues consists of the delivery of focused insights and recommendations that assist customers with their challenges in developing and executing strategies around technology, customer experience and digital transformation. Projects are fixed-fee arrangements that are generally completed within two weeks to three months. The Company concluded that each project represents a single performance obligation as they are a single promise to deliver a customized engagement and deliverable. For the majority of these services, either practically or contractually, the work performed and delivered to the customer has no alternative use to the Company. Additionally, Forrester maintains an enforceable right to payment at all times throughout the contract. The Company utilizes an input method and recognizes revenue over time, based on hours expended relative to the total estimated hours required to

satisfy the performance obligation. This input method was chosen since it closely aligns with how control of interim deliverables is transferred to the customer throughout the engagement and is also the method used internally to price the project and assess operational performance. If the Company were to enter into an agreement where it does not have an enforceable right to payment at all times, revenue would be recognized at the point in time the project is completed.

Events revenues consist of either ticket or sponsorship sales for a Forrester-hosted event. Each is a single promise that either allows entry to, or grants the right to, promote a product or service at, a specific event. The Company concluded that each of these represents a single performance obligation. The Company recognizes revenue at the completion of the Event, which is the point in time when the customer has received the benefit(s) from attending or sponsoring the Event.

Prepaid performance obligations, including Event tickets, reprints, advisory and consulting hours, on non-cancellable contracts that the Company estimates will expire unused are recognized in proportion to the pattern of related rights exercised by the customer. This assessment requires judgment, including estimating the percentage of prepaid rights that will go unexercised and anticipating the impact that future changes to products, pricing, and customer engagement will have on actual expirations. The Company periodically updates the rates used to recognize unexercised rights.

Refer to Note 12, *Operating Segment and Enterprise Wide Reporting*, for a summary of disaggregated revenue by product category and business segment.

#### *Contract Modifications*

The Company considers a contract modification to exist when a mutually agreed upon change creates new, or updates existing, enforceable rights and obligations. ASC 606 introduced three specific methods to account for contract modifications depending on the nature of the change(s) in scope or price to the original contract. The new guidance is consistent with how the Company has historically accounted for contract modifications and as a result, does not have an impact on the Company's results of operations.

The majority of the Company's contract modifications result in additional or remaining distinct products and services and are treated on a prospective basis. Under the prospective method, the transaction price is updated to combine the unrecognized amount as of the modification date plus the additional transaction price from the modification. This amount is then re-allocated to the remaining distinct performance obligations and recognized accordingly.

Consulting services contracts can be modified to update the scope of the services purchased. Since a consulting project is a single performance obligation that is only partially satisfied at the modification date, the updated project requirements are not distinct and the modification is accounted for as part of the existing contract. The effect of the modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either an increase or decrease) on a cumulative catch-up basis. For the year ended December 31, 2018, the Company recorded an immaterial amount of cumulative catch-up adjustments.

#### *Contract Assets and Liabilities*

##### *Accounts Receivable*

Accounts receivable includes amounts billed and currently due from customers. Since the only condition for payment of our invoices is the passage of time, the Company records a receivable on the date the invoice is issued. Also included in accounts receivable are unbilled amounts resulting from revenue exceeding the amount billed to the customer, where the right to payment is unconditional. If the right to payment for services performed was conditional on something other than the passage of time, the unbilled amount would be recorded as a separate contract asset. There were no contract assets as of December 31, 2018.

The majority of the Company's contracts are non-cancellable. However, for contracts that are cancellable by the customer, the Company does not record a receivable when it issues an invoice. The Company records accounts receivable on these contracts only up to the amount of revenue earned but not yet collected.

In addition, since the majority of the Company's contracts are for a duration of one year and payment is expected within one year from the transfer of products and services, the Company does not adjust its receivables or transaction price for the effects of a significant financing component.

### *Deferred Revenue*

The Company refers to contract liabilities as deferred revenue on the Consolidated Balance Sheets. Payment terms in the Company's customer contracts vary, but generally require payment in advance of fully satisfying the performance obligation(s). Deferred revenue consists of billings in excess of revenue recognized. Similar to accounts receivable, the Company does not record deferred revenue for invoices issued on a cancellable contract.

During the year ended December 31, 2018, the Company recognized approximately \$134.7 million of revenue related to its deferred revenue balance at January 1, 2018. To determine revenue recognized in the current period from deferred revenue at the beginning of the period, the Company first allocates revenue to the individual deferred revenue balance outstanding at the beginning of the period, until the revenue equals that balance.

Approximately \$262.6 million of revenue is expected to be recognized during the next 12 to 24 months from remaining performance obligations as of December 31, 2018.

### ***Cost to Obtain and Fulfill Contracts***

The Company capitalizes commissions paid to internal sales representatives and related fringe benefits costs that are incremental to obtaining customer contracts. These costs are included in deferred commissions on the Consolidated Balance Sheets. The judgments made in determining the amount of costs incurred include the types of costs to capitalize and whether the costs are in fact incremental. The Company elected the practical expedient to account for these costs at a portfolio level as the Company's contracts are similar in nature and the amortization model used closely matches the amortization expense that would be recognized on a contract-by-contract basis. Costs to obtain a contract are amortized to operations as the related revenue is recognized over the initial contract term. Amortization expense related to deferred commissions was \$32.2 million for the year ended December 31, 2018. The Company evaluates the recoverability of deferred commissions at each balance sheet date.

Costs to fulfill the Company's contracts, such as our survey costs for our Analytics product line, do not meet the specified capitalization criteria as defined in the guidance and as such are expensed as incurred.

### ***Allowance for Doubtful Accounts***

Forrester maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make contractually obligated payments. When evaluating the adequacy of the allowance for doubtful accounts, the Company makes judgments regarding the collectability of accounts receivable by specifically analyzing historical bad debts, customer concentrations, current economic trends, and changes in the customer payment terms. If the financial condition of the Company's 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 the Company's customers were to improve, the allowances may be reduced accordingly.

### ***Stock-Based Compensation***

The Company recognizes the fair value of stock-based compensation expense over the requisite service period of the individual grantee, which generally equals the vesting period.

The Company adopted the guidance in Accounting Standards Update ("ASU") No. 2016-09, *Compensation - Stock Compensation - Improvements to Employee Share-Based Payment Accounting*, on January 1, 2017. Under this standard, entities are permitted to make an accounting policy election to either estimate forfeitures on share-based payment awards, as previously required, or to recognize forfeitures as they occur. The Company has elected to recognize forfeitures as they occur. All income tax effects related to settlements of share-based payment awards are reported in earnings as an increase or decrease to income tax expense. All income tax-related cash flows resulting from share-based payments are reported as operating activities in the statement of cash flows and cash paid by directly withholding shares for tax withholding purposes is classified as a financing activity.



Stock-based compensation expense was recorded in the following expense categories (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Cost of services and fulfillment	\$ 4,329	\$ 4,538	\$ 4,431
Selling and marketing	1,065	717	1,054
General and administrative	2,906	3,235	2,491
Total	\$ 8,300	\$ 8,490	\$ 7,976

The options granted under the equity incentive plan and shares subject to the employee stock purchase plan were valued utilizing the Black-Scholes model using the following assumptions and had the following fair values (no options were granted in 2017 and 2018):

	Years Ended December 31,			
	2018 Employee Stock Purchase Plan	2017 Employee Stock Purchase Plan	2016 Equity Incentive Plans	2016 Employee Stock Purchase Plan
Average risk-free interest rate	1.90%	0.90%	1.30%	0.32%
Expected dividend yield	1.9%	1.9%	2.2%	2.1%
Expected life	0.5 Years	0.5 Years	5.0 Years	0.5 Years
Expected volatility	23%	24%	24%	24%
Weighted average fair value	\$ 9.13	\$ 8.36	\$ 6.16	\$ 6.69

Prior to the suspension of the quarterly dividend program in November 2018, dividend yields were based on the regular quarterly dividend program approved by the Board of Directors in February 2012. Expected volatility is based, in part, on the historical volatility of Forrester's common stock as well as management's expectations of future volatility over the expected term of the awards granted. The risk-free interest rate is based on the U.S. Treasury Constant Maturity rate with an equivalent remaining term. Where the expected term of a stock-based award does not correspond with a term for which the interest rates are quoted, Forrester uses the rate with the maturity closest to the award's expected term. The expected term calculation is based upon Forrester's historical experience of exercise patterns. The unamortized fair value of stock-based awards as of December 31, 2018 was \$17.1 million with a weighted average remaining recognition period of 2.5 years.

#### 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	3 to 10 Years
Computer software	3 to 5 Years
Furniture and fixtures	7 Years
Leasehold improvements	Shorter of asset life or lease term

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 to 11 Years
Research content	1 to 2 Years
Technology	5 to 7 Years
Trademarks	8 to 9 Years

## Income Taxes

Forrester recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statements and tax basis of assets and liabilities as well as operating loss carryforwards.

Forrester's provision for income taxes is composed of a current and a deferred provision for federal, state and foreign jurisdictions. The current provision is calculated as the estimated taxes payable or refundable on tax returns for the current year. The deferred provision is calculated as the net change during the year in deferred tax assets and liabilities. 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 asset will not be realized.

Forrester accounts for uncertain tax positions using a "more-likely-than-not" threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors including, but not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity, and changes in facts or circumstances related to a tax position. The Company evaluates these tax positions on a quarterly basis. The Company also accrues for potential interest and penalties related to unrecognized tax benefits in income tax expense.

## 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 shares 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 and the vesting of restricted stock units.

Basic and diluted weighted average common shares are as follows (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Basic weighted average common shares outstanding	18,091	17,919	17,984
Weighted average common equivalent shares	289	321	285
Diluted weighted average common shares outstanding	18,380	18,240	18,269
Options excluded from diluted weighted average share calculation as effect would have been anti-dilutive	8	133	706

## Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard requires that all lessees recognize the assets and liabilities that arise from leases longer than 12 months on the balance sheet and disclose qualitative and quantitative information about its leasing arrangements. Lessor accounting is largely unchanged. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which allows for an additional adoption method and for lessors, provides a practical expedient for the separation of lease and non-lease components within a contract.

The new standard will be effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period. The two permitted transition methods under the new standard are both modified retrospective methods. Under the first method, the standard would be applied to all leases that existed at or subsequently commenced after the beginning of the earliest comparative period presented in the financial statements, with a cumulative effect adjustment recorded at the beginning of the earliest comparative period for all leases that commenced prior to such date. Under the second method, comparative periods are not adjusted and the cumulative effect of applying the standard would be recorded at the date of initial application. The Company will adopt the standard as of January 1, 2019 utilizing the modified retrospective method in which comparative periods are not adjusted. The Company anticipates that it will not be required to record a cumulative effect adjustment upon adoption.

The Company expects the standard to have a material impact on its balance sheet as substantially all operating leases longer than 12 months will be recorded as a right-of-use (“ROU”) asset and a lease liability. Adoption of the standard will result in an approximate increase of \$50 million to \$54 million in total assets and \$58 million to \$62 million in total liabilities. The Company does not expect the standard to have a material impact on its results of operations. During 2019, ROU assets and lease liabilities for operating leases are expected to increase primarily due to the acquisition of SiriusDecisions.

Several practical expedients are permitted under the new standard. The Company expects to elect the package of practical expedients, including the related disclosure requirements, that permits the use of historical lease classification and accounting under the previous guidance for all leases that expired or existed as of the adoption date.

A key area still in process includes development of the reports for the various disclosures required during 2019. This area will be completed by the end of the first quarter of 2019.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The new standard amends the current financial instrument impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. The new standard will be effective for the Company on January 1, 2020. The adoption of this standard is not expected to have a material impact on the Company’s financial position or results of operations.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other: Simplifying the Test for Goodwill Impairment*. The new standard simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test and requires that instead, an entity should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The new standard will be effective for the Company on January 1, 2020. The adoption of this standard is not expected to have a material impact on the Company’s financial position or results of operations.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The new standard modifies the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*. The standard includes changes to fair value transfers and Level 3 fair value disclosures. The new standard will be effective for the Company on January 1, 2020. The adoption of this standard is not expected to have a material impact on the Company’s financial position or results of operations.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software: Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. The new standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The new standard will be effective for the Company on January 1, 2020. The Company is currently evaluating the potential impact that this standard may have on its financial position and results of operations.

## **Note 2 – Acquisitions**

The Company accounts for business combinations in accordance with the acquisition method of accounting as prescribed by ASC 805, *Business Combinations*. The acquisition method of accounting requires the Company to record the assets and liabilities acquired based on their estimated fair values as of the acquisition date, with any excess of the consideration transferred over the estimated fair value of the net assets acquired, including identifiable intangible assets, to be recorded to goodwill.

### *GlimpzIt*

On June 22, 2018, Forrester acquired substantially all of the assets of SocialGlimpz Inc. (“GlimpzIt”), an artificial intelligence and machine-learning provider based in San Francisco. The acquisition is part of Forrester’s plan to build a real-time customer experience or CX cloud solution, integrating a range of inputs to help companies monitor and improve customer experience. Forrester intends to deploy the GlimpzIt technology to extend the analytics engine in Forrester’s planned real-time CX cloud. The acquisition of GlimpzIt was determined to be an acquisition of a business under the provisions of ASC 805. The total purchase price was approximately \$1.3 million, which was paid in cash on the acquisition date, and has been allocated as \$0.7 million of goodwill and \$0.6 million of an intangible asset representing technology, which is being amortized over its estimated useful life of five years. The acquired working capital was insignificant. Forrester may also be required to pay an additional \$0.3 million in cash contingent on the

achievement of certain employment conditions by key employees, which is being recognized as compensation expense over the related service period of two years. Goodwill has been allocated to the Product segment and is expected to be deductible for income tax purposes. Goodwill is attributable to the acquired workforce as well as future synergies. The acquisition of GlimpzIt did not add a material amount of revenue or direct expenses for the year ended December 31, 2018. The results of GlimpzIt operations were not material to Forrester's consolidated results of operations for prior periods, and accordingly, no pro forma financial information has been presented.

#### *FeedbackNow*

On July 6, 2018, Forrester acquired 100% of the shares of S.NOW SA, a Switzerland-based business that operates as FeedbackNow. FeedbackNow is a maker of physical buttons and monitoring software that companies deploy to measure, analyze, and improve customer experience. The acquisition is part of Forrester's plan to build a real-time CX cloud solution. FeedbackNow provides a high-volume input source for the real-time CX cloud solution. The acquisition of FeedbackNow was determined to be an acquisition of a business under the provisions of ASC 805. The Company paid \$8.4 million on the closing date. An additional \$1.5 million is payable during a two-year period from the closing date and is subject to typical indemnity provisions from the seller. The Company is also required to pay additional purchase price based on the acquired working capital of \$0.8 million and the sellers may earn up to \$4.2 million based on the financial performance of FeedbackNow during the two-year period following the closing date.

#### *Total Consideration Transferred*

The following table summarizes the fair value of the aggregate consideration paid or payable for FeedbackNow (in thousands):

Cash paid at close (1)	\$	8,425
Working capital adjustment (2)		798
Indemnity holdback (3)		1,485
Contingent purchase price (4)		3,388
Total	\$	<u>14,096</u>

- (1) The cash paid at close represents the gross contractual amount paid. Net cash paid, which accounts for the cash acquired of \$0.5 million, was \$8.0 million and is reflected as an investing activity in the Consolidated Statements of Cash Flows.
- (2) Represents the amount payable to the sellers based upon working capital as defined, which was paid to the sellers during the first quarter of 2019.
- (3) Approximately \$0.5 million and \$1.0 million of the holdback is expected to be paid during 2019 and 2020, respectively.
- (4) The acquisition of FeedbackNow includes a contingent consideration arrangement that requires additional consideration to be paid to the sellers based on the financial performance of FeedbackNow during the two-year period subsequent to the closing date. Up to \$1.7 million and \$2.5 million could be payable during 2019 and 2020, respectively, if the financial targets are met. The range of undiscounted amounts that could be payable under this arrangement is zero to \$4.2 million. This range of amounts payable has not changed since the acquisition. The provisional fair value of the contingent consideration recognized on the acquisition date, which represents purchase price, was \$3.0 million. During the fourth quarter of 2018, the Company recorded a \$0.4 million increase to the initial value of the contingent consideration representing additional purchase price, as a result of finalizing its acquisition date fair value assessment during the measurement period. This adjustment resulted in a final acquisition date fair value of \$3.4 million for the contingent consideration. The fair value was based on a Monte Carlo simulation and included significant Level 3 inputs not observable in the market including projected contract bookings, a discount rate of 23.7%, and revenue volatility of 20.8%. See further discussion in Note 6 – *Fair Value Measurements*.

### Preliminary Allocation of Purchase Price

The following table summarizes the preliminary allocation of the purchase price to the fair value of the assets acquired and liabilities assumed for the acquisition of FeedbackNow (in thousands):

Assets:		
Cash	\$	463
Accounts receivable		738
Prepays and other current assets		487
Goodwill (1)		9,513
Acquired intangible assets (2)		4,780
Other assets		75
Total assets		<u>16,056</u>
Liabilities:		
Accounts payable and accrued liabilities		837
Contract liabilities		298
Deferred tax liability		825
Total liabilities		<u>1,960</u>
Net assets acquired	\$	<u>14,096</u>

- (1) Goodwill represents the expected synergies from combining FeedbackNow with Forrester as well as the value of the acquired workforce.
- (2) All of the acquired intangible assets are finite-lived. The determination of the fair value of the finite-lived intangible assets required management judgment and the consideration of a number of factors. In determining the fair values, management primarily relied on income valuation methodologies, in particular discounted cash flow models. The use of discounted cash flow models required the use of estimates, including projected cash flows related to the particular asset; the useful lives of the particular assets; the selection of royalty and discount rates used in the models; and certain published industry benchmark data. In establishing the estimated useful lives of the acquired intangible assets, the Company relied primarily on the duration of the cash flows utilized in the valuation model. Of the \$4.8 million assigned to acquired intangible assets, \$3.0 million was assigned to the technology asset class with a useful life of 6.5 years, \$1.3 million to customer relationships with useful lives of 4.5 years to 7.5 years (with a weighted average amortization period of 6.1 years), and \$0.5 million to trade names with a useful life of 8.5 years. The weighted-average amortization period for the total acquired intangible assets is 4.8 years. Amortization of acquired intangible assets was \$0.4 million for the year ended December 31, 2018.

During the fourth quarter of 2018, the Company recognized a \$0.4 million increase to goodwill primarily as a result of finalizing the fair value assessment of the contingent purchase price during the measurement period. The allocation of the purchase price for FeedbackNow is preliminary with respect to certain working capital items. The Company expects to obtain the remainder of the information to complete the allocation of the purchase price during the first half of 2019.

The Company's financial statements include the operating results of FeedbackNow beginning on July 6, 2018, the date of acquisition. FeedbackNow's operating results and the related goodwill are being reported as part of the Company's Product segment. The goodwill is not deductible for income tax purposes. The acquisition of FeedbackNow added approximately \$1.2 million and \$1.9 million of revenue and direct expenses, respectively, for the year ended December 31, 2018. The results of FeedbackNow operations were not material to Forrester's results of operations for prior periods, and accordingly, no prior period pro forma information has been presented.

For the year ended December 31, 2018, goodwill increased by \$9.0 million with \$10.2 million of the increase attributable to the acquisitions of GlimpZit and FeedbackNow and a \$1.2 million decrease due to foreign currency fluctuations.

The Company recognized \$1.8 million of acquisition costs during the year ended December 31, 2018. The costs primarily consisted of legal fees, regulatory costs and accounting and tax professional fees.

### Note 3 - Goodwill and Other Intangible Assets

A summary of the goodwill by segment and the changes in the carrying amount of goodwill is shown in the following table (in thousands).

	Product	Research	Project Consulting	Total
Balance at January 1, 2017	\$ 2,343	\$ 70,850	\$ —	\$ 73,193
Translation adjustments	95	2,881	—	2,976
Balance at December 31, 2017	2,438	73,731	—	76,169
Acquisitions	10,178	—	—	10,178
Translation adjustments	(98)	(1,084)	—	(1,182)
Balance at December 31, 2018	<u>\$ 12,518</u>	<u>\$ 72,647</u>	<u>\$ —</u>	<u>\$ 85,165</u>

As of December 31, 2018, the Company had no accumulated goodwill impairment losses.

During the year ending December 31, 2018, \$4.8 million and \$0.6 million of intangible assets were added as a result of the acquisitions of FeedbackNow and GlimpzIt, respectively.

A summary of Forrester's intangible assets is as follows (in thousands):

	December 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets:			
Customer relationships	\$ 32,823	\$ 31,604	\$ 1,219
Technology	3,610	295	3,315
Trade name	443	26	417
Total	<u>\$ 36,876</u>	<u>\$ 31,925</u>	<u>\$ 4,951</u>

	December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets:			
Customer relationships	\$ 31,735	\$ 31,003	\$ 732
Research content	1,083	1,083	—
Total	<u>\$ 32,818</u>	<u>\$ 32,086</u>	<u>\$ 732</u>

Amortization expense related to intangible assets was approximately \$1.2 million, \$0.8 million and \$0.8 million during the years ended December 31, 2018, 2017 and 2016, respectively. Estimated intangible asset amortization expense for each of the five succeeding fiscal years is as follows (in thousands):

Year ending December 31, 2019	\$ 865
Year ending December 31, 2020	865
Year ending December 31, 2021	865
Year ending December 31, 2022	865
Year ending December 31, 2023	693
Thereafter	798
Total	<u>\$ 4,951</u>

### Note 4 - Marketable Investments

The Company liquidated all of its marketable investments in December of 2018 to finance the acquisition of SiriusDecisions on January 3, 2019.

The following table summarizes the Company's marketable investments, all of which are classified as available-for-sale (in thousands):

	As of December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Federal agency obligations	\$ 1,800	\$ —	\$ (7)	\$ 1,793
Corporate obligations	52,721	—	(181)	52,540
<b>Total</b>	<b>\$ 54,521</b>	<b>\$ —</b>	<b>\$ (188)</b>	<b>\$ 54,333</b>

The following table shows the gross unrealized losses and market value of Forrester's available-for-sale securities with unrealized losses that are not deemed to be other-than-temporary, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (in thousands):

	As of December 31, 2017			
	Less Than 12 Months		12 Months or Greater	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
Federal agency obligations	\$ —	\$ —	\$ 1,793	\$ 7
Corporate obligations	31,723	149	20,817	32
<b>Total</b>	<b>\$ 31,723</b>	<b>\$ 149</b>	<b>\$ 22,610</b>	<b>\$ 39</b>

Realized gains and losses are recognized into earnings at the time of the sale based on specific identification of the cost basis of each security. Realized losses on sales of the Company's available-for-sale securities were \$0.2 million for the year ended December 31, 2018 and were recorded in other income, net. Realized gains or losses on sales of the Company's available-for-sale securities were not significant for the year ended December 31, 2017.

#### Note 5 - Non-Marketable Investments

At December 31, 2018 and 2017, the carrying value of the Company's non-marketable investments, which were composed primarily of interests in technology-related private equity funds, was \$2.5 million and \$1.9 million, respectively, and are included in other assets in the Consolidated Balance Sheets.

The Company's investments are being accounted for using the equity method as the investments are limited partnerships and the Company has an ownership interest in excess of 5% and, accordingly, the Company records its share of the investee's operating results each period. At December 31, 2016, the Company's investments also included an investment with a book value of \$0.4 million, which was accounted for using the cost method. This investment was fully liquidated during 2017. During the year ended December 31, 2018, the Company recorded a gain from its non-marketable investments of \$0.6 million, which is included in gains (losses) on investments, net in the Consolidated Statement of Income. During the years ended December 31, 2017 and 2016, the Company recorded losses from its non-marketable investments of \$0.5 million and \$0.8 million, respectively. During the years ended December 31, 2018 and 2016, no distributions were received from the funds. During the year ended December 31, 2017, a gross distribution of \$0.4 million was received from the investment fund that the Company accounted for under the cost method.

#### Note 6 - Fair Value Measurements

The Company has certain financial assets and liabilities which have been classified as either Level 1, 2 or 3 within the fair value hierarchy as described below.

Level 1 — Fair value based on quoted prices in active markets for identical assets or liabilities.

Level 2 — Fair value based on inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Fair value based on unobservable inputs that are supported by little or no market activity and such inputs are significant to the fair value of the assets or liabilities.

The following table represents the Company's fair value hierarchy for its financial assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements As of December 31, 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Money market funds (1)	\$ 255	\$ —	\$ —	\$ 255
<b>Total Assets</b>	<b>\$ 255</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 255</b>
<b>Liabilities:</b>				
Contingent purchase price (2)	\$ —	\$ —	\$ (4,196)	\$ (4,196)
<b>Total Liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (4,196)</b>	<b>\$ (4,196)</b>

	Fair Value Measurements As of December 31, 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Money market funds (1)	\$ 492	\$ —	\$ —	\$ 492
Federal agency obligations	—	1,793	—	1,793
Corporate obligations (3)	—	52,540	—	52,540
<b>Total Assets</b>	<b>\$ 492</b>	<b>\$ 54,333</b>	<b>\$ —</b>	<b>\$ 54,825</b>

- (1) Included in cash and cash equivalents.
- (2) \$1.8 million is included in accrued expenses and other current liabilities and \$2.4 million is included in non-current liabilities in the Consolidated Balance Sheet.
- (3) All corporate obligations were sold in December 2018, resulting in a loss of \$0.2 million that was recorded in other income, net in the Consolidated Statements of Income. These investments were sold to fund a portion of the purchase of SiriusDecisions (refer to Note 15 – *Subsequent Events*).

During the years ended December 31, 2018 and 2017, the Company did not transfer assets or liabilities between levels of the fair value hierarchy.

Level 2 assets consist of the Company's entire portfolio of marketable investments at December 31, 2017. Level 2 assets have been initially valued at the transaction price and subsequently valued, at the end of each reporting period, typically utilizing third party pricing services or other market observable data. The pricing services utilize industry standard valuation methods, including both income and market based approaches and observable market inputs to determine value. These observable market inputs include reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events.

Level 3 liabilities at December 31, 2018 consist entirely of the contingent purchase price related to the acquisition of FeedbackNow. Changes in the fair value of Level 3 contingent consideration for the year ended December 31, 2018 were as follows (in thousands):

	Contingent Consideration
Acquisition of FeedbackNow (1)	\$ (3,388)
Fair value adjustment of FeedbackNow (2) (3)	(780)
Foreign exchange effect	(28)
Balance at December 31, 2018	<u>\$ (4,196)</u>

- (1) See Note 2 – *Acquisitions*, for a discussion of the fair value of the earnout as of the acquisition date.
- (2) In the period subsequent to the acquisition of FeedbackNow on July 6, 2018, the fair value of the contingent consideration increased by \$0.8 million due primarily to the achievement of contract bookings during this period. This amount was recognized as acquisition and integration costs within the Consolidated Statements of Income.



- (3) As of December 31, 2018, the significant unobservable inputs used in the Monte Carlo simulation to fair value the contingent consideration included projected contract bookings, a discount rate of 23.8%, and revenue volatility of 21.9%. Increases or decreases in the inputs would result in a higher or lower fair value measurement.

## Note 7 - Income Taxes

Income before income taxes consists of the following (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Domestic	\$ 17,718	\$ 20,061	\$ 22,303
Foreign	5,807	7,310	8,406
Total	<u>\$ 23,525</u>	<u>\$ 27,371</u>	<u>\$ 30,709</u>

The components of the income tax provision are as follows (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Current:			
Federal	\$ 2,278	\$ 2,587	\$ 6,094
State	1,173	1,060	2,330
Foreign	1,763	2,159	2,032
Total current	<u>5,214</u>	<u>5,806</u>	<u>10,456</u>
Deferred:			
Federal	2,111	5,550	2,719
State	667	700	59
Foreign	153	175	(176)
Total deferred	<u>2,931</u>	<u>6,425</u>	<u>2,602</u>
Income tax provision	<u>\$ 8,145</u>	<u>\$ 12,231</u>	<u>\$ 13,058</u>

A reconciliation of the federal statutory rate to Forrester's effective tax rate is as follows:

	Years Ended December 31,		
	2018	2017	2016
Income tax provision at federal statutory rate	21.0%	35.0%	35.0%
Increase (decrease) in tax resulting from:			
State tax provision, net of federal benefit	6.2	4.0	5.0
Foreign tax rate differential	(0.2)	(3.4)	(4.4)
Stock option compensation deduction	(1.1)	0.1	0.6
Withholding taxes	2.1	1.7	0.5
Non-deductible expenses	5.3	1.8	1.5
Change in valuation allowance	—	3.9	3.2
Change in tax legislation	1.9	5.8	—
Audit settlements	—	(4.0)	—
Other, net	(0.6)	(0.2)	1.1
Effective tax rate	<u>34.6%</u>	<u>44.7%</u>	<u>42.5%</u>

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Act") was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a decrease in the corporate tax rate from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S international taxation from a worldwide tax system to a modified territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. In December 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting for certain income tax effects of the Act. SAB 118 provided a measurement period of one year from the enactment date of the Act for companies to complete the accounting for the income tax effects of the Act. During 2017, the

Company recorded provisional income tax for the remeasurement of federal deferred tax assets and liabilities of \$1.2 million and the one-time transition tax on the mandatory deemed repatriation of foreign earnings was \$0.4 million based on cumulative foreign earnings of \$22.6 million. The Company completed its analysis of the effect of the Act during 2018 in accordance with SAB 118 and recorded additional tax expense of \$0.4 million in the fourth quarter of 2018 relating to the one-time transition tax on the mandatory repatriation of foreign earnings.

In July 2015, the U.S. Tax Court issued an opinion in *Altera Corp. v. Commissioner* related to the treatment of stock-based compensation expense in an intercompany cost-sharing arrangement. The opinion invalidates part of a treasury regulation requiring stock-based compensation to be included in any qualified intercompany cost-sharing arrangement. The Company previously recorded a tax benefit based on the opinion in the case. Currently the U.S. Court of Appeals for the Ninth Circuit is reviewing the case and a final decision is yet to be issued. The Company will continue to monitor ongoing developments and potential impacts to its consolidated financial statements.

The components of deferred income taxes are as follows (in thousands):

	<u>As of December 31,</u>	
	<u>2018</u>	<u>2017</u>
Non-deductible reserves and accruals	\$ 3,835	\$ 4,936
Net operating loss and other carryforwards	7,954	8,528
Stock compensation	2,125	2,644
Depreciation and amortization	727	402
Other assets	—	46
Gross deferred tax asset	14,641	16,556
Less - valuation allowance	(2,574)	(2,686)
Sub-total	12,067	13,870
Other liabilities	(1,249)	(911)
Goodwill and intangible assets	(6,201)	(5,677)
Deferred commissions	(4,479)	(3,873)
Net deferred tax asset	<u>\$ 138</u>	<u>\$ 3,409</u>

As of December 31, 2018 and 2017, long-term net deferred tax assets were \$1.1 million and \$3.5 million, respectively, and are included in other assets in the Consolidated Balance Sheets. Long-term net deferred tax liabilities were \$1.0 million and \$0.1 million, respectively, at December 31, 2018 and 2017, and are included in non-current liabilities in the Consolidated Balance Sheets.

The Company considers all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance is needed for some portion or all of a net deferred income tax asset. Judgment is required in considering the relative impact of negative and positive evidence. In arriving at these judgments, the weight given to the potential effect of negative and positive evidence is commensurate with the extent to which it can be objectively verified. Although realization is not assured, based upon the Company's historical taxable income and projections of the Company'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 the Company will realize the benefits of these deductible differences, net of the existing valuation allowances, as discussed below.

As of December 31, 2018 and 2017, the Company maintained a valuation allowance of approximately \$2.6 million and \$2.7 million, respectively, primarily relating to U.S. capital losses from the Company's investment in technology-related private equity funds, and from foreign net operating loss carryforwards from an acquisition.

The Company has foreign net operating loss carryforwards of approximately \$20.8 million, which can be carried forward indefinitely. Approximately \$3.2 million of the foreign net operating loss carryforwards relate to a prior acquisition, the utilization of which is subject to limitation under the tax law of the United Kingdom.

As of December 31, 2018, the Company had U.S. federal and state capital loss carryforwards of \$6.2 million, of which \$1.6 million expires in 2020, \$1.4 million expires in 2021, and \$3.2 million expires in 2022.

The following table provides a summary of the changes in the deferred tax valuation allowance for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Deferred tax valuation allowance at January 1	\$ 2,686	\$ 2,193	\$ 1,534
Additions	74	1,439	1,256
Deductions	(139)	(70)	(455)
Change in tax legislation	—	(954)	—
Translation adjustments	(47)	78	(142)
Deferred tax valuation allowance at December 31	<u>\$ 2,574</u>	<u>\$ 2,686</u>	<u>\$ 2,193</u>

The Act includes a mandatory one-time tax on accumulated earnings of foreign subsidiaries, and as a result, all previously unremitted earnings for which no U.S. deferred tax liability had been accrued have now been subject to U.S. tax. Notwithstanding the U.S. taxation of these amounts, the Company intends to continue to invest all of their unremitted earnings of \$13.8 million, as well as the capital in these subsidiaries, indefinitely outside of the U.S. unless there are opportunities in the future to repatriate in a tax efficient manner. The Company does not expect to incur any material, additional taxes related to such amounts.

The Company utilizes a two-step process for the measurement of uncertain tax positions that have been taken or are expected to be taken on a tax return. The first step is a determination of whether the tax position should be recognized in the financial statements. The second step determines the measurement of the tax position. A reconciliation of the beginning and ending amount of unrecognized tax benefits is summarized as follows for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Unrecognized tax benefits at January 1	\$ 806	\$ 1,774	\$ 1,910
Reductions for tax positions of prior years	—	—	(31)
Additions for tax positions of current year	—	—	75
Settlements	—	(986)	(163)
Translation adjustments	(7)	18	(17)
Unrecognized tax benefits at December 31	<u>\$ 799</u>	<u>\$ 806</u>	<u>\$ 1,774</u>

As of December 31, 2018, the total amount of unrecognized tax benefits totaled approximately \$0.8 million, all of which if recognized, would decrease our effective tax rate in a future period. Subsequent to December 31, 2018, the Company was notified that the U.S. Competent Authority claim was in the process of being finalized. This would result in the reversal of \$0.4 million of unrecognized tax benefits and additional tax expense of approximately \$0.5 million during 2019.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense and such amounts were not significant in the years ended December 31, 2018, 2017 and 2016. Accrued interest and penalties were insignificant at December 31, 2018 and 2017. At December 31, 2016, the Company had \$0.1 million of accrued interest and penalties related to uncertain tax positions.

The Company files income tax returns in the U.S. and in foreign jurisdictions. Generally, the Company is no longer subject to U.S., state, local and foreign income tax examinations by tax authorities in its major jurisdictions for years before 2013, except to the extent of net operating loss and tax credit carryforwards from those years. Major taxing jurisdictions include the U.S., the Netherlands, the United Kingdom, Germany and Switzerland. As of December 31, 2018, the Company was not under any audits.

## Note 8 - Commitments

As of December 31, 2018, Forrester had future contractual obligations as follows for operating leases (in thousands):

2019	\$	12,498
2020		11,762
2021		10,145
2022		8,552
2023		7,856
Thereafter		22,222
Total minimum lease payments	\$	<u>73,035</u>

The cost of these operating leases, including any contractual rent increases, rent concessions, and landlord incentives, are recognized ratably over the life of the related lease agreement. Aggregate rent expense was \$17.5 million, \$17.4 million and \$16.1 million for the years ended December 31, 2018, 2017, and 2016, respectively.

## Note 9 - Stockholders' Equity

### *Preferred Stock*

Forrester has authorized 500,000 shares of \$0.01 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*

Through 2018, Forrester's Board of Directors has authorized an aggregate \$535.0 million to purchase common stock under the Company's stock repurchase program including \$50.0 million authorized in February 2018. The shares repurchased may be used, among other things, in connection with Forrester's equity incentive and purchase plans. As of December 31, 2018, the Company had repurchased approximately 16.3 million shares of common stock at an aggregate cost of \$474.9 million.

### *Dividends*

During the years ended December 31, 2018, 2017 and 2016, the Company declared and paid four quarterly dividends of \$0.20, \$0.19 and \$0.18 per share each quarter, respectively, amounting to \$0.80 per share or \$14.5 million, \$0.76 per share or \$13.6 million and \$0.72 per share or \$13.0 million, respectively.

### *Equity Plans*

Forrester maintains the following two equity incentive plans: the Forrester Research, Inc. Amended and Restated Equity Incentive Plan (the "Equity Incentive Plan" and previously the "2006 Plan") and the 2006 Stock Option Plan for Directors, as amended (the "2006 Directors' Plan"). Upon approval of an amendment to the 2006 Plan by stockholders in 2012, no future awards under the 2006 Directors' Plan could be granted or issued. In May 2016, the stockholders of the Company approved an amendment and restatement of the Company's 2006 Plan. The amendment and restatement resulted in (1) extending the term of the plan for 10 years until May 2026, (2) increasing the number of shares issuable under the plan by 2,000,000 shares, (3) establishing a maximum amount of awards issuable under the plan to the Company's non-employee directors, and (4) changing the name of the plan to the Forrester Research, Inc. Amended and Restated Equity Incentive Plan.

The Equity Incentive Plan provides for the issuance of stock-based awards, including incentive stock options ("ISOs"), non-qualified stock options ("NSOs"), and restricted stock units ("RSUs") to purchase up to 6,350,000 shares authorized in the plan, 80,000 shares returned from the 2006 Directors' Plan and 713,275 shares returned from a prior plan. Under the terms of the Equity Incentive 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). Options and RSUs generally vest annually over four years and options expire after 10 years. Beginning in 2017, RSUs granted to non-employee directors vest quarterly over one year. Options and RSUs granted under the Equity Incentive Plan immediately vest upon certain events, as described in the plan. As of December 31, 2018, approximately 2.5 million shares were available for future grant of awards under the Equity Incentive Plan.

The 2006 Directors' Plan provided for the issuance of options to purchase up to 450,000 shares of common stock. As of December 31, 2018, approximately 36,000 options remain outstanding and are fully vested under the 2006 Directors' Plan.

#### Restricted Stock Units

Restricted stock units ("RSUs") represent the right to receive one share of Forrester common stock when the restrictions lapse and the vesting conditions are met, and are valued on the date of grant based upon the value of the Company's stock on the date of grant less the present value of dividends expected to be paid during the requisite service period. Shares of Forrester's common stock will be delivered to the grantee upon vesting, subject to a reduction of shares for payment of withholding taxes. The weighted average grant date fair value for RSUs granted in 2018, 2017 and 2016 was \$43.71, \$39.73 and \$37.87, respectively. The value of RSUs vested and converted to common stock, based on the value of Forrester's common stock on the date of vesting, was \$9.1 million, \$8.7 million and \$6.6 million during 2018, 2017 and 2016, respectively.

RSU activity for the year ended December 31, 2018 is presented below (in thousands, except per share data):

	Number of Shares	Weighted- Average Grant Date Fair Value
Unvested at December 31, 2017	509	\$ 37.59
Granted	261	43.71
Vested	(198)	37.12
Forfeited	(75)	38.31
Unvested at December 31, 2018	<u>497</u>	<u>\$ 40.89</u>

#### Stock Options

Stock option activity for the year ended December 31, 2018 is presented below (in thousands, except per share data and contractual term):

	Number of Shares	Weighted - Average Exercise Price Per Share	Weighted - Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2017	937	\$ 35.10		
Granted	—	—		
Exercised	(319)	34.83		
Forfeited	(35)	34.78		
Outstanding at December 31, 2018	<u>583</u>	<u>\$ 35.27</u>	<u>4.82</u>	<u>\$ 5,496</u>
Exercisable at December 31, 2018	<u>488</u>	<u>\$ 35.40</u>	<u>4.44</u>	<u>\$ 4,545</u>
Vested and expected to vest at December 31, 2018	<u>583</u>	<u>\$ 35.27</u>	<u>4.82</u>	<u>\$ 5,496</u>

The total intrinsic value of options exercised during 2018, 2017 and 2016 was \$3.3 million, \$4.5 million and \$3.7 million, respectively.

#### Employee Stock Purchase Plan

In May 2018, stockholders of the Company approved an amendment to the Company's Amended and Restated Employee Stock Purchase Plan (the "Stock Purchase Plan"), which provided for an additional 400,000 shares of common stock, par value \$0.01 per share, to be granted under the plan. The Stock Purchase Plan provides for the issuance of up to 1.1 million shares of common stock and as of December 31, 2018, approximately 0.5 million shares remain available for issuance. With certain limited exceptions, all employees of Forrester 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 six months in length and commence on each successive March 1 and September 1. Stock purchased under the Stock Purchase Plan is required to be held for one year before it is able to be sold. During each purchase period 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 10% deducted from his or her compensation 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 (in thousands, except per share data):

<u>Purchase Period Ended</u>	<u>Shares Purchased</u>	<u>Purchase Price</u>
February 28, 2018	27	\$ 34.43
August 31, 2018	28	\$ 34.21
February 28, 2017	24	\$ 31.03
August 31, 2017	26	\$ 31.71

#### **Note 10 - 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 contributions to these plans totaled approximately \$5.0 million, \$5.2 million and \$4.3 million for the years ended December 31, 2018, 2017 and 2016, respectively.

#### **Note 11 - Reorganization**

In the first quarter of 2016, the Company implemented and completed a reduction in its workforce of approximately 2% of its employees across various geographies and functions. The Company incurred \$1.0 million of severance and related costs for this action, all of which was paid before December 31, 2016.

#### **Note 12 - Operating Segment and Enterprise Wide Reporting**

The Product segment includes the costs of the product management organization that is responsible for pricing and packaging and the launch of new products. In addition, this segment includes the costs of the Company's Analytics, Connect and Events organizations. Revenue in this segment includes all of the Company's revenue (including Research and Connect) except for revenue from advisory services and project consulting services that are delivered by personnel in the Research and Project Consulting segments.

The Research segment includes the costs of the Company's research personnel who are responsible for writing the research and performing the webinars and inquiries for its Research and Connect products. In addition, the research personnel deliver advisory services (such as workshops, speeches and advisory days) and a portion of the project consulting services. Revenue in this segment includes only revenue from advisory services and project consulting services that are delivered by the research personnel in this segment.

The Project Consulting segment includes the costs of the consultants that deliver the majority of the Company's project consulting services. Revenue in this segment includes the project consulting revenue delivered by the consultants in this segment.

The Company evaluates reportable segment performance and allocates resources based on segment revenues and expenses. Segment expenses include the direct expenses of each segment organization and exclude selling and marketing expenses, general and administrative expenses, stock-based compensation expense, depreciation expense, adjustments to incentive bonus compensation from target amounts, amortization of intangible assets, other income and gains (losses) on investments. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

The Company does not identify or allocate assets, including capital expenditures, by operating segment. Accordingly, assets are not being reported by segment because the information is not available by segment and is not reviewed in the evaluation of performance or making decisions in the allocation of resources.

In 2018, as part of the adoption of ASC 606, the Company updated its segment disclosures to present disaggregated revenue by product line within all of its reportable segments. The Company did not make any changes to the number or type of reporting segments themselves. Accordingly, the 2017 and 2016 amounts have been reclassified to conform to the current presentation.

The following tables present information about reportable segments (in thousands):

	Product	Research	Project Consulting	Consolidated
<b>Year Ended December 31, 2018</b>				
<i>Research services revenues</i>				
Research	\$ 157,669	\$ —	\$ —	\$ 157,669
Connect	50,820	—	—	50,820
Analytics	19,910	—	—	19,910
Total research services revenues	<u>228,399</u>	<u>—</u>	<u>—</u>	<u>228,399</u>
<i>Advisory services and events revenues</i>				
Advisory services	—	41,086	478	41,564
Consulting services	8,649	10,027	55,465	74,141
Events	13,471	—	—	13,471
Total advisory services and events revenues	<u>22,120</u>	<u>51,113</u>	<u>55,943</u>	<u>129,176</u>
Total segment revenues	<u>250,519</u>	<u>51,113</u>	<u>55,943</u>	<u>357,575</u>
Segment expenses	50,551	51,129	27,981	129,661
Contribution margin (loss)	199,968	(16)	27,962	227,914
Selling, marketing, administrative and other expenses				(200,540)
Amortization of intangible assets				(1,162)
Acquisition and integration costs				(3,787)
Reorganization costs				—
Other income and gains (losses) on investments				1,100
Income before income taxes				<u>\$ 23,525</u>

	Product	Research	Project Consulting	Consolidated
<b>Year Ended December 31, 2017</b>				
<i>Research services revenues</i>				
Research	\$ 148,935	\$ —	\$ —	\$ 148,935
Connect	48,798	—	—	48,798
Analytics	18,738	—	—	18,738
Total research services revenues	<u>216,471</u>	<u>—</u>	<u>—</u>	<u>216,471</u>
<i>Advisory services and events revenues</i>				
Advisory services	—	36,074	320	36,394
Consulting services	10,132	8,980	53,941	73,053
Events	11,755	—	—	11,755
Total advisory services and events revenues	<u>21,887</u>	<u>45,054</u>	<u>54,261</u>	<u>121,202</u>
Total segment revenues	<u>238,358</u>	<u>45,054</u>	<u>54,261</u>	<u>337,673</u>
Segment expenses	45,205	48,812	25,477	119,494
Contribution margin (loss)	193,153	(3,758)	28,784	218,179
Selling, marketing, administrative and other expenses				(189,849)
Amortization of intangible assets				(781)
Acquisition and integration costs				—
Reorganization costs				—
Other income and gains (losses) on investments				(178)
Income before income taxes				<u>\$ 27,371</u>

	Product	Research	Project Consulting	Consolidated
<b>Year Ended December 31, 2016</b>				
<i>Research services revenues</i>				
Research	\$ 147,576	\$ —	\$ —	\$ 147,576
Connect	47,291	—	—	47,291
Analytics	20,349	—	—	20,349
Total research services revenues	<u>215,216</u>	<u>—</u>	<u>—</u>	<u>215,216</u>
<i>Advisory services and events revenues</i>				
Advisory services	—	34,392	590	34,982
Consulting services	9,547	10,239	45,284	65,070
Events	10,827	—	—	10,827
Total advisory services and events revenues	<u>20,374</u>	<u>44,631</u>	<u>45,874</u>	<u>110,879</u>
Total segment revenues	<u>235,590</u>	<u>44,631</u>	<u>45,874</u>	<u>326,095</u>
Segment expenses	<u>41,528</u>	<u>47,496</u>	<u>23,141</u>	<u>112,165</u>
Contribution margin (loss)	194,062	(2,865)	22,733	213,930
Selling, marketing, administrative and other expenses				(181,299)
Amortization of intangible assets				(831)
Acquisition and integration costs				—
Reorganization costs				(1,026)
Other income and gains (losses) on investments				(65)
Income before income taxes				<u>\$ 30,709</u>

Net long-lived tangible assets by location as of December 31, 2018 and 2017 are as follows (in thousands):

	2018	2017
United States	\$ 20,880	\$ 23,943
United Kingdom	522	727
Europe (excluding United Kingdom)	83	163
Asia Pacific	517	413
Other	3	3
Total	<u>\$ 22,005</u>	<u>\$ 25,249</u>

Revenues by geographic destination, based on the location products and services are consumed, and as a percentage of total revenues for the years ended December 31, 2018, 2017, and 2016 are as follows (dollars in thousands):

	2018	2017	2016
United States	77%	77%	77%
Europe (excluding United Kingdom)	8	9	8
United Kingdom	4	4	5
Canada	4	4	4
Asia Pacific	5	4	4
Other	2	2	2
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

	2018	2017	2016
United States	\$ 274,151	\$ 260,077	\$ 252,222
Europe (excluding United Kingdom)	29,741	28,525	27,061
United Kingdom	15,273	13,651	14,808
Canada	15,569	14,523	13,806
Asia Pacific	17,839	15,952	13,686
Other	5,002	4,945	4,512
Total	<u>\$ 357,575</u>	<u>\$ 337,673</u>	<u>\$ 326,095</u>



**Note 13 - Certain Balance Sheet Accounts****Property and Equipment:**

Property and equipment as of December 31, 2018 and 2017 is recorded at cost less accumulated depreciation and consists of the following (in thousands):

	2018	2017
Computers and equipment	\$ 18,621	\$ 18,570
Computer software	31,276	29,891
Furniture and fixtures	8,449	9,094
Leasehold improvements	26,610	26,650
Total property and equipment	84,956	84,205
Less accumulated depreciation	(62,951)	(58,956)
Total property and equipment, net	<u>\$ 22,005</u>	<u>\$ 25,249</u>

The Company incurs costs to develop or obtain internal use computer software used for its operations, and certain of these costs meeting the criteria in ASC 350 – *Internal use software* are capitalized and amortized over their useful lives. The entire balance in the computer software category above consists of these costs. Amortization of capitalized internal use software costs totaled \$4.2 million, \$2.7 million and \$3.1 million for the years ended December 31, 2018, 2017 and 2016, respectively, and is included in depreciation in the Consolidated Statements of Income.

**Accrued Expenses and Other Current Liabilities:**

Accrued expenses and other current liabilities as of December 31, 2018 and 2017 consist of the following (in thousands):

	2018	2017
Payroll and related benefits	\$ 35,467	\$ 34,809
Taxes	2,991	3,912
Other	15,607	10,908
Total	<u>\$ 54,065</u>	<u>\$ 49,629</u>

**Non-Current Liabilities:**

Non-current liabilities as of December 31, 2018 and 2017 consist of the following (in thousands):

	2018	2017
Deferred tax liability	\$ 969	\$ 408
Deferred rent	6,602	7,523
Contingent consideration and indemnity holdback	3,433	—
Other	935	1,027
Total	<u>\$ 11,939</u>	<u>\$ 8,958</u>

**Allowance for Doubtful Accounts:**

A roll-forward of the allowance for doubtful accounts as of and for the years ended December 31, 2018, 2017, and 2016 is as follows (in thousands):

	2018	2017	2016
Balance, beginning of year	\$ 155	\$ 140	\$ 153
Provision for doubtful accounts	567	331	150
Write-offs	(363)	(316)	(163)
Balance, end of year	<u>\$ 359</u>	<u>\$ 155</u>	<u>\$ 140</u>

**Note 14 - Summary Selected Quarterly Financial Data (unaudited)**

The following is a summary of selected unaudited consolidated quarterly financial data for the years ended December 31, 2018 and 2017 (in thousands, except per share data):

	Three Months Ended			
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Total revenues	\$ 77,749	\$ 96,353	\$ 84,890	\$ 98,583
Income (loss) from operations	\$ (2,288)	\$ 11,027	\$ 4,942	\$ 8,744
Net income (loss)	\$ (1,733)	\$ 7,788	\$ 3,950	\$ 5,375
Basic income (loss) per common share	\$ (0.10)	\$ 0.43	\$ 0.22	\$ 0.29
Diluted income (loss) per common share	\$ (0.10)	\$ 0.43	\$ 0.21	\$ 0.29

	Three Months Ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
Total revenues	\$ 77,194	\$ 89,733	\$ 80,369	\$ 90,377
Income from operations	\$ 3,136	\$ 10,213	\$ 6,749	\$ 7,451
Net income	\$ 3,030	\$ 6,064	\$ 3,953	\$ 2,093
Basic income per common share	\$ 0.17	\$ 0.34	\$ 0.22	\$ 0.12
Diluted income per common share	\$ 0.16	\$ 0.34	\$ 0.22	\$ 0.11

**Out of Period Adjustment**

During the quarter ended June 30, 2018, the Company recorded \$1.0 million of revenue (\$0.7 million after tax) for an out-of-period correction within research services in the Consolidated Statements of Income. The error resulted from an understatement of revenue from the reprint product line of \$0.8 million (\$0.5 million after tax) during the three months ended March 31, 2018 and \$0.2 million (\$0.1 million after tax) from the year ended December 31, 2017. The Company has concluded that the error was not material to all annual financial statement periods presented.

**Note 15 - Subsequent Events**

On January 3, 2019, Forrester acquired 100% of the issued and outstanding shares of SiriusDecisions, Inc., a privately-held company based in Wilton, Connecticut with approximately 350 employees globally. We believe that the combination of our expertise in strategy with SiriusDecisions' focus on operational excellence will enable our clients to know what they should do, why they should do it, and how to do it. The acquisition creates several opportunities for us, including cross-selling services to our respective client bases, extending SiriusDecisions' platform, methodologies, data, and best-practices tools into new roles, and accelerating international and industry growth. The acquisition of SiriusDecisions was determined to be an acquisition of a business under the provisions of ASC 805, *Business Combinations*.

**Total Consideration Transferred**

Pursuant to the terms of the merger agreement, the Company paid \$247.3 million at closing, which included the purchase price of \$245.0 million plus an estimate of cash acquired and reduced by certain working capital items, which is subject to adjustment. Net cash paid, which accounts for the cash acquired of \$7.2 million, was \$240.1 million. At the time of the merger, each vested SiriusDecisions stock option was converted into the right to receive the excess of the per share merger consideration over the exercise price of such stock option. All unvested SiriusDecisions stock options were cancelled without payment of any consideration.

The initial accounting for the acquisition was not complete at the time the financial statements were issued due to the timing of the acquisition and the filing of this Annual Report on Form 10-K. As a result, disclosures required under ASC 805-10-50, *Business Combinations*, cannot be made at this time.

The Company recognized \$1.8 million of acquisition costs in the year ended December 31, 2018 related to the SiriusDecisions acquisition. The costs primarily consisted of legal fees and accounting and tax professional fees and are included in acquisition and integration costs within the Consolidated Statements of Income.

In connection with the acquisition of SiriusDecisions, the Company entered into a \$200.0 million Credit Agreement on January 3, 2019 (the “Closing Date”). The Credit Agreement provides for: (1) senior secured term loans in an aggregate principal amount of \$125.0 million (the “*Term Loans*”) and (2) a senior secured revolving credit facility in an aggregate principal amount of \$75.0 million (the “*Revolving Credit Facility*”) and, together with the Term Loans, the “*Facilities*”). On the Closing Date, the full \$125.0 million from the Term Loans and \$50.0 million of the Revolving Credit Facility were used to finance a portion of the acquisition of SiriusDecisions and to pay certain fees, costs and expenses incurred in connection with the acquisition. The Facilities are scheduled to mature on January 3, 2024.

Amounts borrowed under the Facilities bear interest, at Forrester’s option, at a rate per annum equal to either (i) the London Interbank Offering Rate (“*LIBOR*”) for the applicable interest period plus a margin that is between 1.75% and 2.50% based on Forrester’s consolidated total leverage ratio or (ii) the applicable base rate plus a margin that is between 0.75% and 1.50% based on Forrester’s consolidated total leverage ratio. In addition, the Company will pay a commitment fee equal to 0.35% per annum on the average daily unused portion of the Revolving Credit Facility, payable quarterly, in arrears, and on the date of termination of expiration of the Revolving Credit Facility. The commitment fee may decrease to 0.30% or 0.25% based on Forrester’s consolidated total leverage ratio.

The Term Loans require repayment of the outstanding principal balance in equal quarterly installments, commencing on March 31, 2019, in each year below, with the balance repayable on the maturity date, subject to customary exceptions. The amount payable in each year is set forth in the table below:

Year	Yearly Repayment Amount
1	\$ 6,250,000
2	9,375,000
3	12,500,000
4	12,500,000
5	15,625,000
Thereafter	\$ 68,750,000

The Revolving Credit Facility does not require repayment prior to maturity, subject to customary exceptions. In addition to financing the acquisition, proceeds from the Revolving Credit Facility can also be used towards working capital and general corporate purposes. Up to \$5 million of the Revolving Credit Facility is available for the issuance of letters of credit, and any drawings under the letters of credit must be reimbursed within one business day.

The Facilities contain certain customary restrictive loan covenants, including among others, financial covenants that apply a maximum leverage ratio and minimum fixed charge coverage ratio. The negative covenants limit, subject to various exceptions, the Company’s ability to incur additional indebtedness, create liens on assets, merge, consolidate, liquidate or dissolve any part of the Company, sell assets, pay dividends or other payments in respect to capital stock, change fiscal year, or enter into certain transactions with affiliates and subsidiaries. The first covenant reporting period is March 31, 2019, and the Company expects to be in full compliance. The Facilities also contain customary events of default, representations, and warranties.

The Facilities permit the Company to borrow incremental term loans and / or increase commitments under the Revolving Credit Facility in an aggregate principal amount up to \$50.0 million, subject to approval by the administrative agent and certain customary terms and conditions.

The Facilities can be repaid early, in part or in whole, at any time and from time to time, without premium or penalty, other than customary breakage reimbursement requirements for LIBOR-based loans. The Term Loans must be prepaid with net cash proceeds of (i) certain debt incurred or issued by Forrester and its restricted subsidiaries and (ii) certain asset sales and condemnation or casualty events, subject to certain reinvestment rights.

All obligations under the Facilities are unconditionally guaranteed by each of the Company's existing and future, direct and indirect material wholly-owned domestic subsidiaries, other than certain excluded subsidiaries, and are collateralized by a first priority lien on substantially all tangible and intangible assets including intellectual property and all of the capital stock of the Company and its subsidiaries (limited to 65% of the voting equity of certain subsidiaries).

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not applicable.

**Item 9A. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2018.

**Management’s Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (GAAP). Internal control over financial reporting includes those policies and procedures that: 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect material misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2018. In making its assessment, management used the criteria set forth in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission in 2013. Based on this assessment, management believes that as of December 31, 2018, the Company’s internal control over financial reporting is effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, as stated in their report, which appears on page 32 of this Annual Report on Form 10-K.

**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) of the Exchange Act) that occurred during the quarter ended December 31, 2018 which has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

Not applicable.

**Item 10. Directors, Executive Officers and Corporate Governance****Executive Officers**

The following table sets forth information about our executive officers as of March 8, 2019.

<b>Name</b>	<b>Age</b>	<b>Position</b>
George F. Colony	65	Chairman of the Board, Chief Executive Officer
Mack Brothers	54	Chief Product Officer
Ryan D. Darrah	47	Chief Legal Officer and Secretary
Michael A. Doyle	63	Chief Financial Officer
Kelley Hippler	50	Chief Sales Officer
Carrie Johnson	43	Chief Research Officer
Victor Milligan	55	Chief Marketing Officer
Steven Peltzman	50	Chief Business Technology Officer

*George F. Colony*, Forrester's founder, has served as Chairman of the Board of Directors and Chief Executive Officer since the Company's inception in July 1983, and as President since September 2001 and from 1983-2000.

*Mack Brothers* became Forrester's Chief Product Officer in November 2018. Previously, he served as Chief Consulting Officer from May 2016 until assuming his current role. Prior to joining Forrester, he was Vice President, Industry Services and Consulting, for IHS, Inc. (now IHS Markit, Ltd.), a business intelligence and syndicated research firm, for more than five years. Mr. Brothers held leadership positions at IHS for a total of nine years, and previously was Senior Vice President, Business Development at Wood Mackenzie, Ltd.

*Ryan D. Darrah* began serving as Chief Legal Officer and Secretary in March 2017. Previously, he was the Assistant General Counsel and Assistant Secretary of the Company. Prior to joining the Company in 2007, Mr. Darrah served as General Counsel and Secretary of Sports Loyalty Systems, Inc. and ProfitLogic, Inc.

*Michael A. Doyle* began serving as the Company's Chief Financial Officer in September 2007. He also served as the Company's Treasurer from September 2007 through June 2016. Prior to joining the Company, Mr. Doyle was Chief Financial Officer of Easylink Services Corporation, a publicly traded telecommunications messaging provider, since 2004. Prior to joining Easylink, Mr. Doyle was the Chief Financial Officer for North America of Dun & Bradstreet Corporation from 2002 to 2004, and from 1997 to 2002, he held various senior financial and marketing positions with Cendant Corporation.

*Kelley Hippler* became Forrester's Chief Sales Officer in July 2017. Previously she served as Senior Vice President for Customer Success from November 7, 2016 to July 2017, Chief of Staff, Global Sales from January 2013 to October 2013, and Senior Vice President, Emerging Sales, from January 2012 to January 2013. Ms. Hippler joined Forrester in 1999.

*Carrie Johnson* became Forrester's Chief Research Officer in November 2018. Previously she served as Senior Vice President, Research from August 2015 to November 2018 and Vice President, Group Director from October 2013 to August 2015. Ms. Johnson joined Forrester in 1998.

*Victor Milligan* began serving as the Company's Chief Marketing Officer in December 2014. From May 2011 until joining the Company he was Chief Marketing Officer for Nexage, LLC, a provider of supply-side mobile advertising solutions. From 2008-2011, Mr. Milligan was Chief Strategy and Marketing Officer for Lavastorm Analytics, and prior to that a senior managing partner and vertical industry leader at Gartner, Inc.

*Steven Peltzman* joined Forrester as its Chief Business Technology Officer in September 2011. From 2001 to 2011, Mr. Peltzman was the Chief Information Officer of the Museum of Modern Art in New York City. Prior to that, Mr. Peltzman served as the Chief Technology Officer at MarketMedical.com and as the vice president of technology at Earthweb and was an officer in the United States Air Force.

Our Code of Business Conduct and Ethics covers all employees, officers and directors, including our principal executive, financial and accounting officers. A copy of our Code of Business Conduct and Ethics can be found on our web site, [www.forrester.com](http://www.forrester.com).

We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Company's Code of Business Conduct and Ethics, that relates to a substantive amendment or material departure from a provision of the Code, by posting such information on our Internet website at [www.forrester.com](http://www.forrester.com). We also intend to satisfy the disclosure requirements of the Nasdaq Stock Market regarding waivers of the Code of Business Conduct and Ethics by posting such information on our Internet website at [www.forrester.com](http://www.forrester.com).

The remainder of the response to this item is contained in our Proxy Statement for our 2019 Annual Meeting of Stockholders (the "2019 Proxy Statement") under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance", all of which is incorporated herein by reference.

**Item 11. Executive Compensation**

The response to this item is contained in the 2019 Proxy Statement under the captions "Director Compensation" and "Executive Compensation" and is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The response to this item is contained in the 2019 Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

The following table summarizes, as of December 31, 2018, the number of options issued under our equity incentive plans and the number of shares available for future issuance under these plans:

<u>Plan Category</u>	<u>(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</u>	<u>(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights</u>	<u>(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)(1)</u>
Equity compensation plans approved by stockholders	1,079,559 (1)\$	35.27	2,925,432 (2)
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
<b>Total</b>	<b>1,079,559</b>	<b>\$ 35.27</b>	<b>2,925,432</b>

(1) Includes 496,748 restricted stock units that are not included in the calculation of the weighted average exercise price.

(2) Includes, as of December 31, 2018, 2,460,543 shares available for issuance under our Equity Incentive Plan and 464,889 shares that are available for issuance under our Stock Purchase Plan.

The shares available under our Equity Incentive Plan are available to be awarded as restricted or unrestricted stock or stock units.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The response to this item is contained in the Company's 2019 Proxy Statement under the captions "Information with Respect to Board of Directors", "Certain Relationships and Related Transactions", and "Related Person Transactions" and is incorporated herein by reference.

**Item 14. Principal Accountant Fees and Services**

The response to this item is contained in the Company's 2019 Proxy Statement under the caption "Independent Auditors' Fees and Other Matters" and is incorporated herein by reference.

**Item 15. Exhibits and Financial Statement Schedules.**

a. *Financial Statements.* See Index on page 33.

b. *Financial Statement Schedules.* None.

c. *Exhibits.* A complete listing of exhibits required is given in the Exhibit Index that precedes the exhibits filed with this report on page 77 hereof.

**Item 16. Form 10-K Summary.**

Not applicable.



## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
2.1	<a href="#"><u>Agreement and Plan of Merger, dated as of November 26, 2018, by and among Forrester Research, Inc., Supernova Acquisition Corp., SiriusDecisions, Inc., the Founder Stockholders named therein, and Fortis Advisors LLC, as Stockholder Representative</u></a>
3.1	<a href="#"><u>Restated Certificate of Incorporation of Forrester Research, Inc. (see Exhibit 3.1 to Registration Statement on Form S-1A filed on November 5, 1996)</u></a>
3.2	<a href="#"><u>Certificate of Amendment of the Certificate of Incorporation of Forrester Research, Inc. (see Exhibit 3.1 to Annual Report on Form 10-K for the year ended December 31, 1999)</u></a>
3.3	<a href="#"><u>Certificate of Amendment to Restated Certificate of Incorporation of Forrester Research, Inc.</u></a>
3.4	<a href="#"><u>Amended and Restated By-Laws of Forrester Research, Inc.</u></a>
4	<a href="#"><u>Specimen Certificate for Shares of Common Stock, \$.01 par value, of Forrester Research, Inc. (see Exhibit 4 to Registration Statement on Form S-1A filed on November 5, 1996)</u></a>
10.01+	<a href="#"><u>Registration Rights and Non-Competition Agreement (see Exhibit 10.1 to Registration Statement on Form S-1 filed on September 26, 1996)</u></a>
10.02+	<a href="#"><u>Amended and Restated Employee Stock Purchase Plan</u></a>
10.03+	<a href="#"><u>Amended and Restated Equity Incentive Plan</u></a>
10.04+	<a href="#"><u>Stock Option Plan for Directors, as amended</u></a>
10.05+	<a href="#"><u>Form of Incentive Stock Option Certificate (Amended and Restated Equity Incentive Plan)</u></a>
10.06+	<a href="#"><u>Form of Non-Qualified Stock Option Certificate (Amended and Restated Equity Incentive Plan)</u></a>
10.07+	<a href="#"><u>Form of Performance-Based Stock Option Certificate (Amended and Restated Equity Incentive Plan)</u></a>
10.08(1)+	<a href="#"><u>Form of Performance-Based Restricted Stock Unit Award Agreement (Amended and Restated Equity Incentive Plan)</u></a>
10.09+	<a href="#"><u>Form of Director's Option Certificate (Stock Option Plan for Directors)</u></a>
10.10+	<a href="#"><u>Form of Restricted Stock Unit Award Agreement (Amended and Restated Equity Incentive Plan)</u></a>
10.11+	<a href="#"><u>Form of Restricted Stock Unit Award Agreement for Directors with Four-Year Vesting (Amended and Restated Equity Incentive Plan)</u></a>
10.12+	<a href="#"><u>Form of Restricted Stock Unit Award Agreement for Directors with One-Year Vesting (Amended and Restated Equity Incentive Plan)</u></a>
10.13+	<a href="#"><u>Form of Stock Option Certificate with Non-Solicitation Covenant (Amended and Restated Equity Incentive Plan)</u></a>
10.14+	<a href="#"><u>Form of Stock Option Certificate with Non-Solicitation and Non-Competition Covenant (Amended and Restated Equity Incentive Plan)</u></a>
10.15+	<a href="#"><u>Form of Restricted Stock Unit Award Agreement with Non-Solicitation Covenant (Amended and Restated Equity Incentive Plan)</u></a>
10.16+	<a href="#"><u>Form of Restricted Stock Unit Award Agreement with Non-Solicitation and Non-Competition Covenant (Amended and Restated Equity Incentive Plan)</u></a>
10.17+	<a href="#"><u>Amended and Restated Executive Cash Incentive Plan</u></a>
10.18+	<a href="#"><u>Employment Offer Letter from Company to Michael A. Doyle dated July 24, 2007</u></a>
10.19+	<a href="#"><u>Promotion and Compensation Letter from the Company to Clifford Condon dated August 12, 2013</u></a>

10.20+	<a href="#">Promotion and Compensation Letter from the Company to Clifford Condon dated August 24, 2015</a>
10.21+	<a href="#">Forrester Research, Inc. Executive Severance Plan</a>
10.22	<a href="#">Lease of Premises at Cambridge Discovery Park, Cambridge, Massachusetts dated as of September 29, 2009 from BHX, LLC, as Trustee of Acorn Park I Realty Trust to the Company</a>
10.23	<a href="#">First Amendment of Lease dated as of December 21, 2009 by 200 Discovery Park, LLC, successor to BHX, LLC, as Trustee of Acorn Park I Realty Trust, and the Company</a>
10.24	<a href="#">Agreement Regarding Project Rights dated as of September 29, 2009, by BHX, LLC, a Massachusetts limited liability company, as Trustee of Acorn Park I Realty Trust, a Massachusetts nominee trust, and the Company</a>
10.25	<a href="#">Second Amendment of Lease dated as of February 8, 2012 by 200 Discovery Park, LLC and the Company</a>
10.26	<a href="#">Underlease dated July 15, 2010 among Covington &amp; Burling LLP, Forrester Research Limited, and the Company</a>
10.27	<a href="#">Agreement of Lease dated as of April 30, 2010 between RFL 160 Fifth LLC and the Company</a>
10.28	<a href="#">Office Lease dated November 24, 2010 between 150 Spear Street, LLC and the Company</a>
10.29	<a href="#">First Amendment to Office Lease dated as of August 2012 between 150 Spear Street, LLC and the Company</a>
10.30	<a href="#">Second Amendment to Office Lease dated as of September 25, 2015 between 150 Spear Street, LLC and the Company</a>
10.31(1)	<a href="#">Lease dated as of March 27, 2006 between DIV Danbury 187, LLC and DIV Linden 1987, LLC and SiriusDecisions, Inc.</a>
10.32(1)	<a href="#">Amendment to Lease dated as of March 27, 2008 between DIV Danbury 187, LLC and DIV Linden 187, LLC and SiriusDecisions, Inc.</a>
10.33(1)	<a href="#">Second Amendment to Lease dated as of June 15, 2012 between DIV Danbury 187, LLC and DIV Linden 187, LLC and SiriusDecisions, Inc.</a>
10.34(1)	<a href="#">Third Amendment to Lease dated as of October 24, 2012 between DIV Danbury 187, LLC and DIV Linden 187, LLC and SiriusDecisions, Inc.</a>
10.35(1)	<a href="#">Fourth Amendment to Lease dated as of February 14, 2014 between DIV Danbury 187, LLC and DIV Linden 187, LLC and SiriusDecisions, Inc.</a>
10.36(1)	<a href="#">Fifth Amendment to Lease dated as of October 2, 2015 between DIV Danbury 187, LLC and DIV Linden 187, LLC and SiriusDecisions, Inc.</a>
10.37	<a href="#">Credit Agreement, dated as of January 3, 2019, among the Company, as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders from time to time party thereto.</a>
21(1)	<a href="#">Subsidiaries of the Registrant</a>
23.1(1)	<a href="#">Consent of PricewaterhouseCoopers LLP</a>
31.1(1)	<a href="#">Certification of the Principal Executive Officer</a>
31.2(1)	<a href="#">Certification of the Principal Financial Officer</a>
32.1(1)	<a href="#">Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2(1)	<a href="#">Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

(1) Filed herewith.

+ Denotes management contract or compensation arrangements.

## 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 8, 2019

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.

<u>Signature</u>	<u>Capacity In Which Signed</u>	<u>Date</u>
<u>/s/ GEORGE F. COLONY</u> George F. Colony	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 8, 2019
<u>/s/ MICHAEL A. DOYLE</u> Michael A. Doyle	Chief Financial Officer (Principal Financial Officer)	March 8, 2019
<u>/s/ SCOTT R. CHOUINARD</u> Scott R. Chouinard	Chief Accounting Officer and Treasurer (Principal Accounting Officer)	March 8, 2019
<u>/s/ YVONNE L. WASSENAAR</u> Yvonne L. Wassenaar	Member of the Board of Directors	March 8, 2019
<u>/s/ ROBERT M. GALFORD</u> Robert M. Galford	Member of the Board of Directors	March 8, 2019
<u>/s/ GRETCHEN TEICHGRAEBER</u> Gretchen Teichgraeber	Member of the Board of Directors	March 8, 2019
<u>/s/ DAVID J. BOYCE</u> David J. Boyce	Member of the Board of Directors	March 8, 2019
<u>/s/ ANTHONY J. FRISCIA</u> Anthony J. Friscia	Member of the Board of Directors	March 8, 2019
<u>/s/ NEIL BRADFORD</u> Neil Bradford	Member of the Board of Directors	March 8, 2019
<u>/s/ JEAN BIRCH</u> Jean Birch	Member of the Board of Directors	March 8, 2019

**RESTRICTED STOCK UNIT AWARD AGREEMENT**  
**Issued Pursuant to the Forrester Research, Inc. Amended and Restated Equity Incentive Plan**

[Date]

[Insert name and address of Participant]

Dear [name of Participant]:

The undersigned (the "Participant") (i) acknowledges that (s)he has received an award (the "Award") of restricted stock units from Forrester Research, Inc. (the "Company") under the Forrester Research, Inc. Amended and Restated Equity Incentive Plan (the "Plan"), subject to the terms set forth below in this agreement (the "Agreement") and (ii) agrees with the Company as follows:

1. Effective Date; Restricted Stock Unit Award. This Agreement shall take effect [Date], which is the date of grant of the Award (the "Grant Date"), provided the Company receives this Agreement duly signed by the Participant by [Date]. The Award gives the Participant the conditional right to receive, without payment but subject to the conditions and limitations set forth in this Agreement and in the Plan, xxxx shares of Stock (the "Shares").

Except as otherwise expressly provided herein, all terms used herein shall have the same meaning as in the Plan.

2. Vesting. This Award shall vest, [subject to satisfaction of the performance conditions set forth in Appendix A], on [insert vesting date or schedule], provided that the Participant on each such vesting date has been continuously employed by the Company or a subsidiary of the Company since the date of this Agreement.

3. Delivery of Shares. Subject to Section 5 below, the Company shall, on or as soon as reasonably practicable following each vesting date set forth in Section 2 above (but in no event later than March 15 of the year following the calendar year of each such vesting date), effect delivery of the Shares with respect to the vested portion of the Award to the Participant (or, in the event of the Participant's death after vesting of all or portion of the Award, to the person to whom the Award has passed by will or the laws of descent and distribution).

4. Dividends; Equity Interest. The Award shall not be interpreted to bestow upon the Participant any equity interest or ownership in the Company or any of its subsidiaries prior to the date on which the Company delivers Shares to the Participant. The Participant is not entitled to vote any Shares by reason of the granting of this Award or to receive or be credited with any dividends that may be declared and payable on any Share prior to the payment date with respect to such Share. The Participant shall have the rights of a shareholder only as to those Shares, if any, that are actually delivered under the Award.

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5. Certain Tax Matters. The Participant expressly acknowledges that because this Award consists of an unfunded and unsecured promise by the Company to deliver Shares in the future, subject to the terms hereof, it is not possible to make a so-called “83(b) election” with respect to the Award. The Company shall, and the Participant expressly authorizes the Company to, satisfy the federal, state, local, non-U.S. or other tax withholding obligations arising in connection with the vesting of this Award or any portion thereof by having shares of Stock withheld from the Shares deliverable to the Participant upon vesting of all or any portion of the Award, up to the greatest number of whole shares with an aggregate fair market value not exceeding the minimum required withholding applicable to the amount so vesting.

6. Nontransferability. Neither this Award nor any rights with respect thereto may be sold, assigned, transferred, pledged or otherwise encumbered, except as the administrator may otherwise determine.

7. Reservation of Shares. The Company hereby agrees that at all times there shall be reserved for issuance and/or delivery such number of Shares as shall be required for issuance or delivery upon vesting of the Award.

8. Effect on Employment Rights. Nothing contained herein shall be construed to confer upon the Participant any right to be continued in the employ of the Company or any of its subsidiaries, or derogate from the right of the Company or any of its subsidiaries to retire, request the resignation of, or discharge the Participant at any time, with or without cause, except as may be expressly agreed otherwise between the Company and the Participant. The rights of the Participant are limited to those expressed herein and in the Plan and are not enforceable against the Company or its subsidiaries or affiliates, except to the extent set forth herein.

9. Exclusion from Pension and Incentive Computations. By acceptance of the grant of the Award, the Participant hereby agrees that any income realized upon the vesting of the Award, or upon the disposition of the Shares delivered upon vesting, is special incentive compensation and will not be taken into account as “wages,” “salary,” or “compensation” in determining the amount of any payment under any pension, retirement, incentive, profit-sharing, bonus, or deferred compensation plan of the Company or its subsidiaries.

10. Legal Requirements. Without limiting the generality of Section 8 of the Plan, the Company may postpone the issuance and delivery of Shares after vesting of the Award until (a) the admission of such Shares to listing on any stock exchange or exchanges on which Shares of the Company of the same classes are then listed and (b) the completion of such registration or other qualification of such Shares under any state or federal law, rule or regulation as the Company shall determine to be necessary or advisable.

11. Amendment. The Compensation Committee may, with the consent of the Participant in the case of an amendment that adversely affects the Participant's rights under the Award, at any time or from time to time, amend the terms and conditions of the Award. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing.

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12. Notices. Any notice which either party hereto may be required or permitted to give to the other shall be in writing, and may be delivered personally or by mail, postage prepaid, addressed as follows: to the Company, at its office at 60 Acorn Park Drive, Cambridge, Massachusetts 02140, or at such other address as the Company by notice to the Participant may designate in writing from time to time; to the Participant, at the address shown below his signature on this Agreement, or at such other address as the Participant by notice to the Company may designate in writing from time to time. Notices shall be effective upon receipt.

13. Personal Data. Participant agrees, understands and acknowledges that by signing this Agreement, Participant has given his/her voluntary and explicit consent to the Company to process personal data and/or sensitive personal data concerning the Participant, including but not limited to the information provided in this Agreement and any changes thereto, other necessary or appropriate personal and financial data relating to Participant and Participant's Award, participation in the Plan, and the Shares acquired upon vesting of the Award. Participant also hereby gives his or her explicit and voluntary consent to the Company to transfer any such personal data and/or sensitive personal data or information outside the country or jurisdiction in which the Participant works or is employed in order for the Company to fulfill its obligations under this Award and the Plan. Participant acknowledges that the Company and any subsidiary may make such personal data available to one or more third parties selected by the Company or the Administrator who provide services to the Company relating to the Award and the Plan. Participant hereby acknowledges that he or she has been informed of his or her right of access to his or her personal data by contacting his or her employee experience representative. Participant understands and acknowledges that the transfer of the personal data is important to the administration of the Award and the Plan and that failure to consent to the transmission of such data may limit his or her participation in the Plan.

14. Incorporation of Plan; Interpretation. The Award and this Agreement are issued pursuant to and are subject to all of the terms and conditions of the Plan, the terms, conditions, and definitions of which are hereby incorporated as though set forth at length, and the receipt of a copy of which the Participant hereby acknowledges by his signature below. A determination of the Committee as to any questions which may arise with respect to the interpretation of the provisions of this Award and of the Plan shall be final. The Committee may authorize and establish such rules, regulations, and revisions thereof not inconsistent with the provisions of the Plan, as it may deem advisable.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first above written.

**Forrester Research, Inc.**

By: \_\_\_\_\_

**Participant**

Name of Participant: \_\_\_\_\_

Date: \_\_\_\_\_

**LEASE**

**between**

**DIV DANBURY 187, LLC and DIV LINDEN 187, LLC, as Landlord**

**and**

**SIRIUSDECISIONS, INC., as Tenant**

**187 Danbury Road  
Wilton, Connecticut**

**March 27, 2006**

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### List of Exhibits

<b>Exhibit A</b>	<b>Premises Location Plan</b>
<b>Exhibit B</b>	<b>Legal Description</b>
<b>Exhibit C-1</b>	<b>Concept Plan</b>
<b>Exhibit C-2</b>	<b>Tenant Standards</b>
<b>Exhibit D</b>	<b>Cleaning Specifications</b>
<b>Exhibit E</b>	<b>Rules and Regulations</b>
<b>Exhibit F</b>	<b>Plan of First Offer Space – Suite I B Courtside Building</b>

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**LEASE**

This Lease is made and entered into as of March 27, 2006, by and between **DIV DANBURY 187, LLC**, a Delaware limited liability company with its principal place of business at c/o The Davis Companies, One Appleton Street, Boston, Massachusetts 02116 (the “**Landlord**”) and **SIRIUSDECISIONS, INC.**, a Delaware corporation with its principal place of business at 107 John Street, Southport, Connecticut 06490 (the “**Tenant**”).

**ARTICLE 1. GRANT**

**1.1 Premises.** Landlord, for and in consideration of the rents herein reserved and of the covenants and agreements herein contained on the part of Tenant to be performed, hereby leases to Tenant and Tenant accepts from Landlord, certain space shown on **Exhibit A** attached hereto and made a part hereof, containing 3,102 rentable square feet in area (the “**Premises**”), situated in the office building located at 187 Danbury Road, Wilton, Connecticut (the “**Building**”). The Building comprises two wings, one of which is known as the “**Courtside Building**” and the other which is known as the “**Riverview Building.**” The Premises is located in the Riverview Building and is known as “Suite 3D.” The Premises, Building, the “**Common Areas**” (defined below) and the land upon which the same are located, which is legally described in **Exhibit B** (the “**Land**”), together with all other improvements thereon and thereunder are collectively referred to as the “**Property.**”

**1.2 Common Areas.** Landlord hereby grants to Tenant during the term of this Lease, a license to use, in common with the others entitled to such use, the Common Areas as they from time to time exist, subject to the rights, powers and privileges herein reserved to Landlord. The term “**Common Areas**” as used herein will include all areas and facilities outside the Premises that are provided and designated by Landlord for general non-exclusive use and convenience of Tenant and other tenants. Common Areas include but are not limited to the fitness center, cafeteria, hallways, lobbies, stairways, elevators, pedestrian sidewalks, landscaped areas, loading areas, roadways, parking areas, rights of way, walking and jogging paths, if any.

**1.3 Parking.** Tenant shall be entitled to use the parking facilities at the Property in common with other Building tenants, but such right shall be limited to four (4.0) non-exclusive tenant parking spaces for each 1,000 rentable square feet demised hereunder. Tenant agrees not to overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of parking facilities. Landlord may designate parking facilities at the Property for the handicapped, visitors to the Building and for other tenants.

**ARTICLE 2. TERM**

**2.1 Lease Term.** The Premises are leased for a term (the “**Initial Term**”) to commence on the “**Commencement Date**” (as defined in **Subsection 3.1.2**) and shall end on the date (the “**Expiration Date**”) that is five (5) “**Lease Years**” (as defined below) after the “**Rent Commencement Date**” (as defined in **Section 4.01**) unless sooner terminated as herein provided. If Tenant exercises its option to extend the term pursuant to **Section 17.1**, the Expiration Date shall be extended in accordance with **Article 17** hereof (the “**Initial Term**” hereof, and as so extended, the “**Term**”). If Landlord gives and Tenant accepts possession of all or any portion of the Premises prior to the Commencement Date, such occupancy shall be subject to all the terms and conditions of this Lease and rent and other charges shall be prorated to the date that Tenant takes possession of the Premises. The first “**Lease Year**” shall begin on the Commencement Date and shall end on the last day of the twelfth (12th) full calendar month following the Commencement Date. Each Lease Year thereafter shall consist of twelve (12) consecutive calendar months following the end of the immediately preceding Lease Year.

**2.2 Holding Over.** In the event that Tenant retains occupancy of the Premises, or any part thereof, after the end of the Term, Tenant's occupancy of the Premises shall be as a tenant at will terminable at any time by Landlord. Tenant shall pay Landlord rent for such time as Tenant remains in possession of the Premises at the rate equal to the higher of: (a) one hundred fifty percent (150%) of the Annual Base Rent payable during the last month of the Lease Term, or (b) one hundred twenty-five percent (125%) of the then market-rate for the Premises, plus all Additional Rent and other sums due under this Lease. In addition, Tenant shall pay Landlord for all damages sustained by reason of Tenant's retention of possession of the Premises after the end of the Term. The provisions hereof do not limit or restrict Landlord's rights or remedies under this Lease in the event of any holding over by Tenant.

### ARTICLE 3. COMPLETION AND OCCUPANCY OF THE PREMISES

#### 3.1 Delivery of the Premises.

3.1.1 Plans for Tenant Improvements. Tenant and Landlord have approved the space plan for the Premises which is attached hereto as Exhibit C-1 (the "**Concept Plan**") and which shows Tenant's leasehold improvements and installations (the "**Leasehold Improvements**"). Landlord agrees to construct the Leasehold Improvements in accordance with the Concept Plan and the "Tenant Standards" attached hereto as Exhibit C-2. Tenant agrees to make its selections of tenant finishes and materials for the Leasehold Improvements from readily available "building standard" materials within five (5) business days following the execution of this Lease. Landlord shall have architectural and construction plans and drawings prepared for the Leasehold Improvements (the "**Final Plans**") consistent with the Concept Plan and the Tenant Standards. Tenant agrees that it will take all actions as may be necessary to enable Landlord to prepare such Final Plans within five (5) business days following execution of this Lease. Tenant agrees to approve such Final Plans within five (5) business days following Landlord's delivery of such Final Plans ("**Final Plan Approval Date**") The Final Plans as approved by Tenant are hereinafter referred to as the "**Approved Plans**". Landlord, at its expense, shall "substantially complete" (as defined below) the Leasehold Improvements in accordance with the Approved Plans and deliver possession of the Premises to Tenant subject to the terms and conditions of this Article 3.

3.1.2 Target Delivery Date. Subject to Tenant's performance of its obligations hereunder, including, without limitation, its payment of any sums payable to Landlord under this Article 3, Landlord, on behalf of Tenant, shall endeavor to substantially complete the Leasehold Improvements in accordance with the Final Plans and deliver possession of the Premises to Tenant within forty (40) business days following the Final Plan Approval Date and issuance of a building permit for such work (such date, the "**Target Delivery Date**"). Landlord's obligation to construct the Leasehold Improvements shall not require Landlord to incur overtime costs or expenses nor the construction of any "**Specialty Work**" (defined in Subsection 3.2.1). The term of this Lease and the obligations of the parties hereto shall commence on a date (hereinafter referred to as the "**Commencement Date**") which shall be the sooner of (a) the date Tenant commences operation of its business in all or any portion of the Premises; or (b) the date that the Leasehold Improvements have been "**Substantially Completed**" (as defined in Subsection 3.1.3 below).

3.1.3 Substantial Completion. The Leasehold Improvements shall be deemed "**Substantially Completed**" when Landlord's contractor or architect certifies to Landlord and Tenant in writing that: (a) the Leasehold Improvements have been completed in accordance with the Approved Plans, subject only to normal punchlist items. •

3.1.4 Extension of Target Delivery Date. Notwithstanding the foregoing, if the Leasehold Improvements are not Substantially Completed on or before the Target Delivery Date, then the Target Delivery Date shall be extended by the number of days of construction delay in achieving Substantial Completion resulting from any “**Force Majeure Delay**” or “**Tenant Delay**,” subject to the operation of Section 3.2.

### 3.2 Delayed Delivery.

3.2.1 Delay in Substantial Completion. If Landlord shall be unable to Substantially Complete and deliver possession of the Premises on or before the Target Delivery Date by reason of the fact that work required to be done by Landlord hereunder has not been Substantially Completed by that date, Landlord shall not be subject to any penalty, claim or liability nor shall the validity of this Lease or the obligations of Tenant hereunder be in any way affected except as provided in this Section below, and in no event to the extent such delay results from any of the following reasons: (a) “**Force Majeure**” or any cause beyond the control of Landlord or its general contractor or subcontractors (a “**Force Majeure Delay**”), or (b) delay (a “**Tenant Delay**”) resulting from: (i) Tenant’s failure to comply with any of the delivery dates or approval dates contained in this Article 3 relative to the design, planning, selection of finishes and pricing for the Leasehold Improvements, (ii) Tenant’s failure to approve the Final Plans on or before the Final Plan Approval Date, (iii) Tenant’s failure to provide response to requests for information, approvals or disapprovals regarding Leasehold Improvements within the time periods established in this Article 3 (or if not so stated, then within two (2) business days after request by Landlord or its contractors), (iv) Tenant’s requests for changes in the Concept Plan or the Approved Plans, or for the inclusion of materials or installations in the construction of the Leasehold Improvements other than building standard items or items with delivery requirements that may have the effect of delaying the Substantial Completion of the Leasehold Improvements beyond the Target Delivery Date (“**Specialty Work**”), or (v) any acts, omissions, non-payment, defaults or misconduct of Tenant (or its agents, employees, design professionals, contractors, licensees or invitees) with respect to the construction of the Leasehold Improvements. As used in the Lease, the term “**Force Majeure**” shall mean casualty, acts of God or the elements, inability to obtain materials or services, labor disputes or strikes, delays by governmental departments issuing permits, governmental regulations or controls, civil commotion, war or similar events.

3.2.2 Tenant Delay. If Landlord is unable to Substantially Complete the Leasehold Improvements and deliver possession of the Premises to Tenant on or before the Target Delivery Date as a result of any Tenant Delay, Tenant shall be financially responsible for “**Rent**” as defined in Section 4.2, (pro-rated on a per diem basis) for the number of days of Tenant Delay experienced by Landlord in order to Substantially Complete the Leasehold Improvements and deliver the Premises to Tenant, and such sum shall be due and payable by Tenant upon written demand by Landlord.

3.2.3 Landlord Delay. If Landlord is unable to Substantially Complete the Leasehold Improvements and deliver possession of the Premises to Tenant within three (3) months following the Target Delivery Date as a result of delays resulting from causes solely within Landlord’s control, Tenant shall receive a per diem credit of Annual Base Rent for each day that the Commencement Date is delayed beyond the such three (3)-month period solely as a result of such Landlord’s delay.

**3.3 Tenant's Communications Systems.** Tenant, at its sole expense, shall design, install, construct and maintain Tenant's furniture systems and Tenant's data, telephone, audio-visual, internet and video systems ("**Tenant's Communications Systems**") within the Premises and the related wiring within the Building necessary for the operation thereof. Tenant's Communications Systems shall not be included in the Leasehold Improvements. Landlord will permit Tenant and its agents, architects, engineers, space planners, contractors, subcontractors, suppliers and materialmen ("**Tenant's Agents and Consultants**") to have access to the Premises and the Building (at the sole risk of such parties and without liability to Landlord) for such purposes subject to the terms and conditions of this Lease. The design, plans and specifications for the wiring, cabling and equipment for Tenant's Communication System, and its locations and connections from within the Premises to the Building risers, conduits and systems shall be subject to Landlord's prior review and approval. Tenant shall provide Landlord with reasonable prior written notice of any construction work that involves any Building systems, and all such work shall be coordinated with Landlord and subject to Landlord supervision.

**3.4 Confirmation Amendments.** When the Commencement Date and Expiration Date hereof have been determined in accordance with the provisions set forth in this Lease, the parties hereto shall execute a document in recordable form, setting forth said dates and said document shall be deemed a supplement to and part of this Lease. The parties hereto agree to execute such confirmatory document not later than fifteen (15) days following the Commencement Date.

#### **ARTICLE 4. RENT AND SECURITY**

##### **4.1 Annual Base Rent.**

4.1.1 **Schedule of Monthly Rent Payments.** Beginning on the date that is the sooner to occur of: (a) July 1, 2006, or (b) the date (following the Commencement Date) that Tenant takes possession of the Premises (or any portion thereof) and begins operation of its business therein (the "Rent Commencement Date") and continuing throughout the Term, Tenant shall pay to or upon the order of Landlord an annual rental (the "**Annual Base Rent**") as set forth below which shall be payable in consecutive monthly installments on or before the first day of each calendar month in advance in the monthly amount set forth below:

<b>Period</b>	<b>Annual Base Rent</b>	<b>Annual Base Rent per Rentable Square Foot</b>	<b>Monthly Base Rent</b>
Lease Year 1	\$85,305.00	\$27.50	\$7,108.75
Lease Year 2	\$88,407.00	\$28.50	\$7,367.25
Lease Year 3	\$91,509.00	\$29.50	\$7,625.75
Lease Year 4	\$94,611.00	\$30.50	\$7,884.25
Lease Year 5	\$97,713.00	\$31.50	\$8,142.75

4.1.2 **Manner of Payment.** All payments of rent shall be made without demand, deduction, counterclaim, set-off, discount or abatement in lawful money of the United States of America. If the Commencement Date should occur on a day other than the first day of a calendar month, or the Expiration Date should occur on a day other than the last day of a calendar month, then the monthly installment of Annual Base Rent for such fractional month shall be prorated upon a daily basis based upon a thirty (30)-day month.

**4.2 Additional Rent.** Tenant shall pay to Landlord all charges and other amounts required under this Lease and the same shall constitute additional rent hereunder (herein called “**Additional Rent**”), including, without limitation, any sums due resulting from the provisions of Article 5 hereof. All such amounts and charges shall be payable to Landlord at the place where the Annual Base Rent is payable. Landlord shall have the same remedies for a default in the payment of Additional Rent as for a default in the payment of Annual Base Rent. The term “**Rent**” as used in this Lease shall mean the Annual Base Rent and the Additional Rent.

**4.3 Place of Payment.** The Annual Base Rent and all other sums payable to Landlord under this Lease shall be paid to Landlord at c/o Davis Management Corp., 200 Connecticut Avenue, Norwalk, Connecticut 06854, or at such other place as Landlord shall designate in writing to Tenant from time to time.

**4.4 Terms of Payment.** Tenant shall pay to Landlord all Annual Base Rent as provided in Section 4.1 above and Tenant shall pay all Additional Rent payable under Articles 5 and 6 on the terms provided therein. Except as provided in the immediately preceding sentence and as may otherwise be expressly provided by the terms of this Lease, Tenant shall pay to Landlord, within fifteen (15) days after delivery by Landlord to Tenant of bills or statements for all expenditures made and monetary obligations incurred by Landlord in accordance with the terms of this Lease for Tenant’s account including, without limitation, expenditures made and obligations incurred in connection with the remedying by Landlord of any of Tenant’s defaults pursuant to the provisions of this Lease and all other sums of money accruing from Tenant to Landlord in accordance with the terms of this Lease.

**4.5 Late Charges.** If Tenant shall fail to pay any Rent within five (5) days after the date same is due and payable or if any check received by Landlord from Tenant shall be dishonored, Tenant agrees that Landlord’s actual damages resulting therefrom are difficult to fix or ascertain. As a result, Tenant shall pay to Landlord (a) an administrative fee equal to five percent (5%) per month on the amount due, and (b) interest on the amount due from its due date until paid at the lesser of eighteen percent (18%) per annum or the maximum legal rate that Landlord may charge Tenant; provided, that, on the first (1st) occasion only during each Lease Year, no such charges or interest shall be payable with respect to any delinquent payment if such payment is received by Landlord within five (5) days following written notice of such failure. Such charges shall be paid to Landlord together with such unpaid amounts as an administrative fee to compensate Landlord for administrative expenses and its cost of funds.

**4.6 Security Deposit.** By execution of this Lease, Landlord acknowledges receipt of Tenant’s security deposit in the amount of \$15,000.00 (the “**Security Deposit**”) for the faithful performance of all terms, covenants and conditions of this Lease. Tenant agrees that Landlord may, without waiving any of Landlord’s other rights and remedies under this Lease upon the occurrence of any of the Events of Default described in Article 13 hereof, apply the Security Deposit; (a) to remedy any failure by Tenant to repair or maintain the Premises or to perform any other terms, covenants or conditions contained herein, or (b) to compensate Landlord for damages incurred, or to reimburse Landlord as provided herein, in connection with any such Event of Default. If Landlord uses any portion of the Security Deposit to cure any Event of Default by Tenant hereunder, Tenant shall replenish the Security Deposit to the original amount within ten (10) days following written notice from Landlord in the manner directed by Landlord in such notice. If Tenant fails to restore the full amount of the Security Deposit within such ten (10) day period, then the amount of such deficiency shall be subject to the charges described in Section 4.5 hereof. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on any such deposit. If Tenant performs all of Tenant’s obligations hereunder during the Term. Landlord will, within thirty (30) days after the expiration or earlier termination of the Lease, return the Security Deposit, or so much as has not been applied by Landlord, to Tenant or the last permitted assignee of Tenant’s interest hereunder at the expiration of the Term.

4.7 **Right to Reduce Security Deposit.** Landlord shall permit a reduction in the amount of the required Security Deposit to the amount of \$11,250.00 on the first business day following July 1, 2008, subject to Tenant's satisfaction of the following conditions: (i) Tenant shall have paid all of its Annual Base Rent payments and all other rentals due under this Lease in a timely manner as required by this Lease; (ii) no other default (or Event of Default) shall have occurred which has not been cured within any applicable grace period; and (iii) Tenant shall have provided reasonably satisfactory evidence to Landlord (in the form of financial statements certified by the president or chief financial officer of Tenant) that Tenant has maintained a net positive cash flow from operations (determined in accordance with generally accepted accounting principles) during the immediately preceding consecutive six (6) month period. In determining such net positive cash flow, depreciation may be excluded. If Tenant fails to satisfy the conditions as of the dates stated in this subsection (a), then Tenant may qualify for such reduction as soon as it is able to comply with such conditions and provide evidence to Landlord of such compliance.

## ARTICLE 5. ADDITIONAL RENT FOR ESCALATIONS IN REAL ESTATE TAXES AND OPERATING EXPENSES

5.1 **Definitions.** Annual Base Rent does not anticipate any increase in the amount of taxes on the Property, or in the cost of the operation and maintenance thereof. In order that the rent payable hereunder shall reflect any such increases, Tenant agrees to pay as Additional Rent, an amount calculated as hereinafter set forth. For purposes of this Article 5, the following definitions shall apply:

**"Tax Year":** The fiscal year of the Town of Wilton (July 1 – June 30) or other applicable governmental authority for real estate tax purposes or such other twelve (12)-month period as may be duly adopted in place thereof.

**"Base Tax Year":** The Town of Wilton's tax fiscal year of July 1, 2005 through June 30, 2006.

**"Base Taxes":** The amount of Taxes assessed with respect to the Property for each Tax Year (or portion thereof) which occurs during the Base Tax Year, giving full effect to an revaluation.

**"Tax Increases":** Attributable to a Tax Year, shall mean the excess, if any, of the Taxes paid or incurred during such Tax Year over the Base Taxes.

**"Taxes":** All taxes, assessments and charges of every kind and nature levied, assessed or imposed at any time by any governmental authority upon or against the Property or any improvements, fixtures and equipment of Landlord used in the operation thereof whether such taxes and assessments are general or special, ordinary or extraordinary, foreseen or unforeseen in respect of each Tax Year falling wholly or partially within the Term. Taxes shall include, without limitation, all general real property taxes and general and special assessments, charges, fees or assessments for all governmental services or purported benefits to the Property, service payments in lieu of taxes, all business privilege taxes, and any tax, fee or excise on the act of entering into this Lease or any other lease of space in the Building, or on the use or occupancy of the Building or any part thereof, or on the rent payable under any lease or in connection with the business of renting space under any lease or in connection with the business of renting space in the Building, that are now or hereafter levied or assessed against Landlord by the United States of America, the State of Connecticut, or any political subdivision, public corporation, district or other political or public entity, including legal fees, experts' and other witnesses' fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce Taxes. Taxes shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a

substitute for, or as an addition to, in whole or in part, any other Taxes (including, without limitation, any municipal income tax) and any license fees, tax measured or imposed upon rents, or other tax or charge upon Landlord's business of leasing the Building, whether or not now customary or in the contemplation of the parties on the date of this Lease. Taxes shall not include: (a) franchise, transfer, gift, excise, capital stock, estate, succession and inheritance taxes, and federal and state income taxes measured by the net income of Landlord from all sources, unless due to a change in the method of taxation such tax is levied or assessed against Landlord as a substitute for, or as an addition to, in whole or in part, any other Tax that would constitute a Tax; or (b) penalties or interest for late payment of Taxes.

**"Base Expense Year"**: The calendar year 2006.

**"Expense Year"**: The first and full calendar year following the Base Expense Year and each calendar year thereafter.

**"Base Expenses"**: The Operating Expenses for the Base Expense Year equitably adjusted to the amount such Operating Expenses would have been if ninety-five percent (95%) of the rentable area in the Building had been occupied during the Base Expense Year if there is less than ninety five percent (95%) occupancy in the Base Expense Year. Only those component expenses that are affected by variation in occupancy levels shall be "grossed-up." For purposes of determining Tenant's Share of Expense Increases, the Base Expenses shall be deemed to have been incurred by Landlord during the Base Expense Year.

**"Expense Increases"**: Attributable to an Expense Year, shall mean the excess, if any, of the Operating Expenses paid or incurred during such Expense Year equitably adjusted, if less than ninety-five percent (95%) occupancy, to the amount such Operating Expenses would have been if ninety-five percent (95%) of the rentable area in the Building had been occupied during the Expense Year over the Base Expenses. Only those component expenses that are affected by variation in occupancy levels shall be "grossed-up".

**"Operating Expenses"**: All costs and expenses (and taxes, if any, thereon) paid or incurred on behalf of Landlord (whether directly or through independent contractors) in connection with the ownership, management, operation, maintenance and repair of the Building and Common Areas (including any sales or other taxes thereon) during the Term as a first-class office building, including, without limitation:

(a) supplies, materials and equipment purchased or rented, total wage and salary costs paid to, and all contract payments made on account of, all persons to the extent engaged in the operation, maintenance, security, cleaning and repair of the Property at or below the level of building manager (including the amount of any taxes, social security taxes, unemployment insurance contributions, union benefits) and any on-site employees of Landlord's property management agent.

(b) the building systems, including heating, ventilating, air conditioning, plumbing, electrical, mechanical, sewer, fire detection, sprinkler, life safety and security systems, telecommunications facilities, elevators and escalators, tenant directories, emergency generator, and other equipment used in common by, or for the benefit of, occupants of the Building including such repairs and replacements as may be necessary to maintain the same in proper working order and in compliance with all applicable laws and industry performance standards;

(c) charges of contractors for services and facilities otherwise includable in Operating Expenses, including security, trash removal, cleaning, janitorial, window washing, snow and ice removal, exterior and interior landscaping, the maintenance and repair of the parking facilities, roadways and light poles;



(d) the cost of utility services for the Property, including, without limitation, water, sanitary sewer, electricity, gas, fuel oil, steam, chilled water; but excluding electricity supplied to the Premises and billed to Tenant pursuant to Section 5.4 and electricity used by other tenants of the Building within their leased space and billed directly to such tenants;

(e) the premiums for fire, extended coverage, loss of rents, boiler, machinery, sprinkler, public liability, property damage, earthquake, flood, and other insurance relative to the Property and the operation and maintenance thereof (including the Building's fitness center and cafeteria) and unreimbursed costs incurred by Landlord that are subject to an insurance deductible;

(f) the operation and maintenance of the Building's cafeteria (or other food service facility) and fitness center, including the cost of utilities, repairs and insurance; subject, however, to Landlord's agreement to use reasonable efforts to operate the cafeteria on a "break even" basis such that there is no net loss or gain to Landlord depending upon operating price levels. Tenant agrees to cooperate with Landlord in establishing an employee subsidy program for Tenant's employees to effect the intent of this subsection to have a "break even" cafeteria operation at the Building;

(g) the cost of capital items incurred with respect to the ownership, operation, maintenance and repair of the Property for repairs, alterations, installations, improvements and additions amortized over the reasonable life of the capital items as determined in the reasonable judgment of Landlord's accountant in accordance with generally accepted accounting principles together with interest at the greater of 12% per annum or Landlord's borrowing rate for such capital items on the unamortized balance of the cost of the capital item and the installation thereof that are made to the Property by Landlord in order to: (i) maintain the Building and Building systems in proper working order and in compliance with applicable laws and performance standards, (ii) reduce (or avoid an increase in) operation or maintenance expenses with respect to the Property, (iii) comply with laws, regulations or orders of any governmental or quasi-governmental authority, agency or department which were enacted or became effective after the date hereof, or (iv) comply with the requirements of Landlord's insurers;

(h) office costs of administration; legal and accounting fees and other expenses of maintaining and auditing Property accounting records and preparing Landlord's Statements; and

(i) fees for management services whether rendered by Landlord (or affiliate) or a third-party property manager in an amount not to exceed the rate of five percent (5%) of Rents charged to Building tenants;

**"Tenant's Share"**: Tenant's Share shall be a fraction, the numerator of which shall be the rentable area of the Premises and the denominator of which shall be the rentable area of the Building. On the Commencement Date the Tenant's Share is two and thirty-one hundredths percent (2.31%). The Tenant's Share shall be recalculated from time to time in the event that there shall be a change in the rentable area of either the Premises or the Building.

**"Landlord's Statement"**: An instrument containing a computation of any Additional Rent due pursuant to the provisions of this Article 5.

**5.2 Payment of Taxes.** Tenant shall pay, as Additional Rent, Tenant's Share of all Taxes payable in respect of any Tax Year falling wholly or partially within the Term, to the extent that Taxes for any such period shall exceed the Base Taxes (which payment shall be adjusted by proration with respect to any partial Tax Year). Within thirty (30) days after the issuance by the Town of Wilton or other applicable governmental authority of the bill for Taxes, Landlord shall submit to Tenant a copy of such bill, together with Landlord's Statement and Tenant shall pay the Additional Rent set forth on such Landlord's Statement (less the amount of estimated payments paid by Tenant on account thereof) as set forth herein. Landlord, at its option, may require Tenant to make monthly payments on account of Tenant's Share of Tax Increases for Tax Years following the Base Tax Year. The monthly payments shall be one-twelfth (1/12th) of the amount of Tenant's Share of Tax Increases and shall be payable on or before the first day of each month during the Term, in advance, in an amount estimated by Landlord and billed by Landlord to Tenant; provided, that, Landlord shall have the right initially to determine such monthly estimates and to revise such estimates from time to time.

**5.3 Payment of Operating Expenses.** Tenant shall pay to Landlord, as Additional Rent, Tenant's Share of all Operating Expenses in respect of each Expense Year to the extent Operating Expenses for each such Expense Year shall exceed Base Expenses. Tenant shall pay a sum equal to one-twelfth (1/12) of the amount of Tenant's Share of Expense Increases for each Expense Year on or before the first day of each month of such Expense Year, in advance, in an amount estimated by Landlord and billed by Landlord to Tenant; provided, that, Landlord shall have the right initially to determine such monthly estimates and to revise such estimates from time to time. After the expiration of the Base Expense Year and each Expense Year, Landlord shall prepare and furnish Tenant' with Landlord's Statement showing the Base Expenses or the Operating Expenses incurred during such Expense Year. Within thirty (30) days after receipt of Landlord's Statement for any Expense Year setting forth Tenant's Share of any Expense Increase attributable to such Expense Year, Tenant shall pay Tenant's Share of such Expense Increase (less the amount of estimated payments paid by Tenant on account thereof) to Landlord as Additional Rent.

**5.4 Payment of Electric Expense.** Tenant shall pay for the full cost (the "**Electric Expense**") of the electric energy consumed within the Premises as well as the expense of any special facilities and equipment serving the Premises as reasonably determined by Landlord from time to time based upon the survey report of a third party engineering consultant which shall take into consideration Tenant's electricity Consumption, actual hours of operation, the equipment and machinery in the Premises, the rentable area of the Premises, the actual rate of payment established by the utility company for such service and the actual tenant electrical expense for the Building. Beginning on the Commencement Date, Tenant shall pay Landlord at the rate of **\$2.00** per rentable square foot of the Premises per annum (subject to change as described below) with respect to the expense of Tenant's lights and general office equipment (exclusive of any special facilities and equipment). During the Term, Tenant's rate of payment shall increase from time to time based upon the increases in rate charged by the utility company to the Landlord or Tenant's proportionate share of the actual tenant electrical expense for the Building; and Landlord shall have the right to issue supplemental billing to Tenant from time to time for its Electric Expense to account for such increases. Tenant's Electric Expense shall also be subject to increase based upon a change in Tenant's electric consumption as determined by Landlord's independent consultant. The Electric Expense payable in respect of the Premises shall constitute Additional Rent under this Lease (but shall not be included as an Operating Expense), and shall be due and payable monthly in advance beginning on the Commencement Date and continuing on the first day of each calendar month during the Term.

## 5.5 Landlord's Statements and Tenant's Inspection Rights.

5.5.1 Landlord's Statements. Landlord will deliver Landlord's Statements to Tenant during the Term. Landlord's delay or failure to render Landlord's Statement with respect to the Base Expense Year, any Expense Year or any Tax Year beyond a date specified herein shall not prejudice Landlord's right to render a Landlord's Statement with respect to that or any subsequent Expense Year or subsequent Tax Year. The obligations of Landlord and Tenant under the provisions of this Article with respect to any Additional Rent incurred during the Term shall survive the expiration or any sooner termination of the Term. If Landlord fails to give Tenant a statement of projected Operating Expenses prior to the commencement of any Expense Year, Tenant shall continue to pay Operating Expenses in accordance with the previous statement, until Tenant receives a new statement from Landlord.

5.5.2 Tenant's Right to Audit. During the sixty (60)-day period after receipt of any Landlord's Statement (the "Review Period"), Tenant may inspect and audit Landlord's records relevant to the cost and expense items reflected in such Landlord's Statement at a reasonable time mutually agreeable to Landlord and Tenant during Landlord's usual business hours. Each Landlord's Statement shall be conclusive and binding upon Tenant unless within sixty (60) days after receipt of such Landlord's Statement Tenant shall notify Landlord that it disputes the correctness of Landlord's Statement, specifying the respects in which Landlord's Statement is claimed to be incorrect. All inspections and audits of Landlord's books and records and any arbitration shall be subject to a confidentiality agreement reasonably acceptable to Landlord.

5.6 Adjustments. If the actual amount of Tenant's Share of the Expense Increases for any Expense Year or Tenant's Share of Tax Increases for any Tax Year exceeds the estimated amount thereof paid by Tenant for such Expense Year or Tax Year, then Tenant shall pay to Landlord the difference between the estimated amount paid by Tenant and the actual amount of such Additional Rent payable by Tenant. This Additional Rent payment shall be due and payable within thirty (30) days following delivery of Landlord's Statement. If the total amount of estimated payments made by Tenant in respect of Tenant's Share of Expense Increases for such Expense Year or Tenant's Share of Tax Increases for any Tax Year shall exceed the actual amount of such Additional Rent payable by Tenant, then such excess amount shall be credited against the monthly installments of Additional Rent due and payable from Tenant to Landlord hereunder for such Additional Rent until such amount shall have been refunded in full to Tenant. Any excess payments made by Tenant during the Term that have not been so applied and are outstanding at the end of the Term shall be paid to Tenant promptly following delivery of Landlord's Statement for the final Expense Year and final Tax Year, as applicable. Even though the Term has expired and Tenant has vacated the Premises, when final determination is made of Tenant's Share of Expense Increases or Tax Increases for the year in which this Lease terminates, Tenant shall pay any increase due over the estimated Expense Increases or Tax Increases paid within fifteen (15) days after Landlord's delivery of Landlord's Statement thereof.

## ARTICLE 6. SERVICES AND UTILITIES

**6.1** **Services.** Landlord shall provide the following services to the Building and Premises (subject to Tenant's reimbursement and payment obligations therefor in accordance with the operation of Article 5 hereof):

(a) Janitor services in and about the Premises in accordance with the cleaning specifications set forth in Exhibit D, Saturdays, Sundays and union and state and federal government holidays (the "**Holidays**") excepted. Tenant shall not provide any janitor service without Landlord's written consent. If Landlord's consent is given, such janitor services shall be subject to Landlord's supervision and control, but shall be performed at Tenant's sole cost and responsibility.

(b) Heat and air-conditioning as required to maintain comfortable temperature (excluding specialized temperature and humidity control for computers, printers and other equipment) daily from 8:00 a.m. to 6:00 p.m. Monday through Friday, Saturdays from 8:00 a.m. to 12:00 noon ("**Normal Business Hours**"), the remainder of Saturdays, Sundays and Holidays excepted, consistent with such service typical of first class comparable buildings in Fairfield County.

(c) Hot and cold running water for cleaning, landscaping, grounds maintenance, fire protection, drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord or by Tenant with Landlord's written consent. If Tenant's water use increases beyond customary office user levels, Landlord shall have the right to install a water meter at Tenant's expense and to charge Tenant as Additional Rent for its water consumption in the Premises in accordance with readings from such meter.

(d) Electric current from providers selected by Landlord, in amounts required for normal lighting by building standard lighting overhead fixtures and for Tenant's normal business operations, including without limitation, personal computers, copiers, facsimiles and other ordinary business equipment, subject, however, to Landlord's approval of Tenant's final electrical plan for the Premises (but specifically excluding electric current surge protection).

(e) Maintenance of the Common Areas so that they are clean and free from accumulations of snow, debris, rubbish and garbage.

(f) Security services; access by Tenant to the Premises and use of designated elevator service twenty-four (24) hours per day, seven (7) days per week, fifty-two (52) weeks per year, subject to the operation of Landlord's computerized access system at the Building's entrances and to Landlord's Rules and Regulations. Overtime HVAC and other services shall be available as provided in Section 6.2 hereof.

Landlord shall have the right to select the utility providers and Tenant shall pay all actual costs associated with obtaining the utility service as provided in Article 5 hereof. Landlord agrees to furnish or cause to be furnished to the Premises the utilities and services described herein, subject to the conditions and in accordance with the standards set forth herein. Landlord's failure to furnish any of such services when such failure is caused by accidents, the making of repairs, alterations or improvements, labor difficulties, difficulty in obtaining adequate supply of fuel, electricity, steam, water or other service or supplies from the sources from which they are usually obtained for the Building, or governmental constraints or any other cause beyond Landlord's reasonable control, shall not result in any liability to Landlord. Tenant shall not be entitled to any abatement or reduction of rent by reason of such failure, no eviction of Tenant

shall result from such failure and Tenant shall not be relieved from the performance of any covenant or agreement in this Lease. In the event of any failure, stoppage or interruption thereof, Landlord shall diligently attempt to resume service promptly.

**6.2 Additional Services.** Landlord shall impose reasonable charges and may establish reasonable rules and regulations for the following: (a) the use of any heating, air-conditioning, ventilation, electric current or other utility services or equipment by Tenant after Normal Business Hours (“**Overtime HVAC**”); (b) the use or consumption of any other building services, supplies or utilities after Normal Business Hours and any unanticipated, additional costs incurred by Landlord to operate the Building after Normal Business Hours as a result thereof; (c) additional or unusual janitorial services required because of any non-building standard improvements in the Premises, the carelessness of Tenant, the nature of Tenant’s business (including the operation of Tenant’s business after Normal Business Hours); and (d) the removal of any refuse and rubbish from the Premises except for discarded material placed in wastepaper baskets and left for emptying as an incident to Landlord’s normal cleaning of the Premises in accordance with Exhibit D. The expense charged by Landlord to Tenant for any Overtime HVAC shall be based on Landlord’s actual cost for such utility services as charged to Landlord by the utility companies providing such services. This amount shall constitute Additional Rent and shall be payable in accordance with Section 4.4. Landlord’s current charge for Overtime HVAC service is \$80.00 per hour and is subject to change as provided herein.

**6.3 Excessive Current.**

6.3.1 **Prohibited Activities.** Tenant shall comply with the conditions of occupancy and connected electrical load reasonably established by Landlord for the Building and Tenant shall not use utilities or other services in excess of the services described above in Section 6.1 or in a manner which exceeds or interferes with any Building systems or service equipment or Landlord’s ability to provide services to other tenants in the Building. Tenant shall not, without Landlord’s prior consent in each instance, connect air conditioning equipment, computers, (excluding personal computers and printers and office copiers and facsimile machines), major appliances (excluding coffee makers, microwave ovens and other similar food preparation appliances) or heavy duty equipment (“**High Usage Equipment**”) to the Building’s electrical system. Tenant covenants that at no time shall the use of electrical energy in the Premises exceed the capacity of the existing feeders or wiring installations then serving the Premises. Tenant shall not, without prior consent of Landlord in each instance, make or perform, or permit the making or performing of, any alteration to wiring installations or other electrical facilities in or serving the Premises or any additions to the electrical fixtures, machines, equipment or other appliances in the Premises which utilize electrical energy.

6.3.2 **Landlord’s Right to Survey Usage.** Landlord may survey Tenant’s use of services from time to time. Tenant shall pay Landlord all costs arising out of any excess use or other connection of High Usage Equipment, including the cost of all repairs and alterations to the Building’s mechanical and electrical systems (including the installation of meters) and the cost of additional electricity made available to Tenant, if any. Such costs shall constitute Additional Rent and Tenant shall pay such costs pursuant to Section 4.4.

**6.4 Maintenance of Common Areas.** The manner in which the Common Areas are maintained and operated and the expenditures therefor shall be at the sole discretion of Landlord and in accordance with the standards of comparable buildings in Fairfield County. Landlord reserves the right from time to time to: (a) make changes in the shape, size, location and appearance of the land and improvements which constitute the Common Areas, provided that Landlord shall not materially impair the Tenant’s ability to operate its business, except temporary impairments required by said changes; (b)

make such improvements, alterations and repairs to the Common Areas as may be required by governmental authorities or by utility companies servicing the Building; (c) construct, maintain and operate lighting and other facilities on all said areas and improvements; (d) grant exclusive parking rights to Building tenants; and (e) to add or remove improvements and facilities to or from the Common Areas. The use of the Common Areas shall be subject to such reasonable regulations and changes therein as Landlord shall make from time to time, including (but not by way of limitation) the right to close from time to time, if necessary, all or any portion of the Common Areas to such extent as may be legally sufficient, in the opinion of Landlord's counsel, to prevent a dedication thereof or the accrual of rights of any person or of the public therein; provided, however, Landlord shall do so at such times and in such manner as shall minimize any disruption to Tenant to the extent reasonably possible.

## **6.5 Access to Premises.**

6.5.1 Landlord's Right of Entry. Landlord shall have the right to enter the Premises without abatement of Rent at all reasonable times upon reasonable prior notice to Tenant (except in emergencies when no advance notice shall be required), (a) to supply any service to be provided by Landlord to Tenant hereunder, (b) to show the Premises to Landlord's Mortgagee and to prospective purchasers, mortgagees and tenants, (c) to inspect, alter, improve or repair the Premises and any portion of the Building, and (d) to introduce conduits, risers, pipes and ducts to and through the Premises, provided that in exercising any such right, Landlord will cause all such conduits, risers, pipes and ducts to be placed above dropped ceilings, within walls, or below floors or in closets, to the extent reasonably practicable. In conducting any such activities, Landlord shall use reasonable efforts not to disrupt the conduct of Tenant's business operations.

6.5.2 Tenant's Keys. For each of the purposes stated above in this Section 6.5, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults and safes, or special security areas, and Landlord shall have the right to use any and all means that Landlord may deem necessary or proper to open said doors in an emergency, in order to obtain entry to any portion of the Premises.

**6.6 Cafeteria and Fitness Center.** The Building contains a fitness center (the "**Fitness Center**") and a cafeteria (the "**Cafeteria**") which will be operated and maintained by the Landlord (or an operator selected by the Landlord). The Cafeteria and Fitness Center may not be available from time to time due to construction activities, repairs, maintenance or alterations, or a change in the managing or operating company hired by Landlord, and Landlord reserves the right to change the use of such facilities if the same is uneconomic or insufficiently used by Building tenants in which case such facilities shall be subject to discontinuance and removal by Landlord, as determined by Landlord in its sole discretion. Landlord agrees to make the Fitness Center (and its facilities and equipment) available to Tenant's employees on a direct, non-exclusive basis subject to (a) Landlord's Rules and Regulations regarding the use thereof; (b) payment of a monthly or other periodic user fee; and (c) execution of a waiver of liability and indemnity agreement for Landlord's benefit in form and substance satisfactory to Landlord prior to such person's use of the Fitness Center.

## ARTICLE 7. CONDUCT OF BUSINESS BY TENANT

**7.1 Permitted Use.** The Premises shall be used and occupied for general office purposes only. Tenant shall not use or occupy, or permit the use or occupancy of, the Premises or any part thereof for any use other than the sole use specifically set forth above or in any illegal manner, or in any manner that, in Landlord's judgment, would adversely affect or interfere with any services required to be furnished by Landlord to Tenant or to any other tenant or occupant of the Building, or with the proper and economical rendition of any such service, or with the use and enjoyment of any part of the Building by any other tenant or occupant. Tenant agrees that it will not exceed the maximum floor-bearing capacity for the Premises.

**7.2 Tenant's Personal Property.** Tenant shall be responsible for any ad valorem taxes on its personal property (whether owned or leased) and on the value of its leasehold improvements in the Premises (which are in excess of building standard improvements), and if the taxing authorities do not separately assess Tenant's leasehold improvements, Landlord may make a reasonable allocation of the impositions to such improvements and charge Tenant for the same as Additional Rent.

### **7.3 Compliance with Laws.**

**7.3.1 Tenant's Compliance Obligations.** Tenant, at Tenant's expense, shall comply promptly with the laws, ordinances, rules, regulations and orders of all governmental authorities in effect from time to time during the Term including, without limitation, the Americans with Disabilities Act ("**ADA**"), and all applicable federal, state and municipal building, zoning, fire, health, safety and environmental laws (the "**Applicable Laws**") that shall impose any duty on Tenant with respect to the Premises or the use, occupancy or operation thereof. Tenant will obtain and maintain in full force and effect any and all licenses and permits necessary for its use. Tenant shall make any Alterations in or to the Premises in order to comply with the foregoing, which are necessitated or occasioned, in whole or in part by the use or occupancy or manner of use, occupancy or operation of the Premises by Tenant or any of its officers, employees, agents, contractors, invitees, licensees or subtenants (the "**Tenant Parties**").

**7.3.2 Landlord's Compliance Obligations.** Landlord shall comply with all Applicable Laws in effect from time to time during the Term that shall impose any duty on Landlord with respect to the Common Areas of the Building, excluding any matters that are Tenant's responsibility under this Lease or the responsibility of other tenants of the Building. The Leasehold Improvements designed and constructed by Landlord will conform upon completion to all Applicable Laws, including, without limitation, the requirements of Title III of the ADA. Notwithstanding anything to the contrary contained herein, Tenant shall be responsible for legal compliance, including the requirements of the ADA, with respect to (a) any and all requirements on account of Tenant's use of, or operations in, the Premises, and (b) all Alterations designed or constructed by Tenant or its contractors or agents.

**7.4 Landlord's Rules and Regulations.** Tenant shall observe and comply with the rules and regulations attached to this Lease as Exhibit E, and all reasonable modifications thereof and additions thereto from time to time put into effect by Landlord (the "**Rules and Regulations**"). Tenant shall not use or permit the use of the Premises in any manner that will create waste or a nuisance, or which shall tend to unreasonably disturb other tenants of the Building.

**7.5 No Liens.** Tenant shall keep the Premises and Property free from any liens or encumbrances arising out of any work performed, material furnished or obligations incurred by or for Tenant or any person or entity claiming through or under Tenant. Any claim to, or lien upon, the Premises

or the Building arising from any act or omission of Tenant shall accrue only against the leasehold estate of Tenant and shall be subject and subordinate to the paramount title and rights of Landlord in and to the Premises and the Property. If any mechanics' or other lien shall be filed against the Premises or the Property purporting to be for labor or material furnished or to be furnished at the request of the Tenant, then Tenant shall at its expense cause such lien to be discharged of record by payment, bond or otherwise, within thirty (30) days after the filing thereof.

## 7.6 Hazardous Substances.

7.6.1 Prohibition on Use; Remediation. Tenant shall not generate, store (except customary supplies maintained in amounts and in a manner consistent with reasonable commercial office practices if stored, used and disposed of, in accordance with all Applicable Laws thereto), dispose of or release, or permit the storage, use, disposal or release of, any "**Hazardous Substances**" (as defined below), in, above, on or under the Premises or the Property. Tenant shall remove, clean up and remediate any Hazardous Substance on the Premises in accordance with Applicable Laws, provided that the presence of such Hazardous Substance resulted from the action or inaction of Tenant, or any Tenant Parties.

7.6.2 Hazardous Substances. As used in this Lease, the term "**Hazardous Substances**" shall mean any material or substance that, whether by its nature or use, is now or hereafter defined as a hazardous waste, hazardous substance, hazardous material, hazardous chemical substance or mixture, pollutant or contaminant under the Comprehensive Environmental response Compensation and Liability Act, as amended (42 U.S.C. §9601 et seq.), Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §6901 et seq.), Toxic Substances Contract Act, as amended (15 U.S.C. §2601 et seq.), or which is now or hereafter regulated under any Applicable Laws, or which is or contains petroleum, gasoline, diesel fuel or another petroleum hydrocarbon product or material, or which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous.

7.7 Signs. Landlord will place: (a) an identification sign at the interior entrance to the Premises which is consistent with applicable Building standards promulgated by Landlord from time to time, and (b) a listing identifying Tenant in the multi-tenant directory in the Building lobby. Tenant shall not place or erect any signs, monuments or other structures in or on the Building or Property. Tenant shall not place any signage on the exterior of the Premises nor on the inside of the Premises which are visible from the exterior of the Premises. Tenant shall pay for all costs to change signage as a result of a change in the name of the business occupying the Premises.

7.8 Right to Relocate. Landlord reserves the right to relocate the Premises. If Landlord exercises this right, it agrees to substitute for the Premises comparable office space subject to the following conditions: (a) Landlord shall have given Tenant written notice (the "**Relocation Notice**") of the relocation identifying the location and dimensions of the new space to be made subject to this Lease (the "**Substitute Premises**") together with a plan of such Substitute Premises; (b) the Substitute Premises shall be substantially similar in area to the Premises initially leased to Tenant hereunder, shall have at least the same number of windows, and shall be delivered with improvements of a similar standard and quantity as exists at the Premises at the Commencement Date (together with any approved Alterations constructed by Tenant); and (c) Landlord shall pay all of Tenant's reasonable costs and expenses directly incurred as a result of the relocation, including moving expenses in connection with the relocation and the cost of re-wiring and re-installing telephone machinery and equipment, which expenses shall be subject to Landlord's reasonable review prior to Tenant incurring any liability therefor. Tenant agrees to cooperate with Landlord so as to facilitate the prompt completion by Landlord of its obligations under this Section and the prompt surrender by Tenant of the Premises. Tenant shall vacate and surrender the Premises and



shall occupy the Substitute Premises promptly (and, in any event, not later than thirty (30) days) after the work has been substantially completed in the Substitute Premises. Landlord and Tenant agree to execute a lease amendment within ten (10) days following delivery of the Relocation Notice to confirm the leasing of the Substitute Premises, and any corresponding changes relative to the Substitute Premises.

## ARTICLE 8. ALTERATIONS, IMPROVEMENTS AND SIGNAGE

**8.1 Landlord's Obligations.** Landlord will maintain all structural components of the Building, including, without limitation, the roof, foundation, exterior and load-bearing walls (including exterior windows and doors), the structural floor slabs and all other structural elements of the Premises, as well as the Common Areas of the Building, in good repair, reasonable wear and use (except casualty and condemnation which shall be governed by Article 10 and Article 11, respectively). The cost of this maintenance and repair shall be included in Operating Expenses and shall be subject to reimbursement under Article 5 hereof to the extent provided therein. Maintenance and repair expenses caused by Tenant's willful misconduct or negligent acts or omissions shall be paid directly to Landlord by Tenant in accordance with Section 4.4, and shall not constitute an Operating Expense.

**8.2 Tenant's Obligations.** Tenant shall take good care of the Premises, and at Tenant's cost and expense, shall make all repairs and replacements necessary to preserve the Premises in good working order and in a clean, safe and sanitary condition, and will suffer no waste. Tenant shall maintain, at its own expense, in good order, condition and repair to Landlord's reasonable satisfaction, all plumbing facilities and electrical fixtures and devices (including replacement of all lamps, starters and ballasts) located within the Premises. Tenant shall repair, at its cost, all deteriorations or damages to the Property occasioned by its negligent acts or omissions or willful misconduct. If Tenant does not make such repairs to the Building within twenty (20) days following notice from Landlord, Landlord may, but need not, make such repairs, and Tenant shall pay the cost thereof as provided in Section 8.7 hereof.

### **8.3 Tenant's Alterations.**

**8.3.1 Landlord's Consent to Alterations.** Tenant shall not make or permit any improvements, installations, alterations or additions ("**Alterations**") in or to the Premises, the Building or the Property that involve or affect the structural portions of the Premises or the Building or any of the Building's HVAC, mechanical, electrical, telecommunications, cabling, plumbing or other systems or equipment (the "**Building Systems**") or the interior walls or corridors within the Premises. Tenant may make Alterations to the Premises that do not involve or affect the Building Systems, subject to Landlord's prior written consent. Landlord's prior written consent shall not be required for minor decorations in the Premises for which Tenant provides advance notice to Landlord and which do not exceed \$10,000.00 in the aggregate on an annual basis.

**8.3.2 Construction Standards.** All Alterations permitted by Landlord and made by or on behalf of Tenant shall be made and performed: (a) by contractors or mechanics approved by Landlord, who shall carry liability insurance of a type and in such amounts as Landlord shall reasonably require, naming Landlord and Tenant as additional insureds, (b) in a good and workmanlike manner, (c) so that same shall be at least equal in quality, value, and utility to the original work or installation and shall be in conformity with Landlord's building standard specifications as set forth in Exhibit C-2 attached hereto and as the same may be amended by Landlord and in effect at such time, (d) in accordance with all Applicable Laws, and (e) pursuant to plans, drawings and specifications ("**Tenant's Plans**") which have been reviewed and approved by Landlord prior to the commencement of the repairs or replacements and approved by, and filed with, all applicable governmental authorities (the "**Construction Standards**").

**8.4 Tenant's Property.** All trade fixtures, furnishings, equipment and personal property placed in the Premises by Tenant (the "Tenant's Property") shall be removed by Tenant at the expiration of the Term. Tenant shall, at its cost and expense, repair any damage to the Premises or the Building caused by such removal. Any of Tenant's Property not removed from the Premises prior to the Expiration Date shall, at Landlord's option, become the property of Landlord. Landlord may remove such Tenant's Property, and Tenant shall pay to Landlord, Landlord's cost of removal and of any repairs in connection therewith in accordance with Section 4.4 hereof.

**8.5 Ownership and Removal.** All additions, fixtures and improvements attached to or installed in or upon the Premises by Tenant or by Landlord shall be Landlord's property and shall remain upon the Premises at the termination of this Lease without compensation or allowance or credit to Tenant. Landlord may require Tenant, at Tenant's expense, to remove any of Tenant's Property or Alterations which have been attached to or installed in the Premises (excluding the Leasehold Improvements) unless Landlord consents to a written request from Tenant at the time of its approval of the Tenant's plans that a building standard, non-specialty installation need not be so removed. If Tenant fails to remove any Tenant Property or Alterations that Tenant is required to remove pursuant to this Section 8.5 by the Expiration Date, or the sooner date of termination of this Lease then Landlord may remove the same and Tenant shall pay to Landlord the cost of repairs of any damage to the Premises or Building in connection therewith.

**8.6 Surrender.** Upon the expiration or sooner termination of the Term, Tenant will quietly and peacefully surrender to Landlord the Premises in as good condition as when Tenant took possession, ordinary wear and tear and damage by fire or other casualty excepted, and otherwise as is required in Article 8. In addition, at such time Tenant shall remove all Hazardous Substances stored, or disposed of, or generated by Tenant in its use or operation of the Premises and all equipment and materials contaminated or affected by such Hazardous Substances in conformity with the Hazardous Substance laws.

**8.7 Tenant's Failure to Maintain.** If Landlord gives Tenant written notice of the necessity of any repairs or replacements required to be made under Section 8.2 and Tenant fails to commence diligently to cure the same within twenty (20) days thereafter (except that no notice will be required in case of any emergency repair or replacement necessary to prevent substantial damage or deterioration), Landlord, at its option and in addition to any other remedies, may proceed to make such repairs or replacements and the expenses incurred by Landlord in connection therewith plus ten percent (10%) thereof for Landlord's supervision, shall be due and payable from Tenant in accordance with Section 4.4 hereof, as Additional Rent; provided, that Landlord's making any such repairs or replacements shall not be deemed a waiver of Tenant's default in failing to make the same.

## ARTICLE 9. INSURANCE

**9.1 Tenant's Insurance.** Tenant, at its own expense, shall provide and keep in force with companies which are rated A-/IX or better by A.M. Best Company and licensed in the State of Connecticut: (a) combined single limit commercial general liability insurance insuring against liability for personal injury and property damage, including contractual liability, in the amount of \$2,000,000.00 per occurrence/\$2,000,000.00 annual aggregate limit; (b) "Special Form" property insurance, including standard fire and extended coverage insurance, in amounts necessary to provide replacement cost coverage, for Tenant's Property, machinery, electronic data and any Alterations in which Tenant has an insurable property interest, including, without limitation, vandalism and malicious mischief and sprinkler leakage coverage, and "all risk" Builder's Risk insurance, completed value, non-reporting form at any time that Tenant has commenced construction of any leasehold improvements or any Alterations, and at any time any other construction activities are underway at the Premises; (c) plate glass insurance for the Premises; (d) Workers' Compensation Insurance in statutory limits as required by applicable law; and (e) any other insurance reasonably required by Landlord. At Landlord's request, the amounts and kinds of insurance coverages described herein may be reasonably increased or expanded to reflect amounts and coverages then typically being carried for similar business operations in institutionally owned or financed properties.

**9.2 Delivery of Policies.** Each such insurance policy shall: (a) be provided in form, substance and amounts (where not above stated) satisfactory to Landlord and to Landlord's Mortgagee; (b) specifically include the liability assumed hereunder by Tenant (provided that the amount of such insurance shall not be construed to limit the liability of Tenant hereunder); (c) shall provide that it is primary insurance, and not excess over or contributory with any other valid, existing and applicable insurance in force for or on behalf of Landlord; and (d) provide that Landlord shall receive thirty (30) days' written notice from the insurer prior to any cancellation or change of coverage. Tenant shall deliver policies of such insurance or certificates thereof to Landlord on or before the Commencement Date, and thereafter at least thirty (30) days before the expiration dates of expiring policies. All such insurance certificates shall provide that Landlord, its mortgagees, any ground lessors and Landlord's managing agent shall each be named as an additional insured. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificates, Landlord may, at its option, procure same for the account of Tenant, and the cost thereof shall be paid to Landlord as Additional Rent within five (5) days after delivery to Tenant of bills therefor. Tenant's compliance with the provisions of this Article 9 shall in no way limit Tenant's liability under any of the other provisions of this Lease.

**9.3 Increased Insurance Risk.** Tenant shall not do or permit anything to be done, or keep or permit anything to be kept in the Premises, which would: (a) be in violation of any governmental law, regulation or requirement, (b) invalidate or be in conflict with the provision of any fire or other insurance policies covering the Building or any property located therein, (c) result in a refusal by fire insurance companies of good standing to insure the Building or any such property in amounts required by Landlord's Mortgagee (as hereinafter defined) or reasonably satisfactory to Landlord, (d) subject Landlord to any liability or responsibility for injury to any person or property by reason of any business operation being conducted in the Premises, or (e) cause any increase in the fire insurance rates applicable to the Property or property located therein at the beginning of the Term or at any time thereafter. In the event that any use of the Premises by Tenant increases such cost of insurance, Landlord shall give Tenant written notice of such increase and a reasonable opportunity to cure its use to prevent such increase; provided, however, if Tenant fails to do so, Tenant shall pay such increased cost to Landlord in accordance with Section 4.4 hereof. Acceptance of such payment shall not be construed as a consent by Landlord to Tenant's such use, or limit Landlord's remedies under this Lease.

**9.4 Indemnity.** Tenant shall defend with counsel approved by Landlord, indemnify and hold harmless Landlord, all members, stockholders, officers, directors, partners, trustees, beneficiaries and employees of Landlord, Mortgagees of the Property and any other party having an interest therein from and against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature arising from or with respect to: (a) any injury to or death of any person or damage to or loss of property in, on or about the Premises or connected with the use, condition or occupancy of any thereof, (b) any breach or violation by Tenant of any of the terms, conditions or provisions of this Lease, (c) any act, omission, fault, misconduct, negligence or violation of applicable laws and regulations by Tenant or Tenant's employees, servants, agents, contractors, subtenants, licensees, concessionaires or invitees (the "**Tenant Parties**"), (d) any Hazardous Substances or other pollutants brought, generated, stored, used, installed, disposed of, spilled, released, emitted or discharged on, in or from the Premises or the Property, or allowed, permitted or suffered to be brought, generated, stored, used, installed, disposed of, spilled, released, emitted or discharged thereon, therein or therefrom, by Tenant or any Tenant Parties, in violation of Section 7.6 or otherwise, (e) any construction or other work by Tenant on or about the Premises pursuant to Article 8 or otherwise.

**9.5 Tenant's Use and Occupancy.** Tenant's use and occupancy of the Premises and the Property and use by all Tenant Parties, and all Tenant's and said parties' furnishings, fixtures, equipment, improvements, materials, supplies, inventory, effects and property of every kind, nature and description which, during the continuance of this Lease or any occupancy of the Premises by Tenant or anyone claiming under Tenant, may be in, on or about the Premises, shall be at Tenant's and said parties' sole risk and hazard. Landlord shall not be liable to Tenant or any other party for injury to or death of any person or damage to or destruction of any property in, on or about the Premises, nor for any interruption in Tenant's use of the Premises or the conduct of its business therein, nor for any other losses, damages, costs, expenses or liabilities whatsoever, including without limitation where caused by fire, water, explosion, collapse, the leakage or bursting of water, steam, or other pipes, any environmental or other condition in, on, or about the Premises, or any other event, occurrence, condition or cause. It is Tenant's responsibility to maintain insurance against any such loss or casualty.

**9.6 Waiver of Subrogation Rights.**

9.6.1 Mutual Waiver. Landlord and Tenant hereby agree and hereby waive any and all rights of recovery against each other for loss or damage occurring to the Premises or the Property or any of Landlord's or Tenant's Property contained therein regardless of the cause of such loss or damage to the extent that the loss or damage is covered by the injured party's insurance or the insurance the injured party is required to carry under this Lease, whichever is greater (without regard to any deductible provision in any policy). This waiver does not apply to claims caused by a party's willful misconduct. This waiver also applies to each party's directors, officers, employees, shareholders, and agents.

9.6.2 Insurance Policy Coverage. Each party will assure that its insurance permits waiver of liability and contains a waiver of subrogation. Each party shall secure an appropriate clause in, or an endorsement to, each insurance policy obtained by or required to be obtained by Landlord or Tenant, as the case may be, under this Lease, pursuant to which the insurance company: (a) waives any right of subrogation against Landlord or Tenant as the same may be applicable, or (b) permits Landlord or Tenant, prior to any loss to agree to waive any claim it might have against the other without invalidating the coverage under the insurance policy. If, at any time, the insurance carrier of either party refuses to write (and no other insurance carrier licensed in Connecticut will write) insurance policies which consent to or permit such release of liability, then such party shall notify the other party and upon the giving of such notice, this Section shall be void and of no effect.

**ARTICLE 10. CASUALTY**

**10.1 Damage or Destruction.**

10.1.1 Landlord's Repair Obligation. Tenant shall give prompt notice to Landlord of any damage by fire or other casualty (a "**Casualty**") to the Premises or any portion thereof. During the thirty (30)-day period following the occurrence of a Casualty (the "**Notice Period**"), Landlord will notify Tenant of Landlord's estimate of the period of time required to complete the restoration work. In the event that the Premises, or any part thereof, or access thereto, shall be so damaged or destroyed by fire or other insured Casualty that the Tenant shall not have reasonably convenient access to the Premises or any portion of the Premises shall thereby be otherwise rendered unfit for use and occupancy by the Tenant for the purposes set forth in Section 7.1, and if in the judgment of the Landlord the damage or destruction may be repaired within two hundred seventy (270) days with available insurance proceeds, then the Landlord shall so notify the Tenant and shall repair such damage or destruction as provided in Section 10.4 hereof with reasonable diligence, subject to the limitations, if any, of Applicable Laws. If in the judgment of

the Landlord the Premises, or means of access thereto, cannot be repaired within two hundred seventy (270) days after the elapse of the Notice Period with available insurance proceeds, then either party shall have the right to terminate the term of this Lease by giving written notice of such termination to the other party within the period of thirty (30) to forty-five (45) days after the occurrence of the Casualty. If the reconstruction period estimated by Landlord is more than two hundred seventy (270) days and neither party terminates this Lease on account thereof, Landlord shall repair such damage or destruction as provided in Section 10.4 hereof with reasonable deliveries subject to the limitations, if any, of Applicable Laws to be the period so estimated by Landlord.

10.1.2 **Failure to Repair.** If Landlord is obligated, or elects to repair the damage to the Premises and fails to substantially complete the repairs within the period of time required or permitted by the Section 10.1 (as the same may be reasonably extended due to any Force Majeure Delay), the time for completion of repairs shall be extended by the period of such Force Majeure Delay (the “**Reconstruction Period**”). Tenant shall have the right to terminate this Lease by delivery of written notice to Landlord not later than ten (10) days following the end of the Reconstruction Period.

**10.2 Abatement of Rent.** Annual Base Rent and Additional Rent shall not be abated or suspended if, following any Casualty, Tenant shall continue to have reasonably convenient access to the Premises and the Premises are not rendered unfit for use and occupancy. If Tenant shall not have reasonably convenient access to the Premises or any portion of the Premises shall be otherwise rendered unfit for use and occupancy by the Tenant for the purposes set forth in Section 7.1 by reason of such Casualty, then Rent shall be equitably suspended or abated relative to the portion of the Premises that cannot be used by Tenant for any of its business operations, effective as of the date of the Casualty until Landlord has (a) substantially completed the repair of the Premises and the means of access thereto, and (b) has delivered notice thereof to Tenant.

**10.3 Events of Termination.** Notwithstanding the provisions of this Article 10, if prior to or during the Term the Building shall be so damaged by Casualty that, in Landlord’s reasonable estimate, the cost to repair the damage will be more than twenty-five percent (25%) of the replacement value of the Building immediately prior to the occurrence of the Casualty (whether or not the Premises shall have been damaged or rendered untenable), then, in any of such events, Landlord, may give to Tenant, within ninety (90) days after such Casualty, a thirty (30) days’ notice of the termination of this Lease and, in the event such notice is given, this Lease and the term shall terminate upon the expiration of such thirty (30) days with the same effect as if such date were the Expiration Date.

10.3.1 If more than twenty-five percent (25%) of the gross rentable area of the Premises shall be wholly or substantially damaged or destroyed by Casualty at any time during the last six (6) months of the Term, either Landlord or Tenant may terminate this Lease by delivery of written notice of such termination to the other party within thirty (30) days after the occurrence of such damage.

**10.4 Scope of Landlord’s Repairs.** In the event Landlord elects or shall be obligated to repair or restore any damage or destruction to the Premises pursuant to this Article 10, Landlord shall not be obligated to restore or replace Tenant’s Property or Tenant’s Alterations or reconstruct the Leasehold Improvements except such building standard Leasehold Improvements. No damages, compensation or claim shall be payable by the Landlord to Tenant, or any other person, by reason of inconvenience, loss of business or annoyance arising from any damage or destruction, or any repair thereof, as is referred to in this Article 10.

## ARTICLE 11. CONDEMNATION

**11.1** **Entire Condemnation.** In the event that the whole of the Premises shall be taken under the power of eminent domain or by any proceeding for taking for public or quasi-public use (a “**Condemnation**”), this Lease and the term and estate hereby granted shall automatically terminate as of the earlier of the date of the vesting of title or the date of dispossession of Tenant as a result of such taking.

**11.2** **Partial Condemnation.**

11.2.1 **Effect of Partial Condemnation.** In the event that only a part of the Premises shall be taken by Condemnation and the remaining Premises are suitable for general office use without material interference with Tenant’s business operations and Tenant shall have reasonable, convenient access to and from the Premises, the Term shall expire as to that portion of the Premises condemned effective as of the date of the vesting of title in the condemning authority, and this Lease shall continue in full force and effect as to the part of the Premises not so taken. In the event of a partial Condemnation of the Premises which results in a lack of reasonable, convenient access to and from the Premises or which results in insufficient space for Tenant to carry on its business without material interference with its business, Tenant shall have the right to terminate this Lease if Landlord cannot relocate Tenant to comparable space elsewhere in the Building following the effective date of the Condemnation.

11.2.2 **Landlord’s Option to Terminate.** In the event that a part of the Property shall be subject to Condemnation (whether or not the Premises are affected), Landlord may, at its option, terminate this Lease as of the date of such vesting of title, by notifying Tenant in writing of such termination within ninety (90) days following the date on which Landlord shall have received notice of the vesting of title in the condemning authority if in Landlord’s reasonable opinion: (a) a substantial alteration or reconstruction of the Property (or any portion thereof) shall be necessary or appropriate, or (b) the portion of the Property so condemned has the effect of rendering the remainder of the Property uneconomic to maintain.

11.2.3 **Landlord’s Repair Obligations.** In the event that this Lease is not terminated in accordance with Subsection 11.2.2 hereof, Landlord shall, upon receipt of the award in condemnation, make all necessary repairs or alterations to the Building in which the Premises are located so as to constitute the remaining Premises a complete architectural unit to the extent feasible and permitted by applicable law, but Landlord shall not be required to spend for such work an amount in excess of the amount received by Landlord as damages for the part of the Premises so taken. “Amount received by Landlord” shall mean that part of the award in condemnation which is free and clear to Landlord of any collection by Mortgagees and after payment of all costs involved in collection, including but not limited to attorney’s fees. Tenant, at its own cost and expense shall, restore all exterior signs, trade fixtures, equipment, furniture, furnishings and other installations of personalty of Tenant which are not taken to as near its former condition as the circumstances will permit. In the event of a partial taking, all provisions of this Lease shall remain in full force and effect.

**11.3** **Temporary Taking.** If there is a taking of the Premises for temporary use arising out of a temporary emergency or other temporary situation, this Lease shall continue in full force and effect, and Tenant shall continue to comply with Tenant’s obligations under this Lease, except to the extent compliance shall be rendered impossible or impracticable by reason of the taking, and Tenant shall be entitled to the award for its leasehold interest.

**11.4** **Condemnation Awards.** Except as provided in the preceding [Section 11.3](#), Landlord shall be entitled to the entire award in any condemnation proceeding or other proceeding for taking for public or quasi-public use, including, without limitation, any award made for the value of the leasehold estate created by this Lease. No award for any partial or entire taking shall be apportioned, and Tenant hereby assigns to Landlord any award that may be made in such condemnation or other taking, together with any and all rights of Tenant now or hereafter arising in or to same or any part thereof; provided, however, that nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any award made to Tenant specifically for its relocation expenses or the taking of Tenant's Property provided that such award does not diminish or reduce the amount of the award payable to Landlord.

**11.5** **Proration.** In the event of a partial condemnation or other taking that does not result in a termination of this Lease as to the entire Premises, then the Annual Base Rent and Tenant's Share shall be adjusted in proportion to that portion of the Premises taken by such condemnation or other taking.

## ARTICLE 12. ASSIGNMENT AND SUBLETTING

### 12.1 **Assignment and Subletting.**

12.1.1 **Transfer Notice.** Tenant shall not, without the prior written consent of the Landlord, which consent shall not be unreasonably withheld, assign, mortgage, encumber or otherwise transfer this Lease or any interest herein directly or indirectly, by operation of law or otherwise, or sublet the Premises or any part thereof, or permit the use or occupancy of the Premises by any party other than Tenant (any such action, a "**Transfer**"). If at any time or from time to time during the Term, when no Event of Default has occurred and is continuing, Tenant desires to effect a Transfer, Tenant shall deliver to Landlord written notice ("**Transfer Notice**") setting forth the terms of the proposed Transfer and the identity of the proposed assignee, sublessee or other transferee (each a "**Transferee**"). Tenant shall also deliver to Landlord with the Transfer Notice an acceptable assumption agreement for Tenant's obligations under this Lease (in the case where the Transfer is a proposed assignment of this Lease) together with all relevant information requested by Landlord concerning the proposed Transferee to assist Landlord in making an informed judgment regarding the financial responsibility, creditworthiness, reputation, and business experience of the Transferee. The provisions of this [Section 12.1](#) shall apply to a Transfer (by one or more Transfers) of a controlling portion of or interest in the stock or partnership or membership interests or other evidences of equity interests of Tenant as if such Transfer were an assignment of this Lease; provided, that, if equity interests in Tenant at any time are or become traded on a public stock exchange, the transfer of equity interests in Tenant on a public stock exchange shall not be deemed an assignment within the meaning of this [Section 12.1](#).

12.1.2 **Permitted Transfers to Affiliated Companies.** Notwithstanding anything to the contrary in [Section 12.1](#), Tenant shall have the right to assign this Lease or sublet the Premises to any "**Affiliated Company**" (defined below) without Landlord's prior written approval and subject to the following conditions: (a) Tenant shall deliver to Landlord a Transfer Notice (and related information) as required by [Subsection 12.1.1](#) above; (b) no Event of Default has occurred and is continuing; (c) such Transferee shall use the Premises only for those uses expressly permitted by the terms of this Lease; (iv) such transaction is not entered into as a subterfuge to avoid the restrictions and provisions of this [Article 12](#); (v) the financial net worth and creditworthiness of the proposed Transferee shall be acceptable to Landlord (but not less than that of Tenant on the date hereof) based upon audited financial statements or equivalent financial information; (vi) Tenant's financial condition shall be the same or better than its financial condition on the date hereof; (vii) Tenant shall remain fully liable under this Lease and the

Transferee shall be jointly and severally liable with Tenant for all such obligations; (viii) such entity shall agree directly with Landlord to be bound by all of the obligations of Tenant hereunder, including, without limitation, the obligation to pay all Rent and other charges due under this Lease; and (ix) Landlord shall have received a written ratification agreement from each guarantor of this Lease in form and substance satisfactory to Landlord. An “**Affiliated Company**” shall mean any entity that is controlled by, is under common control with, or that controls Tenant or any business entity resulting from the merger or consolidation of Tenant or any purchaser acquiring all or substantially all of the stock or assets of Tenant. For purposes of determining whether an entity is an “Affiliated Company,” the term “control” shall mean ownership of a majority of the outstanding voting stock of a corporation, or, in the case of an entity that is not a corporation, control shall mean ownership of a majority of the equity or other ownership or membership interests, and the possession of the power to direct the management and policy of such corporation or such other entity.

**12.2 Landlord's Options.** Landlord shall have the option, exercisable by written notice delivered to Tenant within thirty (30) days after Landlord's receipt of a Transfer Notice accompanied by the other information described in Section 12.1, to: (a) permit Tenant to Transfer the Premises; or (b) disapprove the Tenant's Transfer of the Premises and to continue the Lease in full force and effect as to the entire Premises; or (c) terminate the Lease as to the portion of the Premises affected by the Transfer as of the date set forth in Landlord's notice of exercise of such option, which date shall not be less than thirty (30) days nor more than ninety (90) days following the giving of such notice. If Landlord approves of the proposed Transfer pursuant to Section 12.1 above, Tenant may enter into the proposed Transfer with such proposed Transferee subject to the following conditions: (i) the Transfer shall be on the same terms set forth in the Transfer Notice, and (ii) no Transfer shall be valid and no Transferee shall take possession of the Premises until an executed counterpart of the assignment, sublease or other instrument effecting the Transfer (in the form approved by Landlord) has been delivered to Landlord pursuant to which the Transferee shall expressly assume all of Tenant's obligations under this Lease; and (iii) Tenant shall provide Landlord with a written ratification agreement from each guarantor of this Lease in form and substance satisfactory to Landlord.

If Landlord exercises its option to terminate this Lease (or in the case of a partial sublet to release Tenant with respect to a portion of the Premises), Tenant shall surrender possession of such Premises on the date set forth in Landlord's notice, and thereafter neither Landlord nor Tenant shall have any further liability with respect there to. If this Lease shall be terminated as to a portion of the Premises only, Rent and Tenant's parking allocation shall be readjusted proportionately according to the ratio that the number of square feet and the portion of the space surrendered compares to the floor area of Tenant's Premises during the Term of the proposed sublet.

**12.3 Additional Conditions.** Tenant shall not offer to make, or enter into negotiations with respect to any Transfer to: (a) any tenant of the Building or any entity owned by, or under the common control of, whether directly or indirectly, a tenant in the Building unless there is no competing space then available for leases therein; or (b) any bona fide prospective tenant with whom Landlord is then negotiating with respect to other space in the Building; or (c) any party which would be of such type, character, or condition as to be inappropriate as a tenant for the Building. It shall not be unreasonable for Landlord to disapprove any proposed assignment, sublet or transfer to any of the foregoing entities. Tenant agrees not to list or advertise the Premises for assignment or sublease, whether through a broker, agent or representative, or otherwise at a full service rental rate which is less than Landlord's current rate in the Building for new tenants. Landlord shall not be deemed to unreasonably withhold its consent to any proposed assignment or sublease if such Transfer, in Landlord's reasonable determination, is at a full service rate which is less than Landlord's current rate in the Building for new tenants, and would compete with similar space either being offered or anticipated to be offered by Landlord in the Building.



**12.4 No Release.** Landlord's consent to a Transfer shall not release Tenant of Tenant's obligations under this Lease and this Lease and all of the obligations of Tenant under this Lease shall continue in full force and effect as the obligations of a principal (and not as the obligations of a guarantor or surety). From and after any Transfer, the Lease obligations of the Transferee and of the original Tenant named in this Lease shall be joint and several. No acceptance of Rent by Landlord from or recognition in any way of the occupancy of the Premises by a Transferee shall be deemed a consent to such Transfer, or a release of Tenant from direct and primary liability for the further performance of Tenant's covenants hereunder. The consent by Landlord to a particular Transfer shall not relieve Tenant from the requirement of obtaining the consent of Landlord to any further Transfer. Each violation of any of the covenants, agreements, terms or conditions of this Lease, whether by act or omission, by any of Tenant's permitted Transferees, shall constitute a violation thereof by Tenant. In the event of default by any Transferee of Tenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such Transferee or successor.

**12.5 Transfer Profit.** Tenant shall pay to Landlord, as Additional Rent, an amount (the "Transfer Profit") equal to fifty percent (50%) of all rent and other economic consideration received by Tenant as a result of any Transfer which exceeds, in the aggregate: (a) the total of the remaining rent which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to any portion of the Premises subleased) plus (b) any reasonable tenant fit-up costs, brokerage commissions and attorneys' fees actually paid by Tenant in connection with such Transfer amortized on a straight-line basis over the term of the Transfer (specifically excluding moving or relocation costs paid to the Transferee). Tenant shall pay such Transfer Profit to Landlord on a monthly basis within ten (10) days after receipt thereof, without affecting or reducing any other obligations of Tenant hereunder. Each such payment shall be sent with a detailed statement. Landlord shall have the right to audit Tenant's books and records to verify the accuracy of the detailed statement.

### ARTICLE 13. DEFAULTS AND REMEDIES

**13.1 Events of Default.** The occurrence of any one or more of the following events shall constitute an event of default (each an "Event of Default") hereunder:

13.1.1 Nonpayment of Annual Base Rent or Additional Rent. Failure by Tenant to pay any installment of Annual Base Rent, Additional Rent or any other amount, deposit, reimbursement or sum due and payable hereunder, upon the date when said payment is due; provided, however, on the first (1st) occasion only during any Lease Year with respect to Annual Base Rent, Landlord shall furnish Tenant with written notice of such failure and permit Tenant a 5-day period to cure such failure.

13.1.2 Certain Obligations. Failure by Tenant to perform, observe or comply with any non-monetary obligation contained in Section 4.6 ("Security Deposit"), Section 7.5 ("No Liens") and Article 12 ("Assignment and Subletting") of this Lease.

13.1.3 Other Obligations. Failure by Tenant to perform any non-monetary obligation, agreement or covenant under this Lease other than those matters specified in Section 13.1 and Section 13.1.2, and such failure continues for thirty (30) days after written notice by Landlord to Tenant of such failure; provided, however, that if the nature of Tenant's obligation is such that more than thirty (30) days are required for performance, then Tenant shall not be in default if Tenant commences performance within such thirty (30) day period and thereafter diligently and continuously prosecutes the same to completion within sixty (60) days following the date of Landlord's written notice with respect to such failure.

13.1.4 Assignment; Receivership; Attachment. (a) The making by Tenant of any arrangement or assignment for the benefit of creditors; (b) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (c) the attachment, execution, or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

13.1.5 Bankruptcy. The admission by Tenant or Tenant's guarantor (if any) in writing of its inability to pay its debts as they become due, the filing by Tenant or Tenant's guarantor (if any) of a petition in bankruptcy seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, the filing by Tenant or Tenant's guarantor (if any) of an answer admitting or failing timely to contest a material allegation of a petition filed against Tenant or Tenant's guarantor (if any) in any such proceeding or, if within forty-five (45) days after the commencement of any proceeding against Tenant or Tenant's guarantor (if any) seeking any involuntary reorganization, or arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation by any of Tenant's creditors or such guarantor's creditors, such proceeding shall not have been dismissed.

13.1.6 Abandonment. Abandonment of the Premises by Tenant for a continuous period in excess of thirty (30) business days.

**13.2 Remedies.** If an Event of Default occurs, Landlord shall have the following rights and remedies, in addition to any and all other rights or remedies available to Landlord in law or equity:

13.2.1 Notice to Quit. Landlord shall have the right to deliver written notice to Tenant to quit possession and occupancy of the Premises and to declare the Lease terminated. Upon Landlord's termination of this Lease, Tenant shall quit and peaceably surrender the Premises, and all portions thereof, to Landlord, and Landlord shall have the right to receive all rental and other income of and from the same.

13.2.2 Right of Re-Entry. Landlord shall have the right, with or without terminating this Lease, to re-enter the Premises and take possession thereof by summary proceeding, eviction, ejectment or otherwise and may dispossess all other persons and property from the Premises. Tenant's property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No re-entry or taking possession of the Premises by Landlord pursuant to this Subsection 13.2.2 shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction. Tenant thereby waives all statutory rights, including without limitation the right to a notice to quit, notice before exercise of any prejudgment remedy, and any rights of redemption, all to the extent such rights may be lawfully waived.

13.2.3 Recovery of Rent and Damages. Landlord shall have the right to recover from Tenant all loss of Rent and other payments that Landlord may incur by reason of termination of the Lease, including, without limitation: (a) all Rent and other sums due and payable by Tenant as of the date of termination; (b) all Rent that would otherwise be payable for the remainder of the Term in accordance with the terms of this Lease; (c) all of Landlord's then unamortized costs of special inducements provided to Tenant (including without limitation rent concessions, tenant construction allowances, rent waivers, above building standard leasehold improvements, and the like); (d) the costs of collecting amounts due from Tenant under the Lease and the costs of

recovering possession of the Premises (including attorneys fees and litigation costs); (e) the costs of curing Tenant's defaults existing at or prior to the date of termination; (f) all **"Reletting Expenses"** (as defined below); and (g) all Landlord's other reasonable expenditures arising from the termination. Tenant shall reimburse Landlord for all such items, and the same shall be due and payable immediately from time to time upon notice from Landlord that an expense has been incurred, without regard to whether the expense was incurred before or after the termination.

13.2.4 Acceleration of Future Rentals. Following termination of this Lease, Landlord, at its election, may demand to be indemnified for its loss of Rent (with respect to the period following such termination) by a lump sum payment representing the then present value of the amount of Rent that would have been paid in accordance with this Lease for the remainder of the Term minus the then present value of the aggregate fair market rent and additional charges payable for the Premises for the remainder of the Term (if less than the Rent payable hereunder) estimated as of the date of termination, and taking into account Landlord's reasonable projections of vacancy and time required to re-lease the Premises. Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, on demand, such amount as final damages for Tenant's default with respect to the Rents payable for the remainder of the Term as described above. In the computation of present value, the Federal Reserve discount rate (or equivalent) shall be employed.

13.2.5 Rents Due After Re-Entry by Landlord. If Landlord re-enters or otherwise takes possession of the Premises without terminating this Lease (but terminating only Tenant's right of possession in the Premises), then the Lease and Tenant's liabilities and obligations thereunder shall survive such action. In the event of any such termination of Tenant's right of possession, whether or not the Premises, or any portion thereof, shall have been relet, Tenant shall pay the Landlord a sum equal to the Rent and any other charges required to be paid by Tenant up to the time of such termination of such right of possession and thereafter Tenant, until the end of the Term, shall be liable to Landlord for and shall pay to Landlord: (a) the equivalent of the amount of the Rent payable under this Lease, less (b) the net proceeds of any reletting effected pursuant to the provisions hereof after deducting all of Landlord's Reletting Expenses. Tenant shall pay such amounts in accordance with the terms of this Subsection 13.2.5 as set forth in a written statement thereof from Landlord to Tenant (the **"Deficiency"**) to Landlord in monthly installments on the days on which the Annual Base Rent is payable under this Lease, and Landlord shall be entitled to recover from Tenant each monthly installment of the Deficiency as the same shall arise. Tenant shall also pay to Landlord upon demand the costs incurred by Landlord in curing Tenant's defaults existing at or prior to the date of such termination, the cost of recovering possession of the Premises and the Reletting Expenses. Tenant agrees that Landlord may file suit to recover any sums that become due under the terms of this Section from time to time, and all reasonable costs and expenses of Landlord, including attorneys' fees and costs incurred in connection with such suits shall be payable by Tenant on demand.

13.2.6 Certain Terms Defined. For purposes of this Subsection 13.2.6, **"Reletting Alterations"** shall mean all repairs, changes, improvements, alterations or additions made by Landlord in or to the Premises to the extent deemed reasonably necessary by Landlord to prepare the Premises for the re-leasing following an Event of Default; and **"Reletting Expenses"** shall mean the reasonable expenses paid or incurred by Landlord in connection with any re-leasing of the Premises following an Event of Default, including, without limitation, marketing expenses, brokerage commissions, attorneys' fees, the costs of Reletting Alterations, tenant allowances and other economic concessions provided to the new tenant.

**13.3 Landlord's Right to Cure Defaults.** If the Tenant shall default in the observance or performance of any condition or covenant on Tenant's part to be observed or performed under or by virtue of any of the provisions of this Lease, and such default continues beyond any applicable notice and cure period or Landlord reasonably determines that an emergency exists, the Landlord, without being under any obligation to do so and without thereby waiving such default, may remedy such default for the account and at the expense of the Tenant. If the Landlord makes any expenditures or incurs any obligations for the payment of money in connection therewith, including but not limited to reasonable attorney's fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligation incurred and costs, shall be paid upon demand to the Landlord by the Tenant as Additional Rent pursuant to Section 4.4 hereof and if not so paid with interest from its due date until paid at the lesser of eighteen percent (18%) per annum or the maximum legal rate that Landlord may charge Tenant

**13.4 Disposition of Tenant's Property.** In addition to Landlord's rights under Section 8.4 hereof, Landlord shall have the right to handle, remove, discard or store in a commercial warehouse or otherwise, at Tenant's sole risk and expense, any of Tenant's Property that is not removed by Tenant at the end of the Term. Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges for such property so long as the same shall be in Landlord's possession or under Landlord's control.

**13.5 Reletting.** In connection with any reletting of the Premises following an Event of Default, Landlord shall be entitled to grant such rental and economic concessions and other incentives as may be customary for similar space in central Fairfield County, Connecticut. Landlord shall not be required to accept any tenant offered by Tenant or observe any instruction given by Tenant about such reletting or do any act or exercise any care or diligence with respect to such reletting or to the mitigation of damages.

**13.6 No Accord and Satisfaction.** Landlord may collect and receive any rent due from Tenant, and the payment thereof shall not constitute a waiver of or affect any notice or demand given, suit instituted or judgment obtained by Landlord, or be held to waive, affect, change, modify or alter the rights or remedies that Landlord has against Tenant in equity, at law, or by virtue of this Lease. No receipt or acceptance by Landlord from Tenant of less than the monthly rent herein stipulated shall be deemed to be other than a partial payment on account for any due and unpaid stipulated rent; no endorsement or statement on any check or any letter or other writing accompanying any check or payment of rent to Landlord shall be deemed an accord and satisfaction, and Landlord may accept and negotiate such check or payment without prejudice to Landlord's rights to (a) recover the remaining balance of such unpaid rent, or (b) pursue any other remedy provided in this Lease.

**13.7 Claims in Bankruptcy.** Nothing herein shall limit or prejudice the right of Landlord to prove and obtain in proceeding for bankruptcy, insolvency, arrangement or reorganization by reason of the termination of this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount is greater, equal to or less than the amount of the loss or damage that Landlord has suffered. Without limiting any of the provisions of this Article 13, if pursuant to the Bankruptcy Code, as the same may be amended, Tenant is permitted to assign this Lease in disregard of the restrictions contained in Article 12, Tenant agrees that adequate assurance of future performance by the assignee permitted under the Bankruptcy Code shall mean the deposit of cash security with Landlord in any amount equal to all Rent payable under this Lease for the calendar year preceding the year in which such assignment is intended to become effective, which deposit shall be held by Landlord, without interest, for the balance of the term as security for the full and faithful performance of all of the obligations under this Lease on the part of Tenant yet to be performed. If Tenant receives or is to receive any valuable

consideration for such an assignment of this Lease, such consideration, after deducting therefrom (a) the brokerage commissions, if any, and other expenses reasonably designated by the assignee as paid for the purchase of Tenant's property in the Premises, shall be and become the sole exclusive property of Landlord and shall be paid over to Landlord directly by such assignee. In addition, adequate assurance shall mean that any such assignee of this Lease shall have a net worth indicating said assignee's reasonable ability to pay the Rent, and abide by the terms of this Lease for the remaining portion thereof applying commercially reasonable standards.

**13.8**        **Arbitration.** Any dispute arising out of or relating to Article 5 of this Lease (with respect to the issues expressly stated therein) shall be submitted to and determined in binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be conducted before and by a single arbitrator selected by the parties. If the parties have not selected an arbitrator within thirty (30) days of written demand for arbitration, the arbitrator shall be selected by the American Arbitration Association pursuant to the then current rules of that Association on application by either party. The arbitrator shall have authority to fashion such just, equitable and legal relief as he, in his sole discretion, may determine. The parties agree that the arbitration proceeding shall be held within thirty (30) business days following notification to the parties of the appointment of such arbitrator, and that the arbitration proceedings shall be concluded within thirty (30) business days following the first scheduled arbitration hearing. Each party shall bear all its own expenses of arbitration and shall bear equally the costs and expenses of the arbitrator. All arbitration proceedings shall be conducted in the City of Stamford, State of Connecticut Landlord and Tenant further agree that they will faithfully observe this agreement and rules, and that they will abide by and perform any award rendered by the arbitrator and that a judgment of the court having jurisdiction may be entered upon the award. The duty to arbitrate shall survive the cancellation or termination of this Lease.

**13.9**        **Waivers.**

13.9.1        **PREJUDGMENT REMEDIES.** TENANT HEREBY REPRESENTS, COVENANTS AND AGREES THAT IT IS ENGAGED PRIMARILY IN COMMERCIAL PURSUITS, AND THAT THE LEASE IS A "COMMERCIAL TRANSACTION" WITHIN THE MEANING OF SECTION 52-278a(a) OF THE CONNECTICUT GENERAL STATUTES (REV. 1958), AS AMENDED. TENANT HEREBY WAIVES ALL RIGHTS TO NOTICE, PRIOR JUDICIAL HEARING OR COURT ORDER UNDER SECTION 52-278a ET SEQ. OF THE CONNECTICUT GENERAL STATUTES (REV. 1958) AS AMENDED OR UNDER ANY OTHER STATE OR FEDERAL LAW WITH RESPECT TO ANY PREJUDGMENT REMEDIES THE LANDLORD MAY EMPLOY TO ENFORCE ITS RIGHTS AND REMEDIES HEREUNDER.

13.9.2        **TRIAL BY JURY.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, LANDLORD AND TENANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, OR TENANT'S USE OR OCCUPANCY OF THE PREMISES, OR ANY EMERGENCY OR OTHER STATUTORY REMEDY WITH RESPECT THERETO.

## ARTICLE 14. SUBORDINATION; ATTORNMENT AND RIGHTS OF MORTGAGE HOLDERS

**14.1 Subordination.** This Lease and all of Tenant's rights hereunder are, and shall be, subject and subordinate at all times to any mortgages (each, a "**Mortgage**") which may now exist or hereafter affect the Property, or any portion thereof in any amount, and to all renewals, modifications, consolidations, replacements, and extensions of such Mortgages. This Section shall be self operative and no further subordination shall be required. In confirmation of such subordination, Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord or the holder of any Mortgage or its assigns or successors in interest (each such holder, a "**Mortgagee**") may reasonably request to evidence such subordination. Landlord agrees to request its current Mortgagee to deliver to Tenant a recordable subordination, non-disturbance and attornment agreement for Tenant's benefit, which agreement shall be such Mortgagee's standard form agreement. Landlord's inability to obtain such non-disturbance agreement shall not affect Tenant's subordination agreement herein. Tenant's agreement to subordinate this Lease and its rights hereunder as to any future Mortgages is subject to the condition that Landlord delivers to Tenant a recordable agreement on the standard form then utilized by the holder of any such Mortgage by which such Mortgagee shall agree not to disturb Tenant's possession and occupancy of the Premises or join Tenant in any such action as a party defendant so long as Tenant is not in default in the performance or observance of any of the terms, covenants or conditions contained in the Lease.

**14.2 Attornment by Tenant.** In the event that any such first Mortgage is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, at the option of the Mortgagee or the grantee or purchaser in foreclosure, notwithstanding any subordination of any such lien to this Lease, attorn to and become the Tenant of the successor in interest to Landlord at the option of such successor in interest. Tenant covenants and agrees to execute and deliver, within ten (10) days following delivery of request by Landlord, Mortgagee, or by Landlord's successor in interest and in the form requested by Landlord, Mortgagee, or by Landlord's successor in interest, any additional documents evidencing the priority or subordination of this Lease with respect to the lien of any such first Mortgage, which additional documents shall be satisfactory to Landlord, Mortgagee, and Landlord's successors in interest.

**14.3 Limitation of Mortgagees' Liability.** Notwithstanding any other provision of this Lease to the contrary, no holder of any such Mortgage shall be obligated to perform or liable in damages for failure to perform any of Landlord's obligations under this Lease unless and until such holder shall foreclose such mortgage or otherwise acquire title to the Property, and then shall only be liable for Landlord's obligations arising or accruing after such foreclosure or acquisition of title. No such holder shall ever be obligated to perform or be liable in damages for any of Landlord's obligations arising or accruing before such foreclosure or acquisition of title. Such holder's obligations and liabilities shall in any event be subject to, and holder shall have the benefit of, Section 16.15 hereof. Tenant shall never pay the Base Rent, Additional Rent or any other charge more than ten (10) days prior to the due date thereof, and any payments made by Tenant in violation of this provision shall be a nullity as to such holder, and Tenant shall remain liable to such holder therefor. Tenant agrees on request of Landlord to execute and deliver from time to time any agreement which may be necessary to implement the provisions of this Section 14.3.

**14.4 Estoppel Certificates.** Tenant shall at any time, and from time to time, upon not less than five (5) days' prior written notice from Landlord execute, acknowledge and deliver to Landlord, to any prospective purchaser, or Mortgagee, a written certificate of Tenant in such form as may be required by Landlord or such other person with respect to such factual matters concerning this Lease as may be required by such persons requesting the same. It is intended that any such certificate of Tenant delivered pursuant to this Section 14.4 may be relied upon by Landlord and any prospective purchaser or the Mortgagee of any part of the Building.

**14.5**        **Quiet Enjoyment.** Upon Tenant paying the Annual Base Rent and Additional Rent and performing all of Tenant's obligations under this Lease, Tenant may peacefully and quietly enjoy the Premises during the Term as against all persons or entities lawfully claiming by or through Landlord; subject, however, to the provisions of this Lease and to the rights of Landlord's Mortgagee.

**14.6**        **Mortgagee Approval.** Landlord and Tenant hereby agree that this Lease is subject to the review and approval of Landlord's Mortgagee in accordance with the terms of the mortgage loan documents executed by Landlord in connection with its financing of the Property. Landlord shall submit this Lease to its Mortgagee promptly upon Tenant's execution and delivery of this Lease to Landlord, and Landlord shall promptly advise Tenant of its Mortgagee's decision.

## ARTICLE 15. NOTICES

### 15.1        **Manner of Notice.**

15.1.1        **Notices; Addresses.** All notices, demands and other communications ("notices,") permitted or required to be given under this Lease shall be in writing and sent by personal service, telecopy transmission (if a copy thereof is also sent on the same day by a nationally recognized overnight courier service), certified mail (postage prepaid) return receipt requested or by a nationally recognized overnight courier service to the following addresses or to such other address as either Landlord or Tenant may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Section 15.1:

If to Tenant (prior to Commencement Date):	SiriusDecisions, Inc. 107 Jobn Street Southport, CT 06490
If to Tenant (after Commencement Date):	Sirius Decisions, Inc. 187 Danbury Road Wilton, CT 06897
If to Landlord:	DIV Danbury 187, LLC c/o The Davis Companies One Appleton Street Boston, Massachusetts 02116
With copies to:	Davis Management Corp. 200 Connecticut Avenue Norwalk. CT 06854 Attention: David P. Fiore

15.1.2 **Delivery.** Notices shall be deemed to have been given (a) when hand delivered (provided that delivery shall be evidenced by a receipt executed by or on behalf of the addressee if delivered by personal service) if personal service is used, (b) on the date of transmission if sent before 4:00p.m. (Hartford time) on a business day when telecopy transmission is used, (c) the sooner of the date of receipt or the date that is three (3) days after the date of mailing thereof if sent by postage pre-paid registered or certified mail, return receipt requested, and (d) one (1) day after being sent by Federal Express or other reputable overnight courier service (with delivery evidenced by written receipt) if overnight courier service is used.

#### ARTICLE 16. N. USCELLANEOUS

**16.1 Brokers.** Landlord and Tenant warrant to each other that they have had no dealings with any broker, agent or finder in connection with this Lease except CB Richard Ellis, Inc. (the "**Brokers**"). Landlord agrees to pay the commissions due to such brokerage companies pursuant to separate agreements. Both parties hereto agree to protect, indemnify and hold harmless the other from and against any and all expenses with respect to any compensation, commissions and charges claimed by any other broker, agent or finder not identified above with respect to this Lease or the negotiation thereof that is made by reason of any action or agreement by such party.

**16.2 Building Name.** The Building and the Property may be known by such name as Landlord, in its sole discretion, may elect, and Landlord shall have the right from time to time to change such designation or name without Tenant's consent upon prior written notice to Tenant.

**16.3 Authority.** If Tenant signs as a corporation, limited liability company, or a partnership, or other business entity each person executing this Lease on behalf of Tenant hereby covenants and warrants that Tenant is a duly authorized and existing entity, that Tenant is duly qualified to do business in Connecticut, that Tenant has full right and authority to enter into this Lease, and that each person signing on behalf of Tenant is duly authorized to do so and that no other signatures are necessary. Upon Landlord's request, Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord confirming the foregoing covenants and warranties.

**16.4 Interpretation.** The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The words used in neuter gender include the masculine and feminine. If there is more than one Tenant, the obligations under this Lease imposed on Tenant shall be joint and several. The captions preceding the articles of this Lease have been inserted solely as a matter of convenience and such captions in no way define or limit the scope or intent of any provision of this Lease. This Lease may be executed in several counterparts and by each party on a separate counterpart, each of which, when so executed and delivered, shall be an original and all of which together shall constitute one instrument.

**16.5 Modifications.** Neither this Lease nor any term or provision hereof may be changed, waived, discharged or terminated orally, and no breach thereof shall be waived, altered or modified, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. Any right to change, waive, discharge, alter or modify, or terminate this Lease shall be subject to the prior express written consent of Landlord's Mortgagee.

**16.6 Severability.** If any provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the full extent permitted by law.



**16.7**        **Entire Agreement.** Landlord's employees, representatives and agents have no authority to make or agree to make a lease or any other agreement or undertaking in connection herewith. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises, and this document shall be effective and binding only upon the execution and delivery hereof by both Landlord and Tenant. This Lease, including the Exhibits hereto, which are made part of this Lease, contain the entire agreement of the parties and all prior negotiations and agreements are merged herein. Neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Premises, the Building or this Lease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise unless expressly set forth herein.

**16.8**        **No Merger.** There shall be no merger of this Lease or of the leasehold estate hereby created with the fee estate in the Premises or any part thereof by reason of the fact that the same person may acquire or hold, directly or indirectly, this Lease or the leasehold estate hereby created or any interest in this Lease or in such leasehold estate as well as the fee estate in the leasehold Premises or any interest in such fee estate.

**16.9**        **Easements.** Landlord reserves the right, from time to time, to grant easements and rights, make dedications, agree to restrictions and record maps affecting the Property as Landlord may deem necessary or desirable, so long as such easements, rights, dedications, restrictions, and maps do not unreasonably interfere with the use of the Premises by Tenant; and this Lease shall be subordinate to such instruments.

**16.10**       **Bind and Inure.** The terms, provisions, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and Tenant, and, except as otherwise provided herein, their respective heirs, legal representatives, successors and assigns. If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this Lease as Tenant, the liability of each such individual, corporation, partnership or other business association to pay Rent and perform all other obligations hereunder shall be deemed to be joint and several. All agreements, covenants and indemnifications contained herein or made in writing pursuant to the terms of this Lease by or on behalf of Tenant shall be deemed material and shall survive expiration or sooner termination of this Lease.

**16.11**       **Remedies Cumulative; No Waiver.** No remedy or election hereunder shall be deemed exclusive, but shall wherever possible, be cumulative with all other remedies at law or in equity. No waiver of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach of the same or any other provision. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. No reference to any specific right or remedy shall preclude the exercise of any other right or remedy permitted hereunder or that may be available at law or in equity. No failure by Landlord to insist upon the strict performance of any agreement, term, covenant or condition hereof, or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach, agreement, term, covenant or condition.

**16.12**       **Tenant's Financial Statements.** Within five (5) days following Landlord's written request, Tenant shall furnish Landlord with copies of the balance sheets of Tenant, as at the close of the most recently ended fiscal year, and statements of income and retained earnings of Tenant for such year, prepared in accordance with generally accepted accounting principles and audited by Tenant's independent certified public accountants. Tenant also agrees to furnish to Landlord within ten (10) days following Landlord's written request therefor, copies of such financial statements identified above as are

then available and financial statements for the then current fiscal year prepared in accordance with generally accepted accounting principles on an unaudited basis certified as true and correct by such company's chief financial officer. Landlord agrees that it may only request the annual or the interim financial statements once annually; provided, however, that Landlord (in addition to such annual right to request each of such financial statements) shall have the right to request such financial statements at any time in connection with a sale of the Property or a mortgage financing or refinancing without limitation on the frequency of such requests.

**16.13** Attorneys' Fees. If on account of any default by Tenant in Tenant's obligations under the terms of this Lease, it becomes necessary or appropriate for Landlord to employ attorneys or other persons to enforce any of Landlord's rights or remedies hereunder, Tenant shall pay upon demand as Additional Rent hereunder all reasonable fees of such attorneys and other persons and all other costs of any kind so incurred.

**16.14** Landlord Approvals. Whenever Tenant is required to obtain Landlord's consent hereunder, Tenant agrees to reimburse Landlord all out-of-pocket expenses incurred by Landlord, including reasonable attorney's fees in order to review documentation or otherwise determine whether to give its consent. Tenant shall pay Landlord's invoice for any such amounts within ten (10) days following Landlord's delivery of its invoice therefor. Any provision of this Lease which requires the Tenant to obtain Landlord's consent to any proposed action by Tenant shall not be the basis for an award of damages or give rise to a right of setoff on Tenant's behalf, but may be the basis for a declaratory judgment or injunction with respect to the matter in question.

**16.15** Landlord's Liability. Tenant shall look only to Landlord's estate in the Property (or the proceeds thereof) for the satisfaction of Tenant's remedies with respect to any liability, default or obligation of Landlord under this Lease or otherwise regarding Tenant's leasing, use and occupancy of the Premises pursuant hereto, including without limitation for the collection of any monetary obligation, judgment or other judicial process requiring the payment of money by Landlord. Neither Landlord nor any of its members, stockholders, officers, directors, partners, trustees, beneficiaries or employees shall be personally liable hereunder, nor shall any of its or their property, other than the Property, be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's said remedies. Landlord shall not under any circumstances be liable for any special, indirect or consequential damages of Tenant, including lost profits or revenues. No owner of the Property shall be liable under this Lease except for breaches of Landlord's obligations occurring while such party owns the Property.

**16.16** Time of Essence. **TIME IS OF THE ESSENCE** with respect to the due performance of the terms, covenants and conditions herein contained; provided, however, that no delay or failure to enforce any of the provisions herein contained and no conduct or statement shall waive or affect any of Landlord's rights hereunder.

**16.17** Submission. Submission of this instrument for examination does not constitute a reservation of or option for lease of the Premises, and it is not effective as a lease or otherwise until this Lease has been executed by both Landlord and Tenant and a fully executed copy has been delivered to each.

**16.18** Governing Law. This Lease and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with the laws of the State of Connecticut.

## ARTICLE 17. EXTENSION RIGHT

17.1 **Right to Extend.** Landlord grants Tenant the option to extend this Lease with respect to the entire Premises for one (1) additional period of five (5) Lease Years (the “**Extension Period**”) subject to each and all of the following terms and conditions (the “**Extension Option**”):

17.1.1 **No Assignment or Sublease.** The Extension Option may not be exercised by, or assigned or otherwise transferred to any person or entity voluntarily or involuntarily, except the Tenant named in this Lease. The parties hereto agree that if Tenant assigns any of its interest in this Lease or subleases the Premises (or any portion thereof) to any person, this Extension Option shall terminate immediately without the need for any act or notice by either party to be effective.

17.1.2 **Manner of Notice.** Tenant shall have delivered to Landlord written notice (the “**Extension Notice**”) of the exercise of the Extension Option not later than two hundred seventy (270) days prior to the expiration of the current term of this Lease, time being of the essence. If an Extension Notice is not so delivered, Tenant's Extension Option shall automatically expire.

17.1.3 **Effect of Default.** Tenant's right to exercise the Extension Option shall be suspended at the election of Landlord during any period in which an Event of Default has occurred and is continuing, but the period of time within which the Extension Option may be exercised shall not be extended. Notwithstanding Tenant's due and timely exercise of the Extension Option, if, after such exercise and prior to the effective date of the Extension Option an Event of Default occurs under this Lease that is not cured within the applicable grace period, if any, Landlord shall have the right to cancel Tenant's exercise of the Extension Option by delivery of written notice to Tenant.

17.1.4 **New Rent.** The Rent for the Extension Period shall be equal to the greater of: (a) the Annual Base Rent and Additional Rent payable under Article 5 hereof during the final Lease Year of the original Term, or (b) the then prevailing fair market rental rate (such prevailing fair market rental rate, the “**Market Rent**”) for Tenant's space. If the Rent for the Extension Period is determined under clause (a) above, then Base Taxes and Base Expenses applicable during this Extension Period shall be the actual amount of Taxes and Operating Expenses, respectively, for the last Lease Year of the Initial Term. During the Extension Period the Additional Rent shall continue to be payable as provided in the Lease and all of the terms, conditions and covenants of this Lease shall apply.

17.1.5 **Financial Condition.** At the time Tenant exercises an Extension Option and at the beginning of the related Extension Period, Tenant and the guarantor hereof, if any, shall each have a financial net worth as determined in accordance with generally accepted accounting principles (based upon current, detailed audited financial statements provided to Landlord) equal to or greater than their respective net worth on the date hereof. Guarantor shall extend its guaranty by the execution and delivery of documents in form and substance acceptable to Landlord. In addition, Landlord may require the delivery of an additional security deposit in connection with such extension of the Term.

17.2 **Market Rent Notice.** If Tenant properly exercises its Extension Option, Landlord shall provide Tenant with written notice (the “**Market Rent Notice**”) of the rate of the Market Rent (as determined by Landlord for a five (5)-year term) and the Annual Base Rent for the Extension Period at least [**one hundred eighty (180)**] days prior to the Expiration Date. Tenant shall respond in writing to Landlord within twenty (20) days following Landlord's delivery of its Market Rent Notice (the “**Tenant Response Period**”) stating whether Tenant agrees or disagrees with the Annual Base Rent determined

by Landlord. If the parties agree on the Annual Base Rent for the Extension Period during the Tenant Response Period, they shall execute an amendment to this Lease within ten (10) days stating the Extension Period, the Annual Base Rent and monthly rental and any related terms and conditions. Otherwise, the Market Rent shall be determined in accordance with Section 17.3.

**17.3** Dispute. If the parties are unable to agree on the Annual Base Rent for the Extension Period within the Tenant Response Period, the Market Rent shall be determined by appraisal as set forth below in order to establish the Annual Base Rent for the Extension Period and Landlord and Tenant shall be bound by the results of the appraisal. Notwithstanding the submission of the issue of Market Rent to appraisal, if such Annual Base Rent has not been established pursuant to Section 17.4 prior to the commencement of the Extension Period, Annual Base Rent for the next ensuing Lease Year of the Term shall be paid at the Annual Base Rent established by Landlord in its Market Rent Notice until the appraisal is completed. If, upon completion of the appraisal, it is determined that Market Rent is less or more than that set by Landlord, then an adjustment based upon such lower or greater rent shall be made based on the number of months therefor paid by Tenant but in no event shall rent be lower than that paid for the final Lease Year of the Initial Term. In no event shall the extension of the Term be affected by the determination of the Annual Base Rent, such exercise of the Extension Option being fixed at the time at which Tenant delivers the Extension Notice.

**17.4** Appraisal. When the terms of this Lease provide that Market Rent shall be determined by appraisal, the following appraisal procedures shall apply:

17.4.1 Selection of Appraisers. Within five (5) business days following the end of the Tenant Response Period, each of Tenant and Landlord shall choose a real estate appraiser who is a member of the American Institute of Appraisers and has at least five (5) years' full time commercial appraisal experience in Fairfield County and shall notify the other party in writing of its selection. If a party does not appoint an appraiser within such five (5) day period, the single appraiser appointed shall be the sole appraiser and shall establish the Market Rent for the Extension Term;

17.4.2 Selection of Third Appraiser. If the two (2) appraisers are appointed by the parties as stated above, they shall meet within five (5) business days following their appointment in accordance with Subsection 17.4.1 above, and the appraisers selected shall select a third appraiser meeting the qualifications as set forth in Subsection 17.4.1 above; if the two (2) appraisers fail to select the third appraiser within such time period, either of the parties to this Lease by giving ten (10) days' notice to the other party can apply to the then president of the county real estate board of Fairfield County, or to the presiding judge of the Superior Court of that county, for the selection of a third appraiser who meets the qualifications stated in "(a)" above. Each of the parties shall bear one-half (1/2) of the cost of appointing the third appraiser and of paying the third appraiser's fee. The third appraiser, however selected, shall be a person who has not previously acted in any capacity for either party;

17.4.3 Decision by Appraisers. Within fifteen (15) business days after their appointment, the appraisers shall determine the Market Rent for the Premises for the Extension Period, and shall notify Tenant and Landlord of such determination within three (3) days thereafter, which determination shall be final and binding upon Tenant and Landlord. If the appraisers are unable to agree upon the Market Rent, the Market Rent will be deemed to be the average of the Market Rents proposed by the appraisers, except that (i) if the lowest proposed fair market rent is less than ninety percent (90%) of the second to lowest proposed Market Rent, the lowest proposed Market Rent will automatically be deemed to be ninety percent (90%) of the second to lowest proposed Market Rent and (ii) if the highest proposed Market Rent is greater

than one hundred ten percent (110%) of the second to highest proposed Market Rent, the highest proposed Market Rent will automatically be deemed to be one hundred ten percent (110%) of the second to highest proposed Market Rent;

17.4.4 Allocation of Expenses. Landlord and Tenant shall each pay on-half (1/2) of the expense of the appraisers' fees.

17.4.5 Guidelines for Appraisal. For the purpose of determining Market Rent, the parties shall use as a guideline the average rental rates for comparable space in the Building over the previous three (3)-month period, or if no comparable lease transactions have taken place during the past three (3) months, then the guideline shall be the then market rent for similar available space in buildings of similar age and class in the same geographic area, the Fairfield County market.

17.5 Amendment. Within ten (10) days following the establishment of the Market Rent and the resulting Annual Base Rent with respect to the Extension Period pursuant to the appraisal procedure set forth above, Landlord and Tenant shall execute an amendment to this Lease confirming the Annual Base Rent payable with respect to the Extension Period. Each such amendment shall set forth the Extension Period, the applicable Annual Base Rent and the monthly rental and any related terms and conditions.

## ARTICLE 18 RIGHT OF FIRST OFFER

18.1 Conditions Precedent. Tenant shall have the right (the “**First Offer Option**”) to lease certain space known as “Suite 1B” which is located in the Courtside Building and is shown in Exhibit F attached hereto (the “**First Offer Space**”) when such First Offer Space becomes available for lease to third parties following the expiration of the existing lease of the First Offer Space (and any extensions thereof), subject to the terms and conditions of this Article 18. The Tenant's rights under this Article 18 with respect to the Tenant's leasing of any First Offer Space, are subject to each and all of the following conditions:

18.1.1 No Assignment. This First Offer Option shall not be exercised by, or assigned or otherwise transferred to, any person or entity, voluntarily or involuntarily. Tenant shall only be permitted to lease the First Offer Space for its own use and occupancy. The parties hereto agree that if Tenant otherwise assigns any of its interest in this Lease or First Offer Option or subleases the Premises (or any portion thereof), this First Offer Option shall terminate immediately without the need for any act or notice by either party to be effective;

18.1.2 Effect of Default. At the time the Landlord is required to provide Tenant with a “**First Offer Notice**” (defined in Section 18.2) and at the time Tenant is required to exercise its “**First Offer Option**” (defined in Section 18.2), no Event of Default shall have occurred and be continuing;

18.1.3 Rights of Other Tenants. All of Tenant's rights under this Article 18 are subject and subordinate to: (a) first offer, first refusal and expansion options (the “**Expansion Rights**”) with regard to such First Offer Space given by Landlord to other Building tenants whose leases are executed prior to the date of this Lease and, (b) the expiration of the tenancy of Beiersdorf, Inc. (and any of its successors or assigns) at the First Offer Space, including any extensions or renewals given by Landlord with respect to the First Offer Space.

## 18.2 Right of First Offer.

18.2.1 First Offer Notice. When Landlord determines that: (a) the First Offer Space shall become available for lease to third parties upon the expiration of the then existing lease (including all related Expansion Options for such space and any lease extensions granted by Landlord to the tenant thereof), and (b) all other then existing tenants of the Building with Expansion Options elect not to exercise such rights as permitted by their leases, Landlord shall give Tenant written notice (the “**First Offer Notice**”) of such availability and the date the existing tenant or occupant is expected to vacate any First Offer Space and such other information as is required by Subsection 18.2.3 hereof; provided, however, Tenant acknowledges that the availability of any such First Offer Space shall be subject to the condition that the then existing tenant or occupant of such First Offer Space vacates such First Offer Space.

18.2.2 Leasing Terms. The First Offer Notice shall identify the available space and state the estimated date of availability and the basic economic terms, including Landlord's determination of the annual base rent (which shall be the prevailing fair market rental rate but shall not be less than the rate of Annual Base Rent applicable to the Premises), security deposit, additional rent, proportionate share of Additional Rent, the lease term (which shall be for a minimum term of five (5) years) and the tenant improvement allowance, if any (collectively, the “**Economic Terms**”) upon which Landlord is willing to lease the First Offer Space to Tenant or to a third party. Landlord shall not be obligated to undertake any tenant improvements with respect to the First Offer Space, unless expressly stated in the First Offer Notice.

18.2.3 Manner of Exercise. Tenant shall exercise its First Offer Option by delivering written notice (which contains the written consent to such leasing of any guarantor of this Lease) to Landlord within ten (10) days immediately following Landlord's delivery of the First Offer Notice that it unconditionally accepts the terms in the First Offer Notice (the “**Tenant's Exercise Notice**”) . Within fifteen (15) days immediately following delivery of Tenant's Exercise Notice in accordance with this Section 18.2, Tenant shall enter into a new lease with Landlord for such First Offer Space. The parties agree that the new lease shall be prepared in substantially the same form (as to non-economic terms) as this Lease except to the extent that the terms of the First Offer Notice would necessitate changes.

18.2.4 Effect of Non-Exercise. In the event that Tenant fails to exercise the First Offer Option in accordance with the terms and conditions hereof, the First Offer Option (and all of Tenant's rights under this Article 18) shall terminate and be of no further force or effect; and this Lease as it pertains to the Premises shall remain in full force and effect.

18.2.5 Delivery of Space. Landlord's failure to deliver, or delay in delivering, all or any part of the space for any reason beyond Landlord's control (including continued occupancy of any such space by occupant thereof) shall not give rise to any liability of Landlord, shall not alter Tenant's obligation to accept such space when delivered, shall not constitute a default of Landlord, and shall not affect the validity of the Lease; provided, however, that Landlord shall use commercially reasonable efforts, including the prosecution of eviction proceedings, to terminate the continued occupancy of the First Offer Space by an occupant thereof holding over beyond the end of its term.

*(Remainder of Page Intentionally Left Blank)*

WITNESSED BY:

/s/ Jonathan Block  
*Signature of Witness*  
Print Name: Jonathan Block

/s/ Rebecca L. Barber  
*Signature of Witness*  
Name:  
Print Name: Rebecca L. Barber

/s/ Melissa Aouci  
*Signature of Witness*  
Print Name: Melissa Aouci

/s/ Ellen M. Gilmore  
*Signature of Witness*  
Print Name: Ellen M. Gilmore

/s/ Melissa Aouci  
*Signature of Witness*  
Print Name: Melissa Aouci

/s/ Ellen M. Gilmore  
*Signature of Witness*  
Print Name: Ellen M. Gilmore

**LANDLORD:**

**DIV DANBURY 187, LLC**

By: Danbury 187 Manager Corp.  
Its Manager

By: /s/ Paul R. Marcus  
Name: Paul R. Marcus  
Title: President

**DIV DANBURY 187, LLC**

By: Linden 187 Manager Corp.  
Its Manager

By: /s/ Paul R. Marcus  
Name: Paul R. Marcus  
Title: President

**TENANT:**

**SIRIUSDECISIONS, INC.,**

By: /s/ Richard E. Eldh  
Name: Richard E. Eldh  
Title: Co-Founder

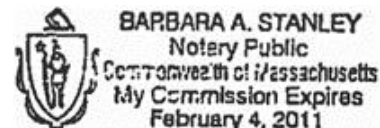
COMMONWEALTH OF MASSACHUSETTS  
COUNTY OF SUFFOLK

On this 4<sup>th</sup> day of April, 2006, before me, the undersigned officer, personally appeared Paul R. Marcus, known to me to be the person whose name is subscribed to the within instrument, and acknowledge himself to be the President of Danbury 187 Manager Corp. and that he as such President, being authorized so to do, executed the foregoing instrument as the free act and deed of Danbury 187 Manager Corp. as the Manager of DIV Danbury 187, LLC therein by signing the name of Danbury 187 Manager Corp. by himself as such President.

IN WITNESS WHEREOF, I hereunto set my hand and seal.

/s/ Barbara A. Stanley  
Notary Public

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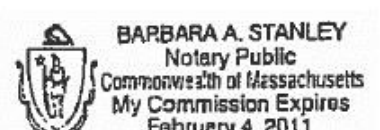
COMMONWEALTH OF MASSACHUSETTS  
COUNTY OF SUFFOLK

On this 4<sup>th</sup> day of April, 2006, before me, the undersigned officer, personally appeared Paul R. Marcus, known to me to be the person whose name is subscribed to the within instrument, and acknowledge himself to be the President of Linden 187 Manager Corp. and that he as such President, being authorized so to do, executed the foregoing instrument as the free act and deed of Linden 187 Manager Corp. as the Manager of DIV Linden 187, LLC therein by signing the name of Linden 187 Manager Corp. by himself as such President.

IN WITNESS WHEREOF, I hereunto set my hand and seal.

/s/ Barbara A. Stanley  
Notary Public

---





STATE OF )  
 ) ss. \_\_\_\_\_  
COUNTY OF )

On this the \_\_\_\_ day of March, 2006, before me, the undersigned officer, personally appeared\_\_\_\_, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledge himself/herself to be the \_\_\_\_\_of **DIV Design LLC**, a limited liability company, and that he/she, as such\_\_\_\_, being authorized so to do, executed the foregoing instrument as the free act and deed of **DIV Design LLC** as the Sole Member of **DIV DANBURY 187, LLC** for the purposes contained therein by signing the name of **DIV Design LLC** by himself/herself as such\_\_\_\_\_

IN WITNESS WHEREOF, I hereunto set my hand.

\_\_\_\_\_  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

[Affix Notarial Seal]

STATE OF )  
 ) ss. \_\_\_\_\_  
COUNTY OF )

On this the \_\_\_\_ day of March, 2006, before me, the undersigned officer, personally appeared \_\_\_\_\_, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument , and acknowledged himself/herself to be the \_\_\_\_\_ of **Linden LP**, a limited partnership, and that he/she, as such officer, being authorized so to do, executed the foregoing instrument as the free act and deed of **Linden LP** as the Sole Member of **DIV LINDEN 187, LLC** for the purposes contained therein by signing the name of **Linden LP** by himself/herself as such\_\_\_\_\_.

IN WITNESS WHEREOF, I hereunto set my hand.

\_\_\_\_\_  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

[Affix Notarial Seal]

STATE OF Connecticut )  
 ) ss. \_\_\_\_\_  
COUNTY OF Fairfield )

On this the 30 day of March, 2006, before me, the undersigned officer, personally appeared Richard E. Eldh, who acknowledged himself to be the Co-Founder of **SIRIUSDECISIONS, INC.**, a corporation, and that he, as such Officer, being authorized so to do, executed the foregoing instrument as his free act and deed and the free act and deed

of the corporation for the purposes contained therein by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand.

/s/ Stephen J. Foldy

Commissioner of the Superior Court/

Notary Public

My Commission Expires

[Affix Notarial Seal]

**STEPHEN J. FOLDY, Notary Public  
My Commission Expires August 31, 2007**

**AMENDMENT TO LEASE**

THIS AMENDMENT TO LEASE (the “**Amendment**”) made as of March 27, 2008 (“**Effective Date**”) by and between **DIV DANBURY 187, LLC**, a Delaware limited liability company and **DIV LINDEN 187, LLC**, a Delaware limited liability company, both having a place of business at c/o Davis Marcus Partners, Inc., One Appleton Street, Boston, Massachusetts 02116 (collectively, the “**Landlord**”), and **SIRIUSDECISIONS, INC.**, a Delaware corporation having its principal place of business at 187 Danbury Road, Wilton, Connecticut 06897 (the “**Tenant**”).

**W I T N E S S E T H:**

WHEREAS, Landlord is the owner of that certain building (the “**Building**”) located at 187 Danbury Road, Wilton, Connecticut (the “**Property**”);

WHEREAS, Landlord and Tenant entered into a certain Lease for a portion of the Building dated as of March 27, 2006 (the “**Original Lease**”), pursuant to which Tenant leases certain space at the Building consisting of 3,102 rentable square feet in area as more particularly described in the Original Amended Lease;

WHEREAS, Landlord and Tenant have agreed to modify certain of the terms of the Original Lease in order to relocate the premises within the Building, extend the term of the Original Lease, establish the rental amounts for such relocated premises and extended term and make certain related modifications;

**NOW, THEREFORE**, in consideration of the mutual promises contained herein and Ten Dollars (\$10.00) and other valuable consideration, the receipt of which is hereby acknowledged, and subject to the approval of this Amendment by Landlord’s lenders, Landlord and Tenant hereby covenant and agree as follows:

1. **Defined Terms.**
  - A. The term “**Lease**” as used herein and in the Original Lease shall mean and refer to the Original Lease as amended by this Amendment.
  - B. Capitalized terms used herein but not otherwise defined herein shall have the meanings given to them in the Lease.
2. **Amendments.** The Original Lease is hereby amended as set forth below in this Section 2 and as otherwise set forth in this Amendment.
  - A. **Premises.** Effective as of the date hereof, Section 1.01 of the Original Lease is amended to add the following:

“Tenant and Landlord agree that Tenant shall surrender the “Existing Premises” (such term as used herein intending to refer to the 3,102 rentable square feet on the 3<sup>rd</sup> floor of the portion of the Building known as the Riverview Building and known as Suite 3D) to Landlord on the “Replacement Premises Commencement Date” (as herein after defined) in accordance with the provisions of Section 8.6, and as of such date Tenant shall cease to have any tenancy or occupancy rights to the Existing Premises. Landlord and Tenant agree that from and after the Replacement Commencement Date, the “Premises” shall be the 5,855 rentable square feet on the 2<sup>nd</sup> floor of the portion of the Building known as the Courtside Building, shown on Exhibit A (revised) attached hereto (also known as the “Replacement Premises”).

Tenant agrees to lease the Replacement Premises from Landlord, and Landlord hereby agrees to lease the Replacement Premises to Tenant, subject to all of the terms and conditions hereof, commencing on the Replacement Premises Commencement Date. Tenant acknowledges that it has had a full, adequate and complete opportunity to inspect the Replacement Premises, and, subject to Landlord’s obligation to complete “Landlord’s Replacement Premises Work” (as hereinafter defined), Tenant is fully and completely satisfied with the Replacement Premises. If any repairs, improvements or work, other than Landlord’s Replacement Premises Work, should be necessary to prepare the Replacement Premises for Tenant’s use and occupancy, Tenant shall perform such additional work at Tenant’s sole cost and expense

and in any event in accordance with the terms and conditions of this Lease. On the Replacement Premises Commencement Date, this Lease shall terminate with respect to the Existing Premises and all of the terms and conditions of this Lease shall apply to the Replacement Premises. Thereafter, all references to the capitalized term "Premises" shall mean the Replacement Premises."

B. Lease Term. Effective as of the Replacement Premises Commencement Date, Section 2.01 of the Original Lease is amended and restated as follows:

"2.01 Lease Term. The Replacement Premises are leased for a term (the "Term") beginning on the Replacement Premises Commencement Date (as hereinafter defined) and ending on the last day of the sixtieth (60<sup>th</sup>) full calendar month after the Replacement Premises Commencement Date (the "Replacement Premises Expiration Date"), unless sooner terminated as herein provided. The "Replacement Premises Commencement Date" shall be the earlier to occur of (a) the date Landlord's Replacement Premises Work is "Substantially Completed" (as hereinafter defined), or (b) the date Tenant occupies the Replacement Premises, or any part thereof, for the conduct of Tenant's business. The first Lease Year shall begin on the Replacement Premises Commencement Date and shall end on the last day of the twelfth (12<sup>th</sup>) full calendar month following the Replacement Premises Commencement Date. Each Lease Year thereafter shall consist of twelve (12) consecutive calendar months following the end of the immediately preceding Lease Year."

C. Completion and Occupancy of the Premises. Effective as of the date hereof, Article 3 of the Original Lease is amended and restated as follows:

"ARTICLE 3. COMPLETION AND OCCUPANCY OF THE PREMISES

3.1 Delivery of the Premises.

3.1.1 Plans for Tenant Improvements. Tenant and Landlord have approved the space plan for the Replacement Premises 08013-PA-2REVISED-03-17-2008, which is attached hereto as Exhibit C-1 (revised) (the "**Replacement Premises Concept Plan**") and which shows Tenant's leasehold improvements and installations (the "**Replacement Premises Leasehold Improvements**"). Landlord agrees to construct the Replacement Premises Leasehold Improvements in accordance with the Concept Plan and the "Tenant Standards" attached hereto as Exhibit C-2. Tenant agrees to make its selections of tenant finishes and materials for the Replacement Premises Leasehold Improvements from readily available "building standard" materials on or before April 7, 2008. Landlord shall have architectural and construction plans and drawings prepared for the Replacement Premises Leasehold Improvements (the "**Replacement Premises Final Plans**") consistent with the Replacement Premises Concept Plan and the Tenant Standards. Tenant agrees that it will take all actions as may be necessary to enable Landlord to prepare such Replacement Premises Final Plans on or before April 23, 2008. Tenant agrees to approve such Replacement Premises Final Plans within three (3) business days following Landlord's delivery of such Replacement Premises Final Plans ("**Replacement Premises Final Plan Approval Date**"). The Replacement Premises Final Plans as approved by Tenant are hereinafter referred to as the "**Replacement Premises Approved Plans**". Landlord shall cause the Replacement Premises Leasehold Improvements to be Substantially Completed in accordance with the Replacement Premises Approved Plans and deliver possession of the Replacement Premises to Tenant subject to the terms and conditions of this Article 3.

3.1.2 Target Delivery Date. Subject to Tenant's performance of its obligations hereunder, including, without limitation, its payment of the sums payable to Landlord under this Article 3, Landlord, on behalf of Tenant, shall endeavor to cause the Replacement Premises Leasehold Improvements to be Substantially Completed in accordance with the Replacement Premises Final Plans and deliver possession of the Replacement Premises to Tenant on July 1, 2008 (such date, the "**Replacement Premises Target Delivery Date**"). Landlord's obligation to construct the Replacement Premises Leasehold Improvements shall not require Landlord to incur overtime costs or expenses nor the construction of any "**Specialty Work**" (defined in Subsection 3.2.1).

3.1.3 Substantial Completion. The Replacement Premises Leasehold Improvements shall be deemed "Substantially Completed" when Landlord's contractor or architect certifies to Landlord and Tenant in writing that the Replacement Premises Leasehold Improvements have been completed in accordance with the Replacement Premises Approved Plans, subject only to normal punch list items. Tenant agrees to take occupancy of the Replacement Premises no later than seven (7) days following the date on which Landlord provides Tenant notice that the Replacement Premises are Substantially Completed.

3.1.4 Extension of Target Delivery Date. Notwithstanding the foregoing, if the Replacement Premises Leasehold Improvements are not Substantially Completed on or before the Replacement Premises Target Delivery Date, then the Replacement Premises Target Delivery Date shall be extended by the number of days of construction delay in achieving Substantial Completion resulting from any “Force Majeure Delay” or “Tenant Delay,” subject to the operation of Section 3.2.

### 3.2 Delayed Delivery.

3.2.1 Delay in Substantial Completion. If Landlord shall be unable to Substantially Complete and deliver possession of the Replacement Premises on or before the Replacement Premises Target Delivery Date by reason of the fact that work required to be done by Landlord hereunder has not been Substantially Completed by that date, Landlord shall not be subject to any penalty, claim or liability nor shall the validity of this Lease or the obligations of Tenant hereunder be in any way affected except as provided in this Section below, and in no event to the extent such delay results from any of the following reasons: (a) “Force Majeure” or any cause beyond the control of Landlord or its general contractor or subcontractors (a “**Force Majeure Delay**”), or (b) delay (a “**Tenant Delay**”) resulting from: (i) Tenant’s failure to comply with any of the delivery dates or approval dates contained in this Article 3 relative to the design, planning, selection of finishes and pricing for the Replacement Premises Leasehold Improvements, (ii) Tenant’s failure to approve the Replacement Premises Final Plans on or before the Replacement Premises Final Plan Approval Date, (iii) Tenant’s failure to provide response to requests for information, approvals or disapprovals regarding Replacement Premises Leasehold Improvements within the time periods established in this Article 3 (or if not so stated, then within two (2) business days after request by Landlord or its contractors), (iv) Tenant’s requests for changes in the Replacement Premises Concept Plan or the Replacement Premises Approved Plans, or for the inclusion of materials or installations in the construction of the Replacement Premises Leasehold Improvements other than building standard items or items with delivery requirements that may have the effect of delaying the Substantial Completion of the Replacement Premises Leasehold Improvements beyond the Target Delivery Date (“**Specialty Work**”), or (v) any acts, omissions, non-payment, defaults or misconduct of Tenant (or its agents, employees, design professionals, contractors, licensees or invitees) with respect to the construction of the Replacement Premises Leasehold Improvements. As used in the Lease, the term “**Force Majeure**” shall mean casualty, acts of God or the elements, inability to obtain materials or services, labor disputes or strikes, delays by governmental departments issuing permits, governmental regulations or controls, civil commotion, war or similar events.

3.2.2 Tenant Delay. If Landlord is unable to Substantially Complete the Replacement Premises Leasehold Improvements and deliver possession of the Replacement Premises to Tenant on or before the Replacement Premises Target Delivery Date as a result of any Tenant Delay, Tenant shall be financially responsible for “**Rent**” as defined in Section 4.2, (pro-rated on a per diem basis) for the number of days of Tenant Delay experienced by Landlord in order to Substantially Complete the Replacement Premises Leasehold Improvements and deliver the Replacement Premises to Tenant, and such sum shall be due and payable by Tenant upon written demand by Landlord.

3.2.3 Landlord Delay. If Landlord is unable to Substantially Complete the Replacement Premises Leasehold Improvements and deliver possession of the Premises to Tenant within one (1) month following the Replacement Premises Target Delivery Date as a result of delays resulting from causes solely within Landlord's control, Tenant shall receive a per diem credit of Annual Base Rent for each day that the Replacement Premises Commencement Date is delayed beyond the such one (1) month period solely as a result of such Landlord's delay.

3.3 Tenant’s Communications Systems. Tenant, at its sole expense, shall design, install, construct and maintain Tenant's furniture systems and Tenant’s data, telephone, audio-visual, internet and video systems (“**Tenant’s Communications Systems**”) within the Replacement Premises and the related wiring within the Building necessary for the operation thereof. Tenant’s Communications Systems shall not be included in the Replacement Premises Leasehold Improvements. Landlord will permit Tenant and its agents, architects, engineers, space planners, contractors, subcontractors, suppliers and materialmen (“**Tenant’s Agents and Consultants**”) to have access to the Replacement Premises and the Building (at the sole risk of such parties and without liability to Landlord) for such purposes subject to the terms and conditions of this Lease. The design, plans and specifications for the wiring, cabling and equipment for Tenant’s Communication System, and its locations and connections from within the Replacement Premises to the Building risers, conduits and systems shall be subject to Landlord’s prior review and approval.

Tenant shall provide Landlord with reasonable prior written notice of any construction work that involves any Building systems, and all such work shall be coordinated with Landlord and subject to Landlord supervision.

3.4 **Confirmatory Amendments.** When the Replacement Premises Commencement Date and Replacement Premises Expiration Date hereof have been determined in accordance with the provisions set forth in this Lease, the parties hereto shall execute a document in recordable form, setting forth said dates and said document shall be deemed a supplement to and part of this Lease. The parties hereto agree to execute such confirmatory document not later than fifteen ( 15) days following the Replacement Premises Commencement Date.”

D. **Annual Base Rent.** Effective as of the Replacement Premises Commencement Date, Section 4.01 of the Original Amended Lease is deleted in its entirety and replaced with the following:

“Beginning on the Replacement Premises Commencement Date and continuing throughout the Term, Tenant shall pay to or upon the order of Landlord an annual rental consisting of the sum of the First Component and the Second Component as set forth below (the “Annual Base Rent”), which shall be payable in consecutive monthly installments on or before the first day of each calendar month in advance in the monthly amounts for the First Component and the Second Component set forth below:

First Component - 3,102 rsf

<b>Lease Year</b>	<b>Annual Base Rent Per Rentable Square Foot</b>	<b>Annual Base Rent</b>	<b>Monthly Base Rent</b>
Replacement Premises Commencement Date - June 30,2009	\$30.50/rsf	\$94,611.00	\$7,884.25
July 1, 2009 - June 30, 2010	\$31.50	\$97,713.00	\$8,142.75
July 1, 2010 - June 30,2011	\$32.50	\$100,815.00	\$8,401.25
July 1, 2011 - June 30, 2012	\$35.38	\$109,748.76	\$9,145.73
July 1, 2012 - June 30,2013	\$36.38	\$112,850.76	\$9,404.23

Second Component - 2,753 rsf

<b>Lease Year</b>	<b>Annual Base Rent Per Rentable Square Foot</b>	<b>Annual Base Rent</b>	<b>Monthly Base Rent</b>
Replacement Premises Commencement Date - June 30,2009	\$32.63	\$89,830.39	\$7,485.87
July 1, 2009 - June 30,2010	\$33.63	\$92,583.39	\$7,715.28
July 1, 2010 - June 30, 2011	\$34.63	\$95,336.39	\$7,944.70
July 1, 2011 -June 30,2012	\$35.63	\$98,089.39	\$8,174.12
July 1, 2012 - June 30, 2013	\$36.63	\$100,842.39	\$8,403.53

All payments of rent shall be due without demand, deduction, counterclaim, set-off, discount or abatement in lawful money of the United States of America. If the Replacement Premises Commencement Date should occur on a day other than the first day of a calendar month, or the Expiration Date should occur on a day other than the last day of a calendar month, then the monthly installment of Annual Base Rent for such fractional month shall be prorated upon a daily basis based upon a thirty (30) day month.”

E. Security Deposit. Effective as of the date hereof, Section 4.7 of the Original Lease is replaced with “Concurrent with the execution and delivery of this Amendment, Tenant shall deliver to Landlord an additional \$19,000 for the Security Deposit”, and Section 4.6 of the Original Lease is amended by deleting the term “\$15,000” and replacing it with “\$34,000”.

F. Additional Rent - Definitions. Effective as of the Replacement Premises Commencement Date, Sections 5.1 of the Original Lease is amended as follows:

(i) The definition of “**Base Tax Year**” is deleted in its entirety and the following is inserted in its place:

“”**Base Tax Year**”: Calendar year 2008.”

(ii) The definition of “**Base Expense Year**” is deleted in its entirety and the following is inserted in its place:

“”**Base Expense Year**”: Calendar year 2008.”

(iii) The definition of “Tenant’s Share” is amended by deleting the second sentence of said Section in its entirety and inserting the following in its place:

“On the Replacement Premises Commencement Date the Tenant’s Share is four and thirty hundredths percent (4.30%)”

G. Payment of Taxes. Effective as of the Replacement Premises Commencement Date, Section 5.2 of the Original Lease is amended by deleting the first sentence of said Section in its entirety and inserting the following in its place:

“Commencing on the first anniversary of the Replacement Premises Commencement Date, Tenant shall pay, as Additional Rent, Tenant’s Share of all Taxes payable in respect of any Tax Year falling wholly or partially with in the Term, to the extent that Taxes for any such period shall exceed the Base Taxes (which payment shall be adjusted by proration with respect to any partial Tax Year).”

H. Payment of Operating Expenses. Effective as of the Replacement Premises Commencement Date, Section 5.3 of the Original Lease is amended by deleting the first sentence of said Section in its entirety and inserting the following in its place:

“Commencing on the first anniversary of the Replacement Premises Commencement Date, Tenant shall pay, as Additional Rent, Tenant’s Share of all Operating Expenses payable in respect of any Expense Year falling wholly or partially with in the Term, to the extent that Operating Expenses for any such period shall exceed the Base Expenses.”

I. Payment of Electric Expense. Effective as of the Replacement Premises Commencement Date, Section 5.4 of the Original Lease is amended by deleting the second sentence of said Section in its entirety and inserting the following in its place:

“Beginning on the Replacement Premises Commencement Date, Tenant shall pay Landlord at the rate of \$2.75 per rentable square foot of the Premises per annum (subject to change as described below) with respect to Tenant’s lights and general office equipment (exclusive of any special facilities and equipment).”

J. Extension Right. Effective as of the date hereof, Article 17 is deleted in its entirety.

K. Right of First Offer. Effective as of the date hereof, Article 18 is deleted in its entirety.

L. Parking. Effective as of the Replacement Premises Commencement Date, Section 1.3 of the Lease is amended by adding the following after the first sentence of said Section:

“Tenant’s parking allocation shall include one (1) covered reserved parking space.”

3. **Lease Ratification.** This instrument and all of the terms and provisions hereof shall be considered for all purposes to be incorporated into and made part of the Original Lease. The Original Lease and each provision, covenant, condition, obligation, right and power contained therein is hereby ratified and confirmed, and, as modified hereby, shall continue in full force and effect. All references appearing in the Original Lease and in any related instruments shall be amended and read hereafter to be references to the Original Lease as amended by this Amendment. In the event of any inconsistencies or conflicts between other provisions of the Original Lease and the provisions of this Amendment, the provisions hereof shall govern and control. Except as expressly set forth herein, the Original Lease has not otherwise been modified or amended and remains in full force and effect and is ratified by the parties hereto.

4. **Authority.** Landlord represents and warrants to Tenant that Landlord and the person signing on its behalf are duly authorized to execute and deliver this Amendment and that this Amendment constitutes its legal, valid and binding obligation. Tenant hereby represents and warrants to Landlord that Tenant each person signing on its behalf are duly authorized to execute and deliver this Amendment, and that this Amendment constitutes the legal, valid and binding obligation of Tenant.

5. **Broker.** Landlord and Tenant represent and warrant to each other that they have not had any dealings with any broker, agent or finder in connection with the transaction evidenced by this Amendment other than CB Richard Ellis, Inc (the “Broker”), whose fees shall be paid by Landlord pursuant to a separate agreement between Landlord and Broker. Each party agrees to protect, indemnify, defend and hold the other harmless from and against any and all expenses with respect to any compensation, commissions and charges claimed by any broker, agent or finder, other than the Broker, with respect to this Amendment and the negotiation thereof that is made by reason of any action or agreement by such party.

6. **Miscellaneous.** This Amendment shall bind and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument. This Amendment shall be governed by and construed in accordance with the laws of the State of Connecticut.

7. **Execution by Facsimile or Electronic Mail.** The parties agree that this Amendment may be transmitted between them by facsimile machine or electronic mail and the parties intend that a faxed or emailed Amendment containing either the original and/or copies of the signature of all parties shall constitute a binding Amendment.

8. **Effective Date.** The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises. This Amendment shall become effective and binding only upon execution and delivery of this Amendment by all of the parties hereto and approval by Landlord’s lenders.

[PAGE ENDS HERE - SIGNATURES ARE ON THE NEXT TWO PAGES]



IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be duly executed as of the day and year first written above.

WITNESSED BY:

/s/ Jean Della Piana  
*Signature of Witness*  
Print Name: Jean Della Piana

/s/ David B. Currie  
*Signature of Witness*  
Print Name: David B. Currie

/s/ Jean Della Piana  
*Signature of Witness*  
Print Name: Jean Della Piana

/s/ David B. Currie  
*Signature of Witness*  
Print Name: David B. Currie

/s/ Georgiana E. Whitehurst  
*Signature of Witness*  
Print Name: Georgiana E. Whitehurst

/s/ Anthony E. Jaros  
*Signature of Witness*  
Print Name: Anthony E. Jaros

**LANDLORD:**

**DIV DANBURY 187, LLC**, a Delaware limited liability company

By: Danbury 187 Manager Corp., its manager

By: /s/ Jonathan G. Davis  
Name Jonathan G. Davis  
Title: Director & CEO

**DIV LINDEN 187, LLC**, a Delaware limited liability company

By: Linden 187 Manager Corp., its manager

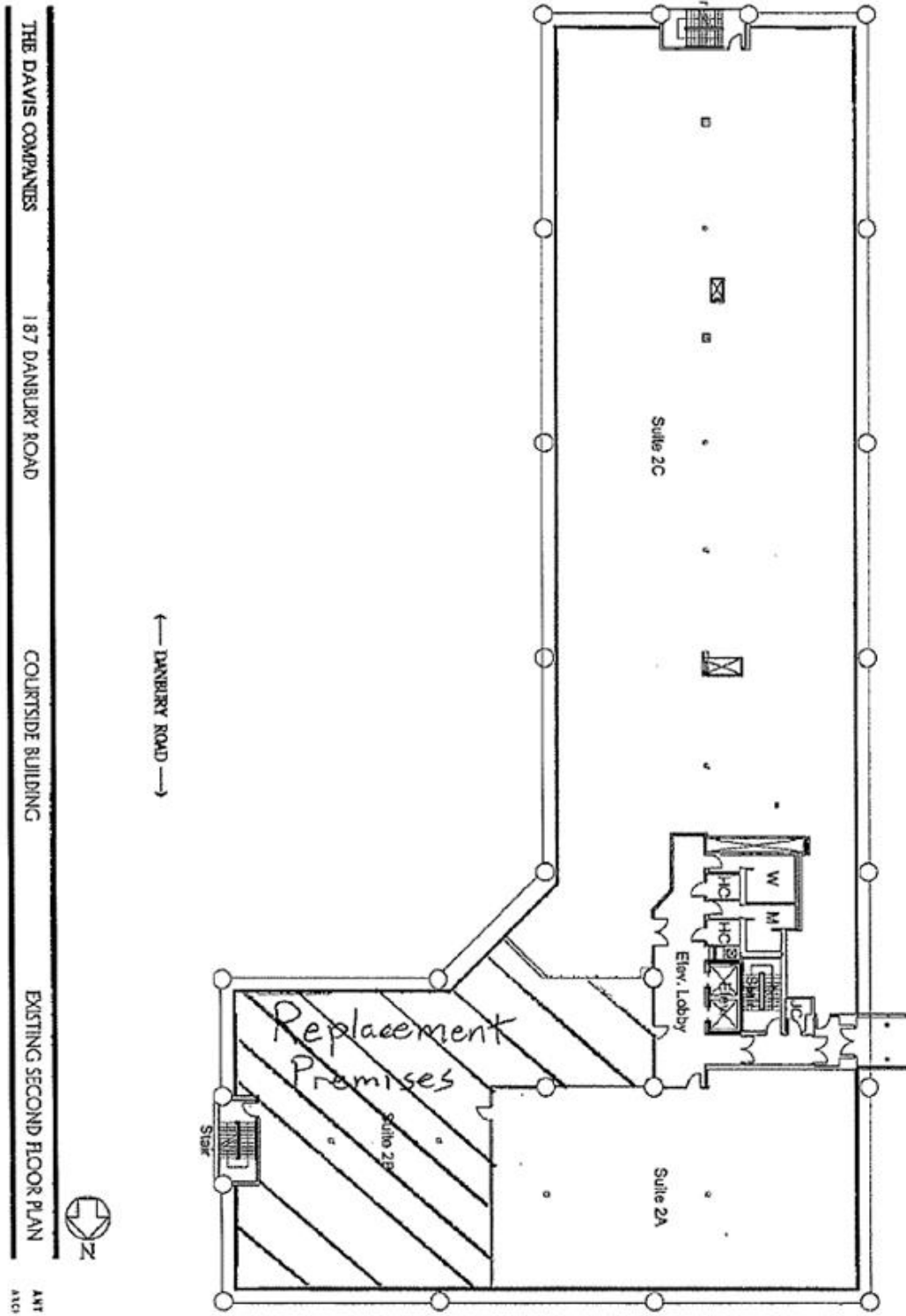
By: /s/ Jonathan G. Davis  
Name Jonathan G. Davis  
Title: Director & CEO

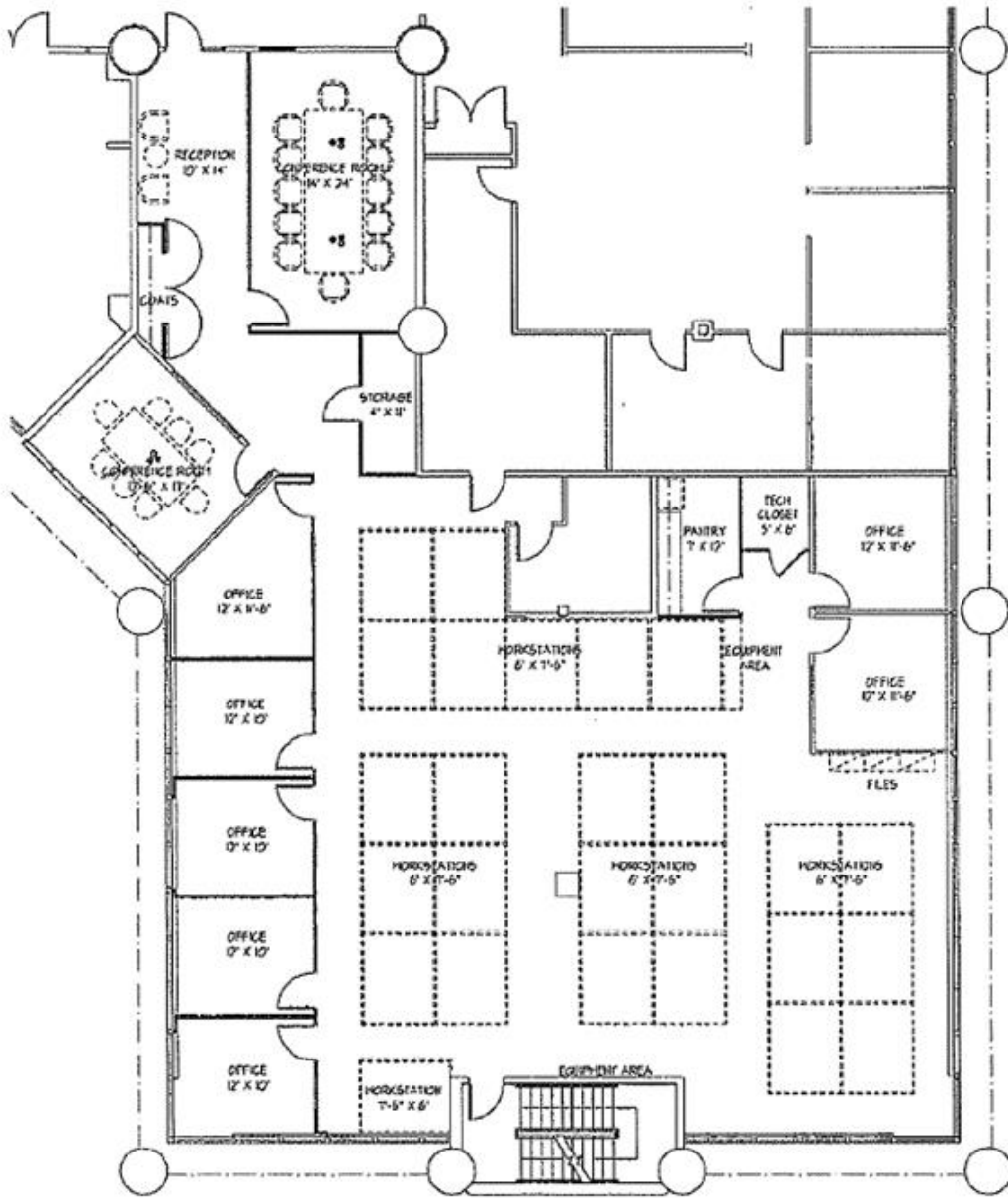
**TENANT:**

**SIRIUSDECISIONS, INC.**, a Delaware corporation

By: /s/ John Nesson  
Name John Nesson  
Title: Co-Founder

/s/ Richard E. Eldh  
Richard E. Eldh  
Co-Founder





**PARTIAL SECOND FLOOR PLAN**  
SCALE: 1/8" = 1'-0"

Note:  
AS furniture as shown linked to considered N.C.C.



## EXHIBIT C-2

### Tenant Standards

187 Danbury Road

March 1, 2008

#### GENERAL DESCRIPTION OF LANDLORD'S WORK

1. Landlord will construct the Premises in accordance with Exhibit C-1

#### PARTITIONS

1. Interior partitions shall be constructed of 2 ½" metal studs with 5/8" layer of sheetrock on each side and shall extend to 3" above the ceiling.
2. Demising walls shall be full height.
3. All partitions shall be built in accordance with local and state building codes.

#### DOORS / GLASS

1. The Building Standard Tenant Entry shall be relocated per Exhibit C-1.
2. Tenant Building Standard interior doors shall be 3'-0" x 8'-0" solid core wood doors with knock down hollow metal frames. If existing doors are reused, they shall be refinished to be of similar finish to the new doors.
3. Door hardware on Standard Door shall be lever handle type passage set. Schlage or equal.
4. Fire rated door assemblies shall be provided where required by code.
5. Locksets shall be provided on entry and exit doors only with two (2) keys provided.
6. Glass sidelights, if any, shall be frameless and 3' wide and run from floor to top of door frame.

#### WALL FINISHES

1. All walls shall be painted with two coats of one Building Standard color of latex paint with eggshell finish.
2. Door frames shall be painted with two coats of one Building Standard color enamel paint or equal.

#### CEILING

1. The ceiling system shall be the Building Standard 2'x2' or 2' x 4' fineline grid and fissured acoustical tiles, at Landlord's discretion.

#### FLOORING

1. All areas are to receive 26 ounce Building Standard carpet, direct glued down. All material selections to be made from Building Standard samples and must be currently available as a quick ship item.
2. All areas to receive 4" Building Standard vinyl base.
3. At Tenant's request, storage, pantry and workrooms may receive 12"x 12" x 1/8" Building Standard vinyl composition tile.

#### MILLWORK/ACCESSORIES

1. Pantry cabinetry, if any, shall be as follows:
  - A minimum of 6 lf of Building Standard plastic laminate countertop w/ Building Standard sink.
  - 6 lf of upper cabinetry/microwave shelf with Building Standard plastic laminate. 3lf of Base cabinets to allow for 3' of open space under sink per ADA requirements. Additional open space for 30" wide refrigerator.

#### FURNITURE

1. All landscape systems furniture and installation by Tenant.
2. All furniture and furniture installation by Tenant.

## ELECTRICAL

1. Building Standard lighting shall be the indirect 2'x4' parabolic or direct/indirect fluorescent fixture, at Landlord's discretion, to provide general office lighting.
2. All switching is to be provided by single pole wiring.
3. Building Standard duplex wall receptacles shall be installed in accordance with standard office requirements.
4. All emergency lighting and fire alarm work shall be Building Standard and as required by the local code officials.
5. All power and lighting panels and transformers shall be installed within the tenant space (unless otherwise required by Owner) and shall be fed from the Base Building bus duct riser.

## TELEPHONE AND DATA

1. All work associated with Telephone and Data is excluded and to be by Tenant.

## HVAC

1. Existing medium pressure ductwork for each air handling unit to remain for Tenant use with existing DDC control system with pneumatic operators to remain at existing air handling units. All new controls to be electronic type. System design and configuration shall meet current ASHRE standards. All existing controls shall be serviced and in good operating order.
2. Interior and Perimeter building zones may cross between demised tenant spaces.
3. The furnishing and installation of low pressure ductwork, flex ductwork, diffusers, controls and the installation of any new VAV units with thermostats is to be performed under the Tenant Improvement Work.
4. Interior Diffusers shall be Building Standard light troffers, and linear (at the perimeter).
5. The following terminal units shall be provided as a minimum:
  - Interior zone VAV units: one unit per 1,500 usf
  - Perimeter zone VAV w/heat: 750 usf perimeter zone
6. Any reused existing VAV boxes or other mechanical equipment shall be inspected, serviced and repaired as required under the Tenant Improvement Work.
7. HVAC system shall be balanced following the completion of the work. Copies of the reports must be submitted to the Landlord.

## SPRINKLERS

1. Sprinklers shall be configured in accordance with local codes and the Landlord's underwriter's criteria for ordinary hazard during the Tenant Improvement Work. Final finish heads to be flush type as approved by the Landlord's insurance carrier.

## BLINDS

1. Building Standard horizontal blinds are as provided on the exterior windows. Existing horizontal blinds shall be serviced and in good operating order.

## SIGNAGE

1. The Tenant's company name and logo shall be placed on the Tenant Entry glass panel in Building Standard gold colored vinyl lettering. No signage is permitted on doors. If glass sidelight is not provided, entry sign shall be installed on a Building Standard frosted glass panel attached to wall next to Tenant Entry door(s) with brushed stainless steel fasteners.

## END OF TENANT BUILDING STANDARDS

**SECOND AMENDMENT TO LEASE**

THIS SECOND AMENDMENT TO LEASE (this "**Second Amendment**"), is made as of this 15<sup>th</sup> day of, JUNE, 2012, by and between **DIV DANBURY 187, LLC**, a Delaware limited liability company and **DIV LINDEN 187, LLC**, a Delaware limited liability company, both having a place of business at c/o Davis Marcus Partners, Inc., One Appleton Street, Boston, Massachusetts 02116 (collectively, the "**Landlord**"), as landlord, and **SIRIUSDECISIONS, INC.**, a Delaware corporation, having a place of business at 187 Danbury Road, Wilton, Connecticut 06897 (hereinafter called "**Tenant**"), as tenant.

WITNESSETH:

WHEREAS, Landlord is the owner of that certain building (the "**Building**") located at 187 Danbury Road, Wilton, Connecticut (the "**Property**");

WHEREAS, Landlord and Tenant entered into a certain Lease for a portion of the Building dated as of March 27, 2006 (the "**Original Lease**"), as amended by the certain Amendment to Lease dated as of March 27, 2008 (the "**First Amendment**"; and together with the Original Lease, the "**Original Amended Lease**") pursuant to which Tenant leases certain space at the Building consisting of 5,855 rentable square feet in area (the "**Premises**") as more particularly described in the Original Amended Lease;

WHEREAS, Landlord and Tenant desire to extend the term of Tenant's occupancy of the Premises pursuant to the terms of the Original Amended Lease;

WHEREAS, Landlord and Tenant desire to relocate the Premises within the Building;

WHEREAS, Landlord and Tenant desire to amend the Original Amended Lease as specified herein in order to accomplish the foregoing objectives and any others as described hereby;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, Landlord and Tenant hereby agree that:

A. Defined Terms. Unless otherwise defined herein, all capitalized terms used in this Second Amendment shall have the meanings ascribed to them in the Original Amended Lease. From and after the effective date hereof, the term "Lease" as used in the Original Amended Lease shall mean and refer to the Original Amended Lease as amended by this Second Amendment.

B. Lease Amendment. Landlord and Tenant agree to amend the Original Amended Lease as follows:

1. Premises. Effective as of the Second Amendment Effective Date (defined in Section C of this Second Amendment), Section 1.1 of the Original Amended Lease is hereby deleted in its entirety and replaced with the following:

"1.1 Premises. Landlord, for and in consideration of the rents herein reserved and of the covenants and agreements herein contained on the part of Tenant to be performed, hereby leases to Tenant and Tenant accepts from Landlord, certain space shown on Exhibit A (rev. 2) attached hereto and made a part hereof, containing 17,744 rentable square feet in area (the "**Premises**"), situated in the office building located at 187 Danbury Road, Wilton, Connecticut (the "**Building**"). The Building comprises two wings, one of which is known as the "**Courtside Building**" and the other which is known as the "**Riverview Building**". The Premises is located in the Courtside Building. The Premises, Building, the "**Common Areas**" (defined below) and the land upon which the same are located, which is legally described in Exhibit B (the "**Land**"), together with all other improvements thereon and thereunder are collectively referred to as the "**Property**.""

2. Parking. Effective as of the Second Amendment Effective Date, Section 1.3 of the Original Amended Lease is hereby amended by deleting the phrase "one (1) covered reserved parking space" contained therein and replacing the same with the phrase "three (3) covered reserved parking spaces".

3. Term. Effective as of the date hereof, Section 2.1 of the Original Amended Lease is hereby deleted in its entirety and replaced with the following:

"2.1 Lease Term. The Premises are leased for a term (the "**Initial Term**") to commence on June 23, 2006 (the "**Commencement Date**") and shall end on the date (the "**Expiration Date**") that is thirteen (13) "**Lease Years**" (as defined below) after the Rent Commencement Date (as defined herein) unless sooner terminated as herein provided. If Tenant exercises its option to extend the term pursuant to Section 17.1, the Expiration Date shall be extended in accordance with Article 17 hereof (the "**Initial Term**" hereof, and as so extended, the "**Term**"). If Landlord gives and Tenant accepts possession prior to the Commencement Date, such occupancy shall be subject to all the terms and conditions of this Lease and rent and other charges shall be prorated to the date that Tenant takes possession of the Premises. The first "**Lease Year**" shall begin on the Commencement Date and shall end on the last day of the twelfth (12th) full calendar month following the Rent Commencement Date. Each Lease Year thereafter shall consist of twelve (12) consecutive calendar months beginning on the first day following the end of the immediately preceding Lease Year; provided, however that the seventh (7<sup>th</sup>) Lease Year hereof shall consist of the thirteen consecutive calendar months following the end of the sixth (6<sup>th</sup>) Lease Year hereof (i.e. ending as of July 31, 2013) and each succeeding Lease Year thereafter shall consist of twelve (12) consecutive calendar months as aforesaid. As used herein, the term "**Rent Commencement Date**" shall mean and refer to July 1, 2006."

4. Delivery of Premises. Effective as of the Second Amendment Effective Date, Article 3 of the Original Amended Lease is hereby deleted in its entirety and replaced with the following:

#### **"ARTICLE 3 COMPLETION AND OCCUPANCY OF THE PREMISES**

3.1 Delivery of the Premises. Landlord leases the Premises to the Tenant "AS IS." Landlord makes no representations or warranties whatsoever with respect to the Premises. Tenant acknowledges that it has had full, adequate and complete opportunity to inspect the Premises, and that it is fully and completely satisfied therewith. If any repairs, improvements or work should be necessary to prepare the Premises for Tenant's use and occupancy, Tenant shall perform such additional work at its own cost and expense, and shall comply with Article 8 in doing so.

3.2 Tenant's Systems. Tenant, at its sole expense, shall design, install, construct and maintain Tenant's data, telephone, audio-visual, internet and video systems ("**Tenant's Communications Systems**") and Tenant's furniture and furniture systems (collectively, the "**Tenant's Systems**") within the Premises and the related wiring within the Building necessary for the operation thereof. Landlord will permit Tenant and its agents, architects, engineers, space planners, contractors, subcontractors, suppliers and materialmen ("**Tenant's Agents and Consultants**") to have access to the Premises and the Building (at the sole risk of such parties and without liability to Landlord) for such purposes subject to the terms and conditions of this Lease. The design, plans and specifications for the wiring, cabling and equipment for Tenant's Communication System, and its locations and connections from within the Premises to the Building risers, conduits and systems shall be subject to Landlord's prior review and approval. Tenant shall provide Landlord with reasonable prior written notice of any construction work relating to Tenant's Systems that involves any Building systems, and all such work shall be coordinated with Landlord and subject to Landlord supervision."

5. Base Rent. Effective as of the date hereof, Section 4.1 of the Original Amended Lease is hereby deleted in its entirety and replaced with the following:

“4.1 **Annual Base Rent.**

4.1.1 Schedule Monthly Rent Payments. Beginning with the Commencement Date and continuing throughout the Term, Tenant shall pay to or upon the order of Landlord an annual rental (the “**Annual Base Rent**”) as set forth below which shall be payable in consecutive monthly installments on or before the first day of each calendar month in advance in the monthly amount set forth below:

<u>Period</u>	<u>Annual Base Rent</u>	<u>Annual Base Rent per Rentable Square Foot</u>	<u>Monthly Base Rent</u>
Commencement Date- Rent Commencement Date	\$0.00	\$0.00	\$0.00
Rent Commencement Date- End of Lease Year 1	\$83,305.00	\$27.50	\$7,108.75
Lease Year 2	\$88,407.00	\$28.50	\$7,367.25
Lease Year 3	\$184,441.44	\$31.50	\$15,370.12
Lease Year 4	\$190,296.39	\$32.50	\$15,858.03
Lease Year 5	\$196,151.39	\$33.50	\$16,345.95
Lease Year 6	\$207,847.15	\$35.50	\$17,320.60
07/01/12- Second Amendment Effective Date	\$213,693.15	\$36.50	\$17,807.76
Second Amendment Effective Date- End of Lease Year 7	\$561,446.40	\$31.64	\$46,787.20
Lease Year 8	\$532,320.00	\$30.00	\$44,360.00
<b>Lease Year 9</b>	\$545,628.00	\$30.75	\$45,469.00
Lease Year 10	\$558,936.00	\$31.50	\$46,578.00
Lease Year 11	\$572,244.00	\$32.25	\$47,687.00
Lease Year 12	\$585,552.00	\$33.00	\$48,796.00
Lease Year 13	\$598,860.00	\$33.75	\$49,905.00

4.1.2 Manner of Payment. All payments of rent shall be made without demand, deduction, counterclaim, set-off, discount or abatement in lawful money of the United States of America. If the Commencement Date should occur on a day other than the first day of a calendar month, or the Expiration Date should occur on a day other than the last day of a calendar month, then the monthly installment of Annual Base Rent for such fractional month shall be prorated upon a daily basis based upon a thirty (30)-day month.”

6 Additional Rent - Definitions. Effective as of the Second Amendment Effective Date, Section 5.1 of the Original Amended Lease is hereby amended as follows:

(a) by deleting the phrase “Calendar year 2008” contained in each of the definition of “Base Tax Year” and “Base Expense Year” and replacing the same with the phrase “Calendar year 2012” in each such definition, respectively; and

(b) by deleting the phrase “four and thirty hundredths percent (4.30%)” contained in the definition of “Tenant’s Share” and replacing the same with the phrase “thirteen and two hundredths percent (13.02%)”.

7. OFAC List. Effective as of the date hereof, a new Section 16.19 is hereby added to the Original Amended Lease as follows:



“16.19 **OFAC List**. Tenant represents and warrants that it is not listed, nor is it owned or controlled by, or acting for or on behalf of any person or entity, on the list of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, or any other list of persons or entities with whom Landlord is restricted from doing business with (“OFAC List”). Notwithstanding anything to the contrary herein contained, Tenant shall not permit the Premises or any portion thereof to be used, occupied or operated by or for the benefit of any person or entity that is on the OFAC List. Tenant shall provide documentary and other evidence of Tenant’s identity and ownership as may be reasonably requested by Landlord at any time to enable Landlord to verify Tenant’s identity or to comply with any legal requirement or applicable laws. Tenant acknowledges and agrees that as a condition to the requirement or effectiveness of any consent by Landlord to any assignment, subletting or other transaction pursuant to Article 12 of this Lease, Tenant shall cause the assignee, sublessee or other transferee, as applicable, for the benefit of Landlord, to reaffirm, on behalf of such party, the representations of, and to otherwise comply with the obligations set forth in, this Section 16.19, and it shall be reasonable for Landlord to refuse to consent to an assignment, subletting or other transaction in the absence of such reaffirmation and compliance. Tenant agrees that breach of the representations and warranties set forth in this Section 16.19 shall at Landlord’s election be a default under this Lease for which there shall be no cure. This Section 16.19 shall survive the termination or earlier expiration of the Lease.”

8. **Extension Right**. Effective as of the date hereof, the Extension Option granted in the Original Lease is hereby reinstated by making the following changes to the Original Amended Lease:

(a) Section J of the First Amendment is hereby deleted in its entirety and replaced with the phrase “[Intentionally Omitted]”, it being agreed and acknowledged by the parties hereto that (i) the Extension Option is hereby reinstated subject to the terms and conditions of Article 17 of the Original Lease, and (ii) any deletion of said Article 17 by the First Amendment is hereby null and void and without recourse to either party hereto; and

(b) Section 17.1.2 of the Original Amended Lease (reinstated pursuant to the provisions of subsection (a), above) is hereby amended by deleting the phrase “two hundred seventy (270) days” and replacing the same with the phrase “twelve (12) months”.

9. **Termination Option**. Effective as of the Second Amendment Effective Date, a new Article 18 is hereby added to the Original Amended Lease as follows:

#### ARTICLE 18 TERMINATION OPTION

18.1 **Conditions for Exercise**. Tenant shall have the option (the “**Termination Option**”) to terminate this Lease effective on November 1, 2016 (the “**Termination Effective Date**”), provided, however, the exercise and effectiveness of such right is expressly subject to the following terms and conditions:

(a) Landlord fails to deliver to Tenant a written proposal (the “**Expansion Proposal**”) for the leasing of space in the Building comprising at least 3,000 square feet of rentable area within either the Courtside Building or the Riverside Building (provided that any such Riverside Building space have an entry no more than twenty (20) feet from the bridge located on the Property) (such space, as applicable, the “**Expansion Premises**”) prior to on or before November 1, 2015 (the “**Expansion Proposal Deadline**”);

(b) Following Landlord’s failure to timely deliver the Expansion Proposal, Tenant delivers written notice (the “**Lease Termination Notice**”) to Landlord within thirty (30) days after the Expansion Proposal Deadline (i.e., on or before November 30, 2015) (such period, the “**Termination Notice Period**”) which written notice must expressly state Tenant’s intention to terminate this Lease as of the Termination Effective Date due to Landlord’s failure to deliver an Expansion Proposal prior to the Expansion Proposal Deadline;

(c) Tenant shall, on or before April 1, 2016 (the “**New Lease Notice Date**”), deliver written notice to Landlord (the “**New Lease Notice**”) containing reasonably detailed evidence that Tenant has entered into a lease at another location by which Tenant shall lease a minimum of 20,744 rentable square feet of rentable area within the Fairfield County market;

(d) No Event of Default shall have occurred and be continuing at the time that Tenant provides the Lease Termination Notice or at the Termination Effective Date; and

(e) Tenant shall deliver to Landlord the “**Termination Payment**” (as defined in Section 18.2, below) in full, in the manner prescribed for the payment of rent in Section 4.1.2 hereof, concurrently with the New Lease Notice.

Notwithstanding anything to the contrary contained in this Section 18.1, in the event that Tenant fails to fulfill any of the requirements stated in subsections (a) through (e), above, then Tenant’s exercise of the Termination Option shall, at Landlord’s option, be ineffective and Landlord shall have the right to reject Tenant’s exercise of the Termination Option by providing written notice to such effect to Tenant on or before April 16, 2016, with respect to any failure to fulfill any of the requirements stated in subsections (a), (b), (c) or (e), above, and on or before the Termination Effective Date with respect to any such failure stated in subsection (d) above (as applicable, the “**Rejection Notice**”). If Landlord’s right to deliver a Rejection Notice has properly accrued, then upon timely delivery of the Rejection Notice by Landlord, any Termination Notice delivered by Tenant shall be null and void and without recourse to either party hereto, and the Lease shall remain in full force and effect until the expiration or earlier termination of the Lease term and Landlord shall promptly return to Tenant any Termination Payment received thereby in accordance with this Article 18, if any.

**18.2 Termination Payment.** In consideration of Landlord granting Tenant the Termination Option, Tenant agrees that if Tenant exercises its Termination Option in accordance with the terms and conditions stated in Section 18.1 hereof, Tenant shall pay to Landlord a sum (the “**Termination Payment**”) equal to the full unamortized balance of all transaction costs paid or incurred by Landlord in connection with the extension of this Lease in accordance with the Second Amendment, including, without limitation, the cost of completion of the Second Amendment Tenant Improvements, leasing brokerage commissions, Rent abatements, sublease rent forgiveness, rent equalization, architectural and engineering consulting fees and legal and other third party fees paid by Landlord in respect of the Second Amendment, amortized at an annual interest rate of nine percent (9.00%) per annum over the course of the period from August 1, 2013 to July 31, 2019. Landlord shall provide a calculation of the Termination Payment within ten (10) business days of Tenant’s request, such request to be submitted once during the Term and no sooner than one hundred eighty (180) days following the Second Amendment Effective Date.

**18.3 Acceptance of Expansion Premises.** If Landlord delivers the Expansion Proposal to Tenant in a timely manner, Landlord and Tenant agree to enter into an amendment to this Lease adding the Expansion Premises to be included in the Premises within forty-five (45) days of Landlord’s delivery of the Expansion Proposal, which such amendment shall confirm the terms and conditions as stated in the Expansion Premises and any others relative to Tenant’s use and occupancy of the Expansion Premises.”

10. Exhibits. Effective as of the Second Amendment Effective Date, Exhibit A (revised) is hereby deleted in its entirety and replaced with Exhibit A (rev. 2) attached hereto and incorporated herein.

C. Second Amendment Tenant Improvements. Landlord and Tenant hereby agree and acknowledge that Landlord shall, at its sole cost and expense, complete the Second Amendment Tenant Improvements (as defined in Exhibit A – Second Amendment Work hereto) as a condition precedent to the effectiveness of this Second Amendment. As used herein, the term “**Second Amendment Effective Date**” shall mean and refer to the earlier of: (1) the date on which the Second Amendment Tenant Improvements are “substantially complete” (as such term is defined in Exhibit A – Second Amendment Work hereto), or (2) the date on which Tenant commences its business operations in any part of the Second Amendment Relocation Premises (defined in Exhibit A – Second Amendment Work hereto).

D. Broker. Landlord and Tenant represent and warrant to each other that they have not had any dealings with any broker, agent or finder in connection with the transaction evidenced by this Second Amendment other than: (a) representatives of Landlord or Landlord’s managing agent, and (b) CB Richard Ellis (the “Broker”). Each party agrees to protect, indemnify, defend and hold the other harmless from and against any and all expenses with respect to any compensation, commissions and charges claimed by any broker, agent or finder, other than Broker, with respect to this Second Amendment and the negotiation thereof that is made by reason of any action or agreement by such party. Any fees due and payable to Broker with respect to this Second Amendment shall be paid by Landlord pursuant to a separate agreement between Broker and Landlord.

E. Lease Ratification. This instrument and all of the terms and provisions hereof shall be considered for all purposes to be incorporated into and made part of the Original Amended Lease. The Original Amended Lease and each provision, covenant, condition, obligation, right and power contained therein is hereby ratified and confirmed, and, as modified hereby, shall continue in full force and effect. All references appearing in the Original Amended Lease and in any related instruments shall be amended and read hereafter to be references to the Original Amended Lease as amended by this Second Amendment. In the event of any inconsistencies or conflicts between other provisions of the Original Amended Lease and the provisions of this Second Amendment, the provisions hereof shall govern and control. Except as specifically amended in this Second Amendment, the Original Amended Lease is and shall remain in full force and effect and has not been amended, modified, terminated or assigned.

F. Authority. Landlord represents and warrants to Tenant that Landlord and the person signing on its behalf are duly authorized to execute and deliver this Second Amendment and that this Second Amendment constitutes its legal, valid and binding obligation. Tenant hereby represents and warrants to Landlord that Tenant and each person signing on its behalf are duly authorized to execute and deliver this Second Amendment, and that this Second Amendment constitutes the legal, valid and binding obligation of Tenant.

G. Execution by Facsimile or Electronic Mail. The parties agree that this Second Amendment may be transmitted between them by facsimile machine or electronic mail and the parties intend that a faxed or emailed Second Amendment containing either the original and/or copies of the signature of all parties shall constitute a binding Second Amendment.

H. Governing Law/Binding Effect. The Lease and this Second Amendment and the rights and obligations of both parties thereunder and hereunder shall be governed by the laws of the State of Connecticut and shall be binding upon and inure to the benefit of the Landlord and Tenant and their respective legal representatives, successors and assigns.

I. General Provisions. This Second Amendment shall bind and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns. This Second Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument. Tenant represents and warrants to Landlord that no portion of the Premises has been assigned, sublet or licensed for use by any occupant. Tenant acknowledges that Tenant has no claim of default, setoff, counterclaim or defenses and no claim of abatement, reduction, adjustments, or concessions with respect to Base Rent and/or other charges under the Lease as of the date hereof, and to the extent any of the same exist, they are hereby waived in full.

J. Effective Date. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises. This Second Amendment shall become effective and binding only upon execution and delivery of this Second Amendment by all of the parties hereto and approval by Landlord’s lenders as applicable.

***[remainder of this page intentionally left blank- signatures on the following page]***

IN WITNESS WHEREOF, Landlord and Tenant have caused this Second Amendment to be duly executed as of the day and year first written above.

WITNESSED BY:

**LANDLORD:**

**DIV DANBURY 187, LLC**, a Delaware limited liability company

By: Danbury 187 Manager Corp., its manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DIV LINDEN 187, LLC**, a Delaware limited liability company

By: Linden 187 Manager Corp., its manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TENANT:**

**SIRIUSDECISIONS, INC.**, a Delaware corporation

By: /s/ Rich Benvenuto  
Name: Rich Benvenuto  
Title: VP

\_\_\_\_\_  
*Signature of Witness*  
*Print Name:*

\_\_\_\_\_  
*Signature of Witness*  
*Print Name:*

\_\_\_\_\_  
*Signature of Witness*  
*Print Name:*

\_\_\_\_\_  
*Signature of Witness*  
*Print Name:*

/s/ Toni Essertier  
\_\_\_\_\_  
*Signature of Witness*  
*Print Name: Toni Essertier*

/s/ Dawn Schwaeber  
\_\_\_\_\_  
*Signature of Witness*  
*Print Name: Dawn Schwaeber*

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ ) ss. \_\_\_\_\_

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, the undersigned officer, personally appeared \_\_\_\_\_, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged himself/herself to be the \_\_\_\_\_ of **Danbury 187 Manager Corp.**, a corporation, and that he/she, as such \_\_\_\_\_, being authorized so to do, executed the foregoing instrument as the free act and deed of **Danbury 187 Manager Corp.** as the Manager of **DIV DANBURY 187, LLC** for the purposes contained therein by signing the name of **Danbury 187 Manager Corp.** by himself/herself as such \_\_\_\_\_.

IN WITNESS WHEREOF, I hereunto set my hand.

[Affix Notarial Seal]

\_\_\_\_\_  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ ) ss. \_\_\_\_\_

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, the undersigned officer, personally appeared \_\_\_\_\_, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged himself/herself to be the \_\_\_\_\_ of **Linden 187 Manager Corp.**, a corporation, and that he/she, as such officer, being authorized so to do, executed the foregoing instrument as the free act and deed of **Linden 187 Manager Corp.** as the Manager of **DIV LINDEN 187, LLC** for the purposes contained therein by signing the name of **Linden 187 Manager Corp.** by himself/herself as such \_\_\_\_\_.

IN WITNESS WHEREOF, I hereunto set my hand.

[Affix Notarial Seal]

\_\_\_\_\_  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ ) ss. \_\_\_\_\_

On this the \_\_\_\_ day of \_\_\_\_\_, 2012, before me, the undersigned officer, personally appeared \_\_\_\_\_, who acknowledged himself to be the \_\_\_\_\_ of **SIRIUSDECISIONS, INC.**, a Delaware corporation, and that he, as such \_\_\_\_\_, being authorized so to do, executed the foregoing instrument as his free act and deed and the free act and deed of the limited liability company for the purposes contained therein by signing the name of the limited liability company by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand.

[Affix Notarial Seal]

\_\_\_\_\_  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

SECRETARY'S CERTIFICATE

I, \_\_\_\_\_, Secretary of Siriusdecisions, Inc., a Delaware corporation (the "Corporation"), hereby certify that \_\_\_\_\_, as \_\_\_\_\_ of the Corporation has authority to execute and deliver to DIY Danbury 187, LLC and DIY Linden 187, LLC the Second Amendment to Lease related to the building located at, known as and numbered 187 Danbury Road, Wilton, Connecticut, a copy of which Second Amendment to Lease is attached hereto and made a part hereof on behalf of the Corporation.

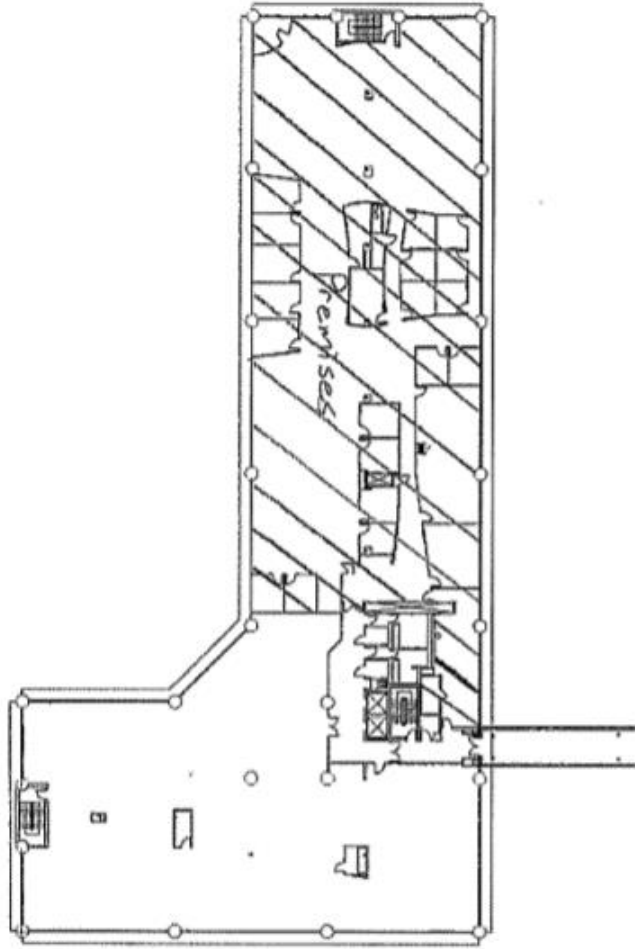
Witness my signature on this \_\_\_\_ day of \_\_\_\_\_, 2012.  
Siriusdecisions, Inc.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Secretary

EXHIBIT A (rev. 2)





A.1 **Delivery of the Second Amendment Relocation Premises.**

A.1.1 **Plans for Tenant Improvements.** Tenant and Landlord agree and acknowledge that as of the Second Amendment Effective Date Tenant shall lease from Landlord the certain 17,744 rentable square feet of area located the third (3<sup>rd</sup>) floor of the Courtside Building (the “**Second Amendment Relocation Premises**”), as shown with greater detail on the certain space plan attached hereto as **Exhibit B – Second Amendment Work** (the “**Second Amendment Concept Plan**”) and which shows Tenant’s leasehold improvements and installations (the “**Second Amendment Tenant Improvements**”). Landlord agrees to construct the Second Amendment Tenant Improvements in accordance with the Second Amendment Concept Plan and the “Second Amendment Tenant Standards” attached hereto as **Exhibit C – Second Amendment Work**. Tenant agrees to make its selections of tenant finishes and materials for the Second Amendment Tenant Improvements from readily available “building standard” materials no later than June 11, 2012. Tenant shall have architectural and construction plans and drawings prepared for the Second Amendment Tenant Improvements (the “**Second Amendment Final Plans**”) consistent with the Second Amendment Concept Plan and the Second Amendment Tenant Standards no later than June 11, 2012 (the “**Second Amendment Final Plan Delivery Date**”). The Second Amendment Final Plans shall be prepared by an architect licensed to conduct business in the State of Connecticut and approved in advance by Landlord and shall be subject to Landlord’s approval (such approval to not be unreasonably delayed, withheld or conditioned). In the event that Landlord disapproves any such Second Amendment Final Plans, Tenant shall promptly resubmit the same and Landlord shall approve such plans or disapprove them setting forth its reasons for such disapproval within two (2) business days after its receipt of the resubmitted plans or specifications. Landlord shall “substantially complete” (as defined below) the Second Amendment Tenant Improvements in accordance with the Second Amendment Final Plans and deliver possession of the Second Amendment Relocation Premises to Tenant subject to the terms and conditions of this **Exhibit A – Second Amendment Work**.

A.1.2 **Target Delivery Date.** Subject to Tenant’s performance of its obligations under the Original Amended Lease, Landlord shall use commercially reasonable efforts to substantially complete the Second Amendment Tenant Improvements in accordance with the Second Amendment Final Plans and to deliver possession of the Second Amendment Relocation Premises to Tenant, on or before August 1, 2012 (such date, the “**Second Amendment Target Delivery Date**”). Landlord’s obligation to construct the Second Amendment Tenant Improvements shall not require Landlord to incur overtime costs or expenses nor the construction of any “**Specialty Work**” (defined in **Subsection A.2.1** hereof).

A.1.3 **Substantial Completion.** The Second Amendment Tenant Improvements shall be deemed substantially completed when Landlord’s contractor or architect certifies to Landlord and Tenant in writing that the Second Amendment Tenant Improvements have been completed in accordance with the Second Amendment Final Plans, subject only to normal punchlist items, and Landlord, on behalf of Tenant, has obtained a letter from the applicable official of the Town of Wilton certifying the lawful use and occupancy of the Premises for the purposes specified in the Original Amended Lease; **provided, however,** that in the event that there is any delay in the issuance of the certificate of occupancy by the Town of Wilton pending completion of any work associated with the Tenant’s System (defined hereinafter), then the issuance of the certificate of occupancy shall not be required to establish the Commencement Date.

A.1.4 **Extension of Second Amendment Target Delivery Date.** Notwithstanding the foregoing, if the Second Amendment Tenant Improvements are not substantially completed on or before the Second Amendment Target Delivery Date, then the Second Amendment Target Delivery Date shall be extended by the number of days of construction delay in achieving substantial completion resulting from any “Force Majeure Delay” or “Tenant Delay,” subject to the operation of **Section A.2** hereof.

**Delayed Delivery.**

A.2.1 **Delay in Substantial Completion.** If Landlord shall be unable to substantially complete and deliver possession of the Second Amendment Relocation Premises on or before the Second Amendment Target Delivery Date by reason of the fact that work required to be done by Landlord hereunder has not been substantially completed by that date, Landlord shall not be subject to any penalty, claim or liability nor shall the validity of this Lease or the obligations of Tenant hereunder be in any way affected except as provided in this Section below, and in no event to the extent such delay results from any of the following reasons:

(a) “Force Majeure” or any cause beyond the control of Landlord or its general contractor or subcontractors (a “**Force Majeure Delay**”), or

(b) delay (a “**Tenant Delay**”) resulting from: (i) Tenant's failure to comply with any of the delivery dates or approval dates contained in this Exhibit A – Second Amendment Work relative to the design, planning, selection of finishes and pricing for the Second Amendment Tenant Improvements, (ii) Tenant's failure to deliver the Second Amendment Final Plans on or before the Second Amendment Final Plan Delivery Date, (iii) Tenant's failure to provide response to written requests for information, approvals or disapprovals regarding Second Amendment Tenant Improvements within the time periods established in this Exhibit A – Second Amendment Work (or if not so stated, then within two (2) business days after request by Landlord or its contractors), (iv) Tenant's requests for changes in the Second Amendment Concept Plan or the Second Amendment Final Plans, or for the inclusion of materials or installations in the construction of the Second Amendment Tenant Improvements other than building standard items or items with delivery requirements that are likely to have the effect of delaying the substantial completion of the Second Amendment Tenant Improvements beyond the Second Amendment Target Delivery Date (“**Specialty Work**”), or (v) any acts, omissions, non-payment, defaults or misconduct of Tenant (or its agents, employees, design professionals, contractors, licensees or invitees) with respect to the construction of the Second Amendment Tenant Improvements; provided, however, that Landlord shall provide written notice to Tenant within two (2) business days of any claim of Tenant Delay and such notice shall set forth the detailed basis for such claim. As used in the Lease, the term “**Force Majeure**” shall mean casualty, acts of God or the elements, inability to obtain materials or services, labor disputes or strikes, delays by governmental departments in issuing permits, governmental regulations or controls, civil commotion, war or similar events.

A.2.2 **Effect of Tenant Delay.** If Landlord is unable to substantially complete the Second Amendment Tenant Improvements and deliver possession of the Second Amendment Relocation Premises to Tenant on or before the Second Amendment Target Delivery Date as a result of any Tenant Delay, Tenant shall be financially responsible for Rent (pro-rated on a per diem basis) for the number of days of Tenant Delay experienced by Landlord in order to substantially complete the Second Amendment Tenant Improvements and deliver the Second Amendment Relocation Premises to Tenant, and such sum shall be due and payable by Tenant upon written demand by Landlord.

A.2.3 **Effect of Landlord Delay.** If Landlord is unable to substantially complete the Second Amendment Tenant Improvements and deliver possession of the Second Amendment Relocation Premises to Tenant within two (2) months following the Second Amendment Target Delivery Date as a result of delays resulting from causes solely within Landlord's control, Tenant shall receive a per diem credit of Annual Base Rent for each day that the Second Amendment Commencement Date is delayed beyond the such two (2)-month period solely as a result of such Landlord's delay.

A.3 **Tenant's Systems.** Tenant, at its sole expense, shall design, install, construct and maintain Tenant's data, telephone, audio-visual, internet and video systems ("**Tenant's Communications Systems**") and Tenant's furniture systems (collectively, the "**Tenant's Systems**") within the Premises and the related wiring within the Building necessary for the operation thereof. Tenant's Communications Systems shall not be included in the Second Amendment Tenant Improvements. Landlord will permit Tenant and its agents, architects, engineers, space planners, contractors, subcontractors, suppliers and materialmen ("**Tenant's Agents and Consultants**") to have access to the Premises and the Building (at the sole risk of such parties and without liability to Landlord) for such purposes subject to the terms and conditions of this Lease, such access to be (a) temporary and solely for the purpose of designing and installing the Tenant's Systems, and (b) permissible as of the later of (i) July 17, 2012 or (ii) fourteen (14) days prior to the reasonably ascertainable Second Amendment Effective Date in the event that the Second Amendment Target Delivery Date is extended in accordance with the provisions hereof. The design, plans and specifications for the wiring, cabling and equipment for Tenant's Communication System, and its locations and connections from within the Second Amendment Relocation Premises to the Building risers, conduits and systems shall be subject to Landlord's prior review and approval. Tenant shall provide Landlord with reasonable prior written notice of any construction work relating to Tenant's Systems that involves any Building systems, and all such work shall be coordinated with Landlord and subject to Landlord supervision.

A.4 **Confirmatory Amendments.** When the Second Amendment Effective Date has been finally determined in accordance with the provisions set forth in this Exhibit A – Second Amendment Work, the parties hereto shall execute a document in recordable form, setting forth said dates and said document shall be deemed a supplement to and part of this Lease. The parties hereto agree to execute such confirmatory document not later than fifteen (15) days following the Second Amendment Effective Date.

*[Attached Hereto]*

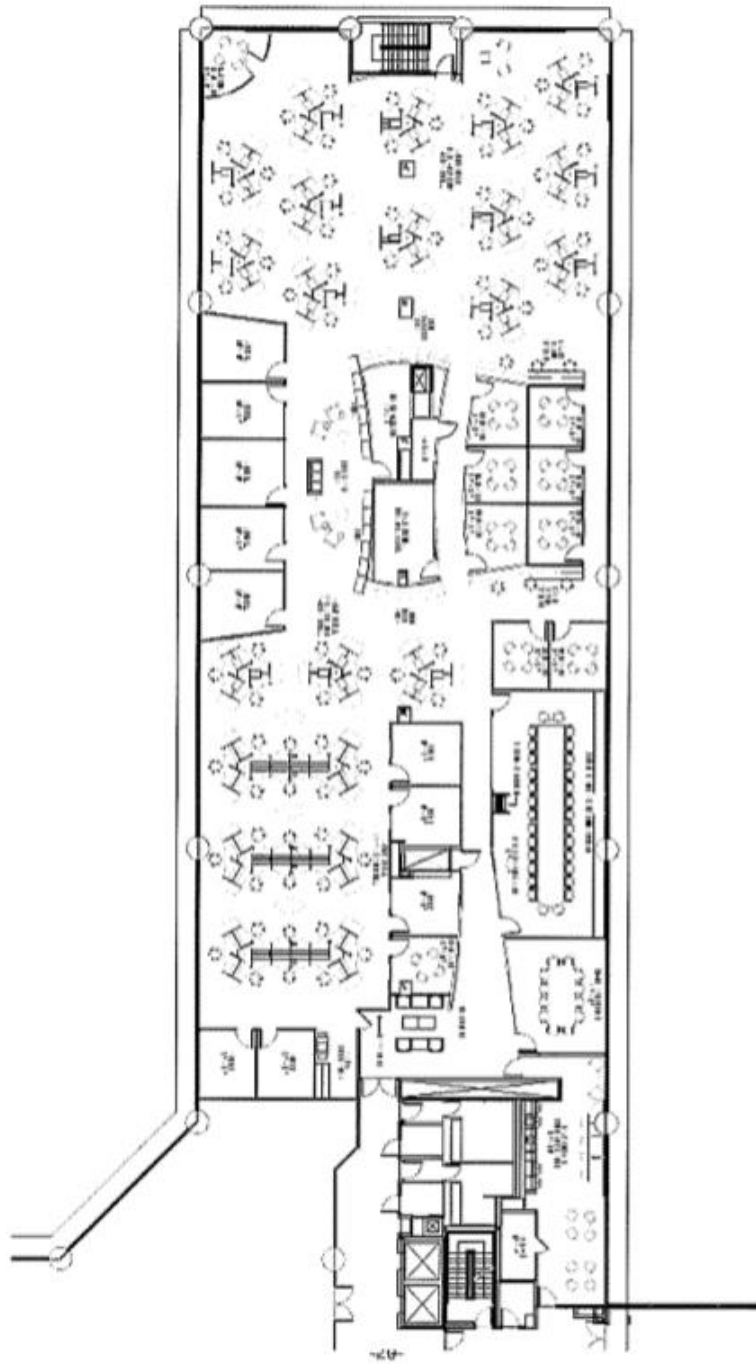


Exhibit C- Second Amendment Work

Second Amendment Tenant Standards

1. Landlord will construct the Premises in accordance with the concept plan shown in Exhibit B- Second Amendment Work

**Partitions**

1. Interior partitions shall be constructed of 2 ½” metal studs with 5/8” layer of sheetrock on each side and shall extend to 3” above the ceiling.
2. Demising walls shall be full height.
3. All partitions shall be built in accordance with local and state building codes.

**Doors / Glass**

1. The Tenant Entry shall remain. If a new Building Standard Tenant Entry door is required it shall be 3’w x 8’h cherry door with 18” glass sidelight in a cherry frame. Tenant exit doors shall be 3’ x 8’ cherry with cherry frame..
2. Tenant Building Standard interior doors shall be 3’-0” x 8’-0” solid core wood doors with knock down hollow metal frames. If existing doors are reused, they shall be refinished to be of similar finish to the new doors.
3. Door hardware on Building Standard doors shall be lever handle type passage set. Schlage or equal.
4. Fire rated door assemblies shall be provided where required by code.
5. Locksets shall be provided on entry and exit doors only with two (2) keys provided.
6. Glass sidelights shall be treated as a Tenant upgrade and shall be frameless and 3’ wide and run from floor to top of door frame.

**Wall Finishes**

1. All walls shall be painted with two coats of one Building Standard color of latex paint with eggshell finish.
2. Door frames shall be painted with two coats of one Building Standard color enamel paint or equal.

**Ceiling**

1. The ceiling system shall be the Building Standard 2’x2’ or 2’ x 4’ fineline grid and fissured acoustical tiles, at Landlord's discretion. If existing ceiling system is to remain, areas where new ceiling is required shall receive Building Standard 2’x2’ or 2’ x 4’ fineline grid and fissured acoustical tiles, at Landlord's discretion.

**Flooring**

1. All areas are to receive 26 ounce Building Standard carpet, direct glued down. All material selections to be made from Building Standard samples and must be currently available as a quick ship item.
2. All areas to receive 4” Building Standard vinyl base.
3. At Tenant's request, storage, pantry and workrooms may receive 12”x 12” x 1/8” Building Standard vinyl composition tile.

1. Existing pantry shall remain.

**Millwork/Accessories**

2. If a new Pantry is required, cabinetry, if any, shall be as follows:
  - 6 lf of Building Standard plastic laminate countertop w/ Building Standard sink.
  - 6 lf of upper cabinetry/microwave shelf with Building Standard plastic laminate. 3lf of Base cabinets to allow for 3’ of open space under sink per ADA requirements. Additional open space for 30” wide refrigerator.

**Furniture**

1. All landscape systems furniture and installation by Tenant.
2. All furniture and furniture installation by Tenant.

### **Electrical**

1. Building Standard lighting shall be the indirect 2'x4' or 2'x2' parabolic or direct/indirect fluorescent fixture, at Landlord's discretion, to provide general office lighting.
2. All switching is to be provided by single pole wiring.
3. Building Standard duplex wall receptacles shall be installed in accordance with standard office requirements.  
Floor outlets shall be a Tenant upgrade
4. All emergency lighting and fire alarm work shall be Building Standard and as required by the local code officials.
5. All power and lighting panels and transformers shall be installed within the tenant space (unless otherwise required by Owner) and shall be fed from the Base Building bus duct riser.

### **Telephone and Data**

1. All work associated with Telephone and Data is excluded and to be by Tenant.

### **HVAC**

1. Existing medium pressure ductwork for each air handling unit to remain for Tenant use with existing DDC control system with pneumatic operators to remain at existing air handling units. All new controls to be electronic type. System design and configuration shall meet current ASHRE standards. All existing controls shall be serviced and in good operating order.
2. Interior and Perimeter building zones may cross between demised tenant spaces.
3. The furnishing and installation of low pressure ductwork, flex ductwork, diffusers, controls and the installation of any new VAV units with thermostats is to be performed under the Tenant Improvement Work.
4. Interior Diffusers shall be Building Standard light troffers, and linear (at the perimeter).
5. The following terminal units shall be provided as a minimum:
  - Interior zone VAV units: one unit per 1,500 usf
  - Perimeter zone VAV w/heat: 750 usf perimeter zone
6. Any reused existing VAV boxes or other mechanical equipment shall be inspected, serviced and repaired as required under the Tenant Improvement Work.

### **Sprinklers**

1. Sprinklers shall be configured in accordance with local codes and the Landlord's underwriter's criteria for ordinary hazard during the Tenant Improvement Work. Final finish heads to be flush type as approved by the Landlord's insurance carrier.

### **Blinds**

1. Building Standard horizontal blinds are as provided on the exterior windows. Existing horizontal blinds shall be serviced and in good operating order.

### **Signage**

1. The Tenant's company name and logo shall be placed on the Tenant Entry glass panel in Building Standard gold colored vinyl lettering. No signage is permitted on doors. If glass sidelight is not provided, entry sign shall be installed on a Building Standard frosted glass panel attached to wall next to Tenant Entry door(s) with brushed stainless steel fasteners.

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (this “**Third Amendment**”), is made as of this 24 day of OCTOBER, 2012, by and between **DIV DANBURY 187, LLC**, a Delaware limited liability company and **DIV LINDEN 187, LLC**, a Delaware limited liability company, both having a place of business at c/o Davis Marcus Partners, Inc., One Appleton Street, Boston, Massachusetts 02116 (collectively, the “**Landlord**”), as landlord, and **SIRIUSDECISIONS, INC.**, a Delaware corporation, having a place of business at 187 Danbury Road, Wilton, Connecticut 06897 (hereinafter called “**Tenant**”), as tenant.

WITNESSETH:

WHEREAS, Landlord is the owner of that certain building (the “**Building**”) located at 187 Danbury Road, Wilton, Connecticut (the “**Property**”);

WHEREAS, Landlord and Tenant entered into a certain Lease for a portion of the Building dated as of March 27, 2006 (the “**Original Lease**”), as amended by that certain Amendment to Lease dated as of March 27, 2008 (the “**First Amendment**”), as further amended by that certain Second Amendment to Lease dated as of June 15, 2012 (the “**Second Amendment**”; and together with the Original Lease and the First Amendment, the “**Original Amended Lease**”) pursuant to which Tenant leases certain space at the Building consisting of 17,744 rentable square feet in area (the “**Premises**”) as more particularly described in the Original Amended Lease;

WHEREAS, Landlord and Tenant desire to amend certain terms of Article 18 of the Original Amended Lease as specified herein and any others as described hereby;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, Landlord and Tenant hereby agree that:

- A. Defined Terms. Unless otherwise defined herein, all capitalized terms used in this Third Amendment shall have the meanings ascribed to them in the Original Amended Lease. From and after the effective date hereof, the term “Lease” as used in the Original Amended Lease shall mean and refer to the Original Amended Lease as amended by this Third Amendment.
- B. Lease Amendment. Landlord and Tenant agree to amend the Original Amended Lease as follows:
1. Termination Option. Effective as of the date hereof, the following calendar dates in Article 18 of the Original Amended Lease shall be deleted and replaced as specified:
    - a. The calendar date “November 1, 2016” as stated in the first grammatical sentence of Section 18.1 of the Original Amended Lease is hereby deleted and replaced by the calendar date “November 1, 2017”.
    - b. The calendar date “November 1, 2015” as stated in Section 18.1(a) of the Original Amended Lease is hereby deleted and replaced by the calendar date “November 1, 2016”.
    - c. The calendar date “November 30, 2015” as stated in Section 18.1(b) of the Original Amended Lease is hereby deleted and replaced by the calendar date “November 30, 2016”.
    - d. The calendar date “April 1, 2016” as stated in Section 18.1(c) of the Original Amended Lease is hereby deleted and replaced by the calendar date “April 1, 2017”.
    - e. The calendar date “April 16, 2016” as stated in the last paragraph of Section 18.1 following Section 18.1(e) of the Original Amended Lease is hereby deleted and replaced by the calendar date “April 16, 2017”.



- C. Broker. Landlord and Tenant represent and warrant to each other that they have not had any dealings with any broker, agent or finder in connection with the transaction evidenced by this Third Amendment. Each party agrees to protect, indemnify, defend and hold the other harmless from and against any and all expenses with respect to any compensation, commissions and charges claimed by any broker, agent or finder with respect to this Third Amendment and the negotiation thereof that is made by reason of any action or agreement by such party.
- D. Lease Ratification. This instrument and all of the terms and provisions hereof shall be considered for all purposes to be incorporated into and made part of the Original Amended Lease. The Original Amended Lease and each provision, covenant, condition, obligation, right and power contained therein is hereby ratified and confirmed, and, as modified hereby, shall continue in full force and effect. All references appearing in the Original Amended Lease and in any related instruments shall be amended and read hereafter to be references to the Original Amended Lease as amended by this Third Amendment. In the event of any inconsistencies or conflicts between other provisions of the Original Amended Lease and the provisions of this Third Amendment, the provisions hereof shall govern and control. Except as specifically amended in this Third Amendment, the Original Amended Lease is and shall remain in full force and effect and has not been amended, modified, terminated or assigned.
- E. Authority. Landlord represents and warrants to Tenant that Landlord and the person signing on its behalf are duly authorized to execute and deliver this Third Amendment and that this Third Amendment constitutes its legal, valid and binding obligation. Tenant hereby represents and warrants to Landlord that Tenant and each person signing on its behalf are duly authorized to execute and deliver this Third Amendment, and that this Third Amendment constitutes the legal, valid and binding obligation of Tenant.
- F. Execution by Facsimile or Electronic Mail. The parties agree that this Third Amendment may be transmitted between them by facsimile machine or electronic mail and the parties intend that a faxed or emailed Third Amendment containing either the original and/or copies of the signature of all parties shall constitute a binding Third Amendment.
- G. Governing Law/Binding Effect. The Lease and this Third Amendment and the rights and obligations of both parties thereunder and hereunder shall be governed by the laws of the State of Connecticut and shall be binding upon and inure to the benefit of the Landlord and Tenant and their respective legal representatives, successors and assigns.
- H. General Provisions. This Third Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument. Tenant represents and warrants to Landlord that no portion of the Premises has been assigned, sublet or licensed for use by any occupant. Tenant acknowledges that Tenant has no claim of default, setoff, counterclaim or defenses and no claim of abatement, reduction, adjustments, or concessions with respect to Base Rent and/or other charges under the Lease as of the date hereof, and to the extent any of the same exist, they are hereby waived in full.
- I. Effective Date. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises. This Third Amendment shall become effective and binding only upon execution and delivery of this Third Amendment by all of the parties hereto and approval by Landlord's lenders as applicable.

***[remainder of this page intentionally left blank - signatures on the following page]***

IN WITNESS WHEREOF, Landlord and Tenant have caused this Third Amendment to be duly executed as of the day and year first written above.

WITNESSED BY:

/s/ Michelle Houlihan  
\_\_\_\_\_  
*Signature of Witness*  
Print Name: Michelle Houlihan

/s/ Barbara Stanley  
\_\_\_\_\_  
*Signature of Witness*  
Print Name: Barbara Stanley

/s/ Michelle Houlihan  
\_\_\_\_\_  
*Signature of Witness*  
Print Name: Michelle Houlihan

/s/ Barbara Stanley  
\_\_\_\_\_  
*Signature of Witness*  
Print Name: Barbara Stanley

/s/ Dawn Schwaeber  
\_\_\_\_\_  
*Signature of Witness*  
Print Name: Dawn Schwaeber

/s/ Marie Herzfeld  
\_\_\_\_\_  
*Signature of Witness*  
Print Name: Marie Herzfeld

**LANDLORD:**

**DIV DANBURY 187, LLC**, a Delaware limited liability company

By: Danbury 187 Manager Corp., its manager

By: /s/ Jonathan G. Davis  
\_\_\_\_\_  
Name: Jonathan G. Davis  
Title: CEO

**DIV LINDEN 187, LLC**, a Delaware limited liability company

By: Linden 187 Manager Corp., its manager

By: /s/ Jonathan G. Davis  
\_\_\_\_\_  
Name: Jonathan G. Davis  
Title: CEO

**TENANT:**

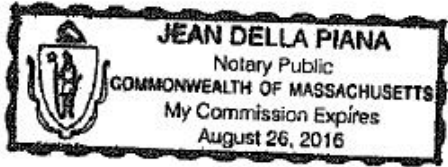
**SIRIUSDECISIONS, INC.**, a Delaware corporation

By: /s/ Rich Benvenuto  
\_\_\_\_\_  
Name: Rich Benvenuto  
Title: VP

STATE OF Massachusetts )  
 ) ss. Boston  
COUNTY OF Suffolk )

On this the 1st day of November, 2012, before me, the undersigned officer, personally appeared Jonathan G. Davis, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged himself/herself to be the CEO of **Danbury 187 Manager Corp.**, a corporation, and that he/she, as such CEO, being authorized so to do, executed the foregoing instrument as the free act and deed of **Danbury 187 Manager Corp.** as the Manager of **DIV DANBURY 187, LLC** for the purposes contained therein by signing the name of **Danbury 187 Manager Corp.** by himself/herself as such CEO.

IN WITNESS WHEREOF, I hereunto set my hand.



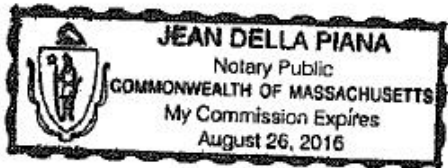
/s/ Jean Della Piana  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

[Affix Notarial Seal]

STATE OF Massachusetts )  
 ) ss. Boston  
COUNTY OF Suffolk )

On this the day of 1st day of November, 2012, before me, the undersigned officer, personally appeared Jonathan G. Davis, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged himself/herself to be the CEO of **Linden 187 Manager Corp.**, a corporation, and that he/she, as such officers, being authorized so to do, executed the foregoing instrument as the free act and deed of **Linden 187 Manager Corp.** as the Manager of **DIV DANBURY 187, LLC** for the purposes contained therein by signing the name of **Linden 187 Manager Corp.** by himself/herself as such CEO.

IN WITNESS WHEREOF, I hereunto set my hand.



/s/ Jean Della Piana  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

[Affix Notarial Seal]

STATE OF )  
 ) ss. \_\_\_\_\_  
COUNTY OF )

On this the 24 day of October, 2012, before me, the undersigned officer, personally appeared Richard Benvenuto, who acknowledged himself to be the VP Finance of **SIRIUSDECISIONS, INC.**, a Delaware corporation, and that he, as such \_\_\_\_\_, being authorized so to do, executed the foregoing instrument as his free act and deed and the free act and deed of the limited liability company for the purposes contained therein by signing the name of the limited liability company by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand.

/s/ Toni Essertier  
\_\_\_\_\_  
Commissioner of the Superior Court/  
Notary Public  
My Commission Expires:

[Affix Notarial Seal]



**My Commission Expires September 30, 2017**

SECRETARY'S CERTIFICATE

I, Richard ELDH, Secretary of Siriusdecisions, Inc., a Delaware corporation (the "Corporation"), hereby certify that Rich Benvenuto, as VP Finance of the Corporation has authority to execute and deliver to DIV Danbury 187, LLC and DIV Linden 187, LLC the Third Amendment to Lease related to the building located at, known as and numbered 187 Danbury Road, Wilton, Connecticut, a copy of which Third Amendment to Lease is attached hereto and made a part hereof on behalf of the Corporation.

Witness my signature on this 24<sup>th</sup> day of October, 2012.

Siriusdecisions, Inc.

By: /s/ Richard E. Eldh

Name: Richard E. Eldh

Title: Secretary

**FOURTH AMENDMENT TO LEASE**

THIS FOURTH AMENDMENT TO LEASE (this **"Fourth Amendment"**), is made as of this 14th day of FEBRUARY, 2014, by and between **DIV DANBURY 187, LLC**, a Delaware limited liability company and **DIV LINDEN 187, LLC**, a Delaware limited liability company, both having a place of business at c/o Davis Marcus Partners, Inc., One Appleton Street, Boston, Massachusetts 02116 (collectively, the **"Landlord"**), as landlord, and **SIRIUSDECISIONS, INC.**, a Delaware corporation, having a place of business at 187 Danbury Road, Wilton, Connecticut 06897 (hereinafter called **"Tenant"**), as tenant.

WITNESSETH:

WHEREAS, Landlord is the owner of that certain building (the **"Building"**) located at 187 Danbury Road, Wilton, Connecticut (the **"Property"**);

WHEREAS, Landlord and Tenant entered into a certain Lease for a portion of the Building dated as of March 27, 2006 (the **"Original Lease"**), as amended by that certain Amendment to Lease dated as of March 27, 2008 (the **"First Amendment"**), as further amended by that certain Second Amendment to Lease dated as of June 15, 2012 (the **"Second Amendment"**); as further amended by that certain Third Amendment to Lease dated as of October 24, 2012 (the **"Third Amendment"**); and together with the Original Lease, the First Amendment, and the Second Amendment, the **"Original Amended Lease"**) pursuant to which Tenant leases certain space at the Building consisting of 17,744 rentable square feet in area (the **"Existing Premises"**) as more particularly described in the Original Amended Lease;

WHEREAS, Landlord and Tenant desire to amend certain terms of the Original Amended Lease as specified herein and any others as described hereby;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, Landlord and Tenant hereby agree that:

A. **Defined Terms.** Unless otherwise defined herein, all capitalized terms used in this Fourth Amendment shall have the meanings ascribed to them in the Original Amended Lease. From and after the effective date hereof, the term "Lease" as used in the Original Amended Lease shall mean and refer to the Original Amended Lease as amended by this Fourth Amendment.

B. **Lease Amendment.** Landlord and Tenant agree to amend the Original Amended Lease as follows:

1. **Premises.** Section 1.1 of the Original Amended Lease is hereby amended to add the following:  
 "Landlord, for and in consideration of the rents herein reserved and of the covenants and agreements herein contained on the part of Tenant to be performed, hereby leases to Tenant and Tenant accepts from Landlord, certain space shown on Exhibit A (revised 2013) attached hereto and made a part hereof, containing 5,855 square feet of rentable area (hereinafter referred to as the **"Expansion Premises"**), situated on the second (2nd) floor of the Courtside Building in its "AS IS" condition without an implied or express warranty as to use or condition, subject to Landlord's obligation to construct the **"Landlord's Expansion Work"** (as defined below). From and after the Fourth Amendment Effective Date (as defined below), the Expansion Premises shall become a part of the Premises for all purposes of the Lease and the "Premises" shall consist of 23,599 rentable square feet."

2. Parking. Effective as of the Fourth Amendment Effective Date, the number of reserved parking spaces set forth in Section 1.3 of the Original Amended Lease shall be amended to delete the amount “three (3)” and substitute in lieu thereof the following “four (4)”.
3. Fourth Amendment Tenant Improvements. Landlord and Tenant hereby agree and acknowledge that Landlord shall, at its sole cost and expense, complete the Fourth Amendment Tenant Improvements (as defined in Exhibit A--Fourth Amendment Work, attached hereto and made a part hereof) as a condition precedent to the effectiveness of this Fourth Amendment. As used herein, the term “Fourth Amendment Effective Date” shall mean and refer to the earlier of: (1) the date on which the Fourth Amendment Tenant Improvements are “substantially complete” (as such term is defined in Exhibit A--Fourth Amendment Work hereto), or (2) the date on which Tenant commences its business operations in any part of the Expansion Premises.
4. Exhibits. Exhibit A attached to the Original Amended Lease is hereby deleted in its entirety and replaced with Exhibit A (revised 2014) attached to this Fourth Amendment, and from and after the effective date of this Fourth Amendment all references in the Original Amended Lease to Exhibit A shall be deemed to be references to said Exhibit A (revised 2014).
5. Lease Term. Effective as of the date hereof, Section 2.1 of the Original Amended Lease is hereby amended to delete the first grammatical sentence of the section in its entirety and replace said sentence with the following: “The Premises are leased for a term (the “**Initial Term**”) to commence on June 23, 2006 (the “**Commencement Date**”) and shall end on July 31, 2020 (the “**Expiration Date**”) unless sooner terminated as herein provided.”
6. Base Rent. Effective as of the date hereof, the Annual Base Rent table set forth in Section 4.1.1 of the Original Amended Lease shall be amended as follows:

<u>Period</u>	<u>Annual Base Rent</u>	<u>Annual Base Rent Per Rentable Square Foot</u>	<u>Monthly Base Rent</u>
Fourth Amendment Effective Date – July 31, 2014	\$353,985.00 (based on a six month term; to be further prorated as applicable)	\$30.00	\$58,997.50
August 1, 2014 - July 31, 2015	\$725,669.25	\$30.75	\$60,472.44
August 1, 2015 - July 31, 2016	\$743,368.50	\$31.50	\$61,947.37
August 1, 2016 - July 31, 2017	\$761,067.75	\$32.25	\$63,422.31
August 1, 2017 - July 31, 2018	\$778,767.00	\$33.00	\$64,897.25
August 1, 2018 - July 31, 2019	\$796,466.25	\$33.75	\$66,372.19
August 1, 2019 - July 31, 2020	\$814,165.50	\$34.50	\$67,847.12

7. Security Deposit. Effective as of the Fourth Amendment Effective Date, the amount of the Security Deposit set forth in Section 4.6 of the Original Amended Lease shall be amended by deleting the term “\$34,000,” and replacing it with the term “\$63,422.31.” Concurrent with the execution and delivery of this Fourth Amendment, Tenant shall deliver to Landlord an additional \$29,422.31 for the Security Deposit.

8. Additional Rent -- Definitions. Effective as of the Fourth Amendment Effective Date, Section 5.1 of the Original Amended Lease is amended as follows:

- a. The definition of “**Tenant’s Share**” set forth in Section 5.1 of the Lease shall be amended to add the following sentence: “Tenant’s Share for the Expansion Premises shall be four and thirty hundredths percent (4.30%).”
- b. The definition of “**Base Tax Year**” is deleted in its entirety and replaced by the following:

**“Base Tax Year”**: Calendar year 2014.
- c. The definition of “**Base Expense Year**” is deleted in its entirety and replaced by the following:

**“Base Expense Year”**: Calendar year 2014.

8. Right of First Offer. Effective as of the Fourth Amendment Effective Date, a new Article 19 is hereby added to the Original Amended Lease as follows:



“ARTICLE 19            RIGHT OF FIRST OFFER

19.1            Conditions Precedent. Tenant shall have the one time right to lease (each, a “**First Offer Option**”) certain leasable space located horizontally contiguous to the Premises, all as more particularly described in Appendix 1, attached hereto and made a part hereof (each, a “**First Offer Space**”) as each may become available for lease from time to time to third parties following the expiration of the existing lease of the First Offer Space (and any extension thereof), subject to the terms and conditions of this Article 19. The Tenant’s rights under this Article 19 with respect to the Tenant’s leasing of any First Offer Space are subject to each and all of the following conditions:

19.1.1            No Assignment. Each First Offer Option shall not be exercised by, or assigned or otherwise transferred to any person or entity, voluntarily or involuntarily other than an Affiliated Company. Tenant (and any Affiliated Company ) shall only be permitted to lease a First Offer Space for its own use and occupancy. The parties hereto agree that if Tenant otherwise assigns any of its interest in this Lease or subleases the Premises (or any portion thereof) to any person other anAffiliated Company,than .an Affiliated Company, this Article 19 shall terminate immediately without the need for any act or notice by either party to be effective;

19.1.2            Effect of Default. At the time the Landlord is required to provide Tenant with a “**First Offer Notice**” (defined in Section 19.2) and at the time the Tenant is required to exercise a First Offer Option, no Event of Default shall have occurred and be continuing;

19.1.3            Rights of Other Tenants. All of Tenant’s rights under this Article 19 are subject and subordinate to : (a) first offer, first refusal and expansion options (the “**Expansion Rights**”) with regard to each First Offer Space given by Landlord to other Building tenants whose leases are executed prior to the Commencement Date, and (b) to any extensions or renewals given by Landlord to any tenant of the Building with respect to its leased space (the “**Extension Rights**”).

19.2            **Right of First Offer.**

19.2.1            First Offer Notice. When Landlord determines that: (a) a First Offer Space shall become available for lease to third parties upon the expiration of the then existing lease (including all related Expansion Options and Extension Rights for such space and any lease extensions granted by Landlord to the tenant thereof), and (b) all other then existing tenants of the Building with Expansion Options elect not to exercise such rights as permitted by their leases, Landlord shall give Tenant written notice (the “**First Offer Notice**”) of such availability and the date the existing tenant or occupant is expected to vacate any First Offer Space and such other information as is required by Subsection 19.2.3 hereof; provided, however, Tenant acknowledges that the availability of any such First Offer Space shall be subject to the condition that the then existing tenant or occupant of such First Offer Space vacates such First Offer Space. Landlord agrees to use commercially reasonable efforts to obtain possession of such First Offer Space following the end of the term of any lease of such First Offer Space.

19.2.2            Leasing Terms. The First Offer Notice shall identify the available space and state the estimated date of availability and the following basic economic terms: Landlord’s determination of the annual base rent for such First Offer Space (which shall be the prevailing fair market rental rate determined in accordance with Article 17, but shall not be less than the rate of Annual Base Rent applicable to the Premises), security deposit, additional rent, proportionate share of Additional Rent, the lease term (which shall be for the greater of (a) five (5) years, or (b) a period which shall be coterminous with Tenant’s lease of the Premises; provided, however, that if (a) is greater, then the term of Tenant’s lease shall be extended to be coterminous with the term of the First Offer Space) and the tenant improvement allowance, if any (collectively, the “**Economic Terms**”) upon which Landlord is willing to lease the First Offer Space to Tenant or to a third party. Landlord shall not be obligated to undertake any tenant improvements with respect to the First Offer Space, unless expressly stated in the First Offer Notice.

19.2.3 Manner of Exercise. Tenant shall exercise its First Offer Option, if at all (in tenant's sole discretion) by delivering written notice to Landlord within ten (10) business days immediately following Landlord's delivery of the First Offer Notice that it unconditionally accepts the terms in the First Offer Notice (the "**Tenant's Exercise Notice**"). Within fifteen (15) days immediately following delivery of Tenant's Exercise Notice in accordance with this Section 19.2. Tenant shall enter into a new lease or amendment with Landlord for such First Offer Space. The parties agree that the new lease shall be prepared in substantially the same form (as to non-economic terms) as this Lease except to the extent that the terms of the First Offer would necessitate changes.

19.2.4 Effect of Non-Exercise. In the event that Tenant fails to exercise a First Offer Option with respect to any First Offer Space in accordance with the terms and conditions hereof, such First Offer Option with respect to such First Offer Space as was included in Landlord's First Offer Notice shall terminate and be of no further force or effect; and this Lease as it pertains to the Premises shall remain in full force and effect.

19.2.5 Delivery of Space. Landlord's failure to deliver, or delay in delivering, all or any part of a First Offer Space for any reason beyond Landlord's reasonable control (including continued occupancy of any such space by occupant thereof) shall not give rise to any liability of Landlord, shall not alter Tenant's obligation to accept such space when delivered, shall not constitute a default of Landlord, and shall not affect the validity of the Lease; provided, however, that Landlord shall use commercially reasonable efforts, including the prosecution of eviction proceedings, to terminate the continued occupancy of the First Offer Space by an occupant thereof holding over beyond the end of its term; and Tenant shall have no lease obligations to Landlord with respect to such First Offer Space pursuant to the written lease thereof unless and until possession of such First Offer Space is delivered exclusively to Tenant. If such First Offer Space is not so delivered to Tenant within one hundred twenty (120) days following the proposed commencement date of the lease of said First Offer Space, and provided that Tenant delivers written notice to Landlord, following such 120<sup>th</sup> day, of its intent to terminate the lease of said First Offer Space (a "Termination Notice"), Landlord shall have ten (10) days following Landlord's receipt of such Termination Notice to deliver such First Offer Space and, upon such delivery, any Termination Notice delivered by Tenant shall be null and void and without recourse to either party hereto.

19.2.6 Extension of Term. If the Lease of any First Offer Space would extend beyond the term of the Premises initially leased hereunder, then Tenant shall extend the Term of the Lease with respect to Premises to be co-terminus with the term of such First Offer Space.

C. Broker. Landlord and Tenant represent and warrant to each other that they have not had any dealings with any broker, agent or finder in connection with the transaction evidenced by this Fourth Amendment other than CB Richard Ellis and representatives of Landlord. CB Richard Ellis shall be compensated by Landlord pursuant to a separate written agreement. Each party agrees to protect, indemnify, defend and hold the other harmless from and against any and all expenses with respect to any compensation, commissions and charges claimed by any broker, agent or finder with respect to this Fourth Amendment and the negotiation thereof that is made by reason of any action or agreement by such party.

D. Lease Ratification. This instrument and all of the terms and provisions hereof shall be considered for all purposes to be incorporated into and made part of the Original Amended Lease. The Original Amended Lease and each provision, covenant, condition, obligation, right and power contained therein is hereby ratified and confirmed, and, as modified hereby, shall continue in full force and effect. All references appearing in the Original Amended Lease and in any related instruments shall be amended and read hereafter to be references to the Original Amended Lease as amended by this Fourth Amendment. In the event of any inconsistencies or conflicts between other provisions of the Original Amended Lease and the provisions of this Fourth Amendment, the provisions hereof shall govern and control. Except as specifically amended in this Fourth Amendment, the Original Amended Lease is and shall remain in full force and effect and has not been amended, modified, terminated or assigned.

E. Authority. Landlord represents and warrants to Tenant that Landlord and the person signing on its behalf are duly authorized to execute and deliver this Fourth Amendment and that this Fourth Amendment constitutes its legal, valid and binding obligation. Tenant hereby represents and warrants to Landlord that Tenant and each person signing on its behalf are duly authorized to execute and deliver this Fourth Amendment, and that this Fourth Amendment constitutes the legal, valid and binding obligation of Tenant.

F. Execution by Facsimile or Electronic Mail. The parties agree that this Fourth Amendment may be transmitted between them by facsimile machine or electronic mail and the parties intend that a faxed or emailed Fourth Amendment containing either the original and/or copies of the signature of all parties shall constitute a binding Fourth Amendment.

G. Governing Law/Binding Effect. The Lease and this Fourth Amendment and the rights and obligations of both parties thereunder and hereunder shall be governed by the laws of the State of Connecticut and shall be binding upon and inure to the benefit of the Landlord and Tenant and their respective legal representatives, successors and assigns.

H. General Provisions. This Fourth Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument. Tenant represents and warrants to Landlord that no portion of the Premises has been assigned, sublet or licensed for use by any occupant. Tenant acknowledges that Tenant has no claim of default, setoff, counterclaim or defenses and no claim of abatement, reduction, adjustments, or concessions with respect to Base Rent and/or other charges under the Lease as of the date hereof, and to the extent any of the same exist, they are hereby waived in full.

I. Effective Date. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises. This Fourth Amendment shall become effective and binding only upon execution and delivery of this Fourth Amendment by all of the parties hereto and approval by Landlord's lenders as applicable.

*[remainder of this page intentionally left blank - signatures on the following page]*

STATE OF \_\_\_\_\_ )  
 ) ss. \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ )

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2013 before me, the undersigned officer, personally appeared \_\_\_\_\_, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged himself/herself to be the \_\_\_\_\_ of **Danbury 187 Manager Corp.**, a corporation, and that he/she, as such \_\_\_\_\_, being authorized so to do, executed the foregoing instrument as the free act and deed of **Danbury 187 Manager Corp.** as the Manager of **DIV DANBURY 187, LLC** for the purposes contained therein by signing the name of **Danbury 187 Manager Corp.** by himself/herself as such \_\_\_\_\_.

IN WITNESS WHEREOF, I hereunto set my hand.

[Affix Notarial Seal]

\_\_\_\_\_  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

STATE OF \_\_\_\_\_ )  
 ) ss. \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ )

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2013, before me, the undersigned officer, personally appeared \_\_\_\_\_, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged himself/herself to be the \_\_\_\_\_ of **Linden 187 Manager Corp.**, a corporation, and that he/she, as such officer, being authorized so to do, executed the foregoing instrument as the free act and deed of **Linden 187 Manager Corp.** as the Manager of **DIV LINDEN 187, LLC** for the purposes contained therein by signing the name of **Linden 187 Manager Corp.** by himself/herself as such \_\_\_\_\_.

IN WITNESS WHEREOF, I hereunto set my hand.

[Affix Notarial Seal]

\_\_\_\_\_  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ ) ss. \_\_\_\_\_

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2013, before me, the undersigned officer, personally appeared \_\_\_\_\_, who acknowledged himself to be the \_\_\_\_\_ of **SIRIUSDECISIONS, INC.**, a Delaware corporation, and that he, as such \_\_\_\_\_, being authorized so to do, executed the foregoing instrument as his free act and deed and the free act and deed of the limited liability company for the purposes contained therein by signing the name of the limited liability company by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand.

[Affix Notarial Seal]

\_\_\_\_\_  
Commissioner of the Superior Court  
Notary Public  
My Commission Expires:

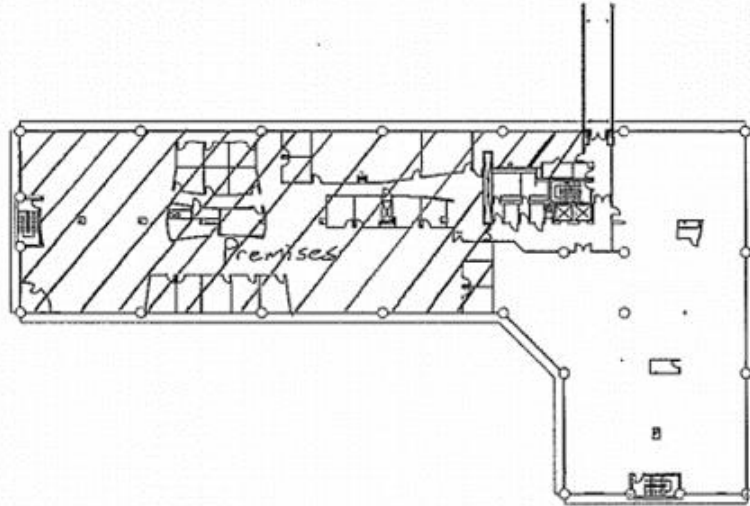
SECRETARY'S CERTIFICATE

I, \_\_\_\_\_, Secretary of SiriusDecisions, Inc., a Delaware corporation (the "Corporation"), hereby certify that \_\_\_\_\_, as \_\_\_\_\_ of the Corporation has authority to execute and deliver to DIV Danbury 187, LLC and DIV Linden 187, LLC the Fourth Amendment to Lease related to the building located at, known as and numbered 187 Danbury Road, Wilton, Connecticut, a copy of which Fourth Amendment to Lease is attached hereto and made a part hereof on behalf of the Corporation.

Witness my signature on this \_\_\_\_ day of \_\_\_\_\_, 2013.

SiriusDecisions, Inc.

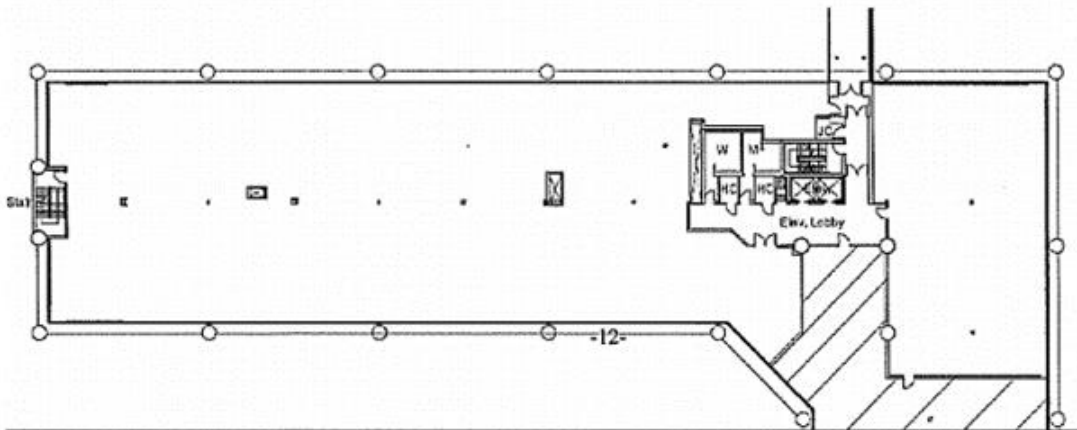
By: \_\_\_\_\_  
Name:  
Title: Secretary



THE DAVIS COMPANIES

187 Danbury Road • Third Floor Courtyard

Wilson Corporate Center



A.1

**Delivery of the Expansion Premises.**

A.1.1 Plans for Tenant Improvements. Tenant and Landlord agree and acknowledge that as of the Fourth Amendment Effective Date Tenant shall lease from Landlord the certain 5,855 rentable square feet of area located the second (2<sup>nd</sup>) floor of the Courtside Building (the “**Expansion Premises**”), as shown with greater detail on the certain space plan attached hereto as Exhibit B – Fourth Amendment Work (the “**Fourth Amendment Concept Plan**”) and which shows Tenant’s leasehold improvements and installations (the “**Fourth Amendment Tenant Improvements**”). Landlord agrees to construct the Fourth Amendment Tenant Improvements in accordance with the Fourth Amendment Concept Plan and the “Fourth Amendment Tenant Standards” attached hereto as Exhibit C – Fourth Amendment Work. Tenant agrees to make its selections of tenant finishes and materials for the Fourth Amendment Tenant Improvements from readily available “building standard” materials no later than December 11, 2013. Landlord shall have architectural and construction plans and drawings prepared for the Fourth Amendment Tenant Improvements (the “**Fourth Amendment Final Plans**”) consistent with the Fourth Amendment Concept Plan and the Fourth Amendment Tenant Standards no later than December 19, 2013 (the “**Fourth Amendment Final Plan Delivery Date**”). The Fourth Amendment Final Plans shall be prepared by an architect licensed to conduct business in the State of Connecticut and shall be subject to Tenant’s approval (such approval to not be unreasonably delayed, withheld or conditioned). Tenant agrees to approve or disapprove of such Fourth Amendment Final Plans within three (3) business days following Landlord’s delivery of such Fourth Amendment Final Plans. In the event that Tenant disapproves any such Fourth Amendment Final Plans, Landlord shall promptly resubmit the same and Tenant shall approve such plans or disapprove them setting forth its reasons for such disapproval within two (2) business days after its receipt of the resubmitted plans or specifications. The Fourth Amendment Final Plans as approved by Tenant are hereinafter referred to as the “Fourth Amendment Approved Plans”. Landlord shall “substantially complete” (as defined below) the Fourth Amendment Tenant Improvements in accordance with the Fourth Amendment Final Plans and deliver possession of the Expansion Premises to Tenant subject to the terms and conditions of this Exhibit A – Fourth Amendment Work.

A.1.2 Target Delivery Date. Subject to Tenant’s performance of its obligations under the Original Amended Lease, Landlord shall use commercially reasonable efforts to substantially complete the Fourth Amendment Tenant Improvements in accordance with the Fourth Amendment Final Plans and to deliver possession of the Expansion Premises to Tenant, on or before February 1, 2014 (such date, the “**Fourth Amendment Target Delivery Date**”). Landlord’s obligation to construct the Fourth Amendment Tenant Improvements shall not require Landlord to incur overtime costs or expenses nor the construction of any “**Specialty Work**” (defined in Subsection A 2.1 hereof).

A.1.3 Substantial Completion. The Fourth Amendment Tenant Improvements shall be deemed substantially completed when Landlord’s contractor or architect certifies to Landlord and Tenant in writing that the Fourth Amendment Tenant Improvements have been completed in accordance with the Fourth Amendment Final Plans, subject only to normal punchlist items, and Landlord, on behalf of Tenant, has obtained a letter from the applicable official of the Town of Wilton certifying the lawful use and occupancy of the Premises for the purposes specified in the Original Amended Lease; provided, however, that in the event that there is any delay in the issuance of the certificate of occupancy by the Town of Wilton pending completion of any work associated with the Tenant’s System (defined hereinafter), then the issuance of the certificate of occupancy shall not be required to establish the Commencement Date.

A.1.4 Extension of Fourth Amendment Target Delivery Date. Notwithstanding the foregoing, if the Fourth Amendment Tenant Improvements are not substantially completed on or before the Fourth Amendment Target Delivery Date, then the Fourth Amendment Target Delivery Date shall be extended by the number of days of construction delay in achieving substantial completion resulting from any “Force Majeure Delay” or “Tenant Delay,” subject to the operation of Section A.2 hereof.



**Delayed Delivery.**

A.2.1 **Delay in Substantial Completion.** If Landlord shall be unable to substantially complete and deliver possession of the Expansion Premises on or before the Fourth Amendment Target Delivery Date by reason of the fact that work required to be done by Landlord hereunder has not been substantially completed by that date, Landlord shall not be subject to any penalty, claim or liability nor shall the validity of this Lease or the obligations of Tenant hereunder be in any way affected except as provided in this Section below, and in no event to the extent such delay results from any of the following reasons:

(a) “Force Majeure” or any cause beyond the control of Landlord or its general contractor or subcontractors (a **“Force Majeure Delay”**), or

(b) delay (a **“Tenant Delay”**) resulting from: (i) Tenant’s failure to comply with any of the delivery dates or approval dates contained in this **Exhibit A – Fourth Amendment Work** relative to the design, planning, selection of finishes and pricing for the Fourth Amendment Tenant Improvements, (ii) Tenant’s failure to approve the Fourth Amendment Final Plans on or before the Fourth Amendment Final Plan Delivery Date, (iii) Tenant’s failure to provide response to written requests for information, approvals or disapprovals regarding Fourth Amendment Tenant Improvements within the time periods established in this **Exhibit A – Fourth Amendment Work** (or if not so stated, then within two (2) business days after request by Landlord or its contractors), (iv) Tenant’s requests for changes in the Fourth Amendment Concept Plan or the Fourth Amendment Final Plans, or for the inclusion of materials or installations in the construction of the Fourth Amendment Tenant Improvements other than building standard items or items with delivery requirements that are likely to have the effect of delaying the substantial completion of the Fourth Amendment Tenant Improvements beyond the Fourth Amendment Target Delivery Date (**“Specialty Work”**), or (v) any acts, omissions, non-payment, defaults or misconduct of Tenant (or its agents, employees, design professionals, contractors, licensees or invitees) with respect to the construction of the Fourth Amendment Tenant Improvements; provided, however, that Landlord shall provide written notice to Tenant within two (2) business days of any claim of Tenant Delay and such notice shall set forth the detailed basis for such claim. As used in the Lease, the term **“Force Majeure”** shall mean casualty, acts of God or the elements, inability to obtain materials or services, labor disputes or strikes, delays by governmental departments in issuing permits, governmental regulations or controls, civil commotion, war or similar events.

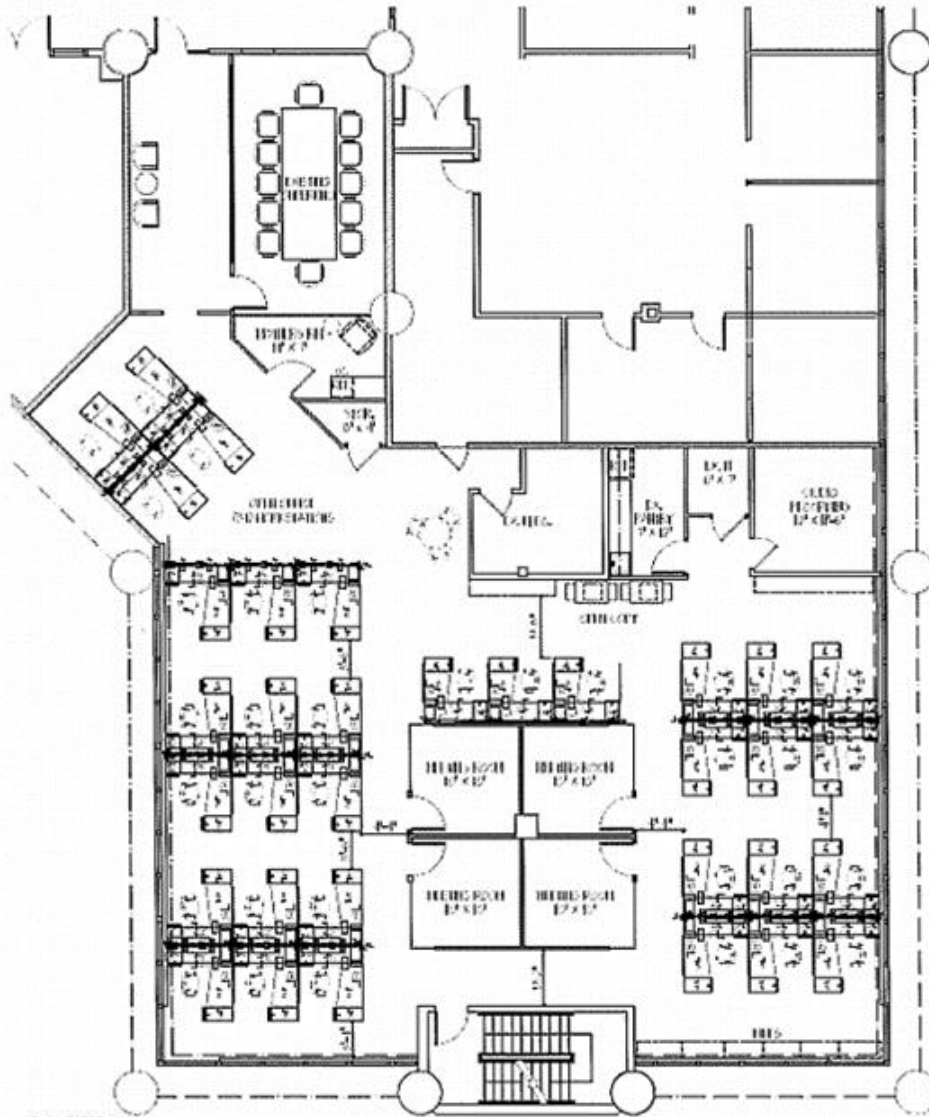
A.2.2 **Effect of Tenant Delay.** If Landlord is unable to substantially complete the Fourth Amendment Tenant Improvements and deliver possession of the Expansion Premises to Tenant on or before the Fourth Amendment Target Delivery Date as a result of any Tenant Delay, Tenant shall be financially responsible for Rent (pro-rated on a per diem basis) for the number of days of Tenant Delay experienced by Landlord in order to substantially complete the Fourth Amendment Tenant Improvements and deliver the Expansion Premises to Tenant, and such sum shall be due and payable by Tenant upon written demand by Landlord.

A.2.3 **Effect of Landlord Delay.** If Landlord is unable to substantially complete the Fourth Amendment Tenant Improvements and deliver possession of the Expansion Premises to Tenant within two (2) months following the Fourth Amendment Target Delivery Date as a result of delays resulting from causes solely within Landlord’s control, Tenant shall receive a per diem credit of Annual Base Rent for each day that the Fourth Amendment Commencement Date is delayed beyond the such two (2)-month period solely as a result of such Landlord’s delay.

A.3 **Tenant's Systems** . Tenant, at its sole expense, shall design, install, construct and maintain Tenant's data, telephone, audio-visual, internet and video systems ("**Tenant's Communications Systems**") and Tenant's furniture systems (collectively, the "**Tenant's Systems**") within the Expansion Premises and the related wiring within the Building necessary for the operation thereof. Tenant's Communications Systems shall not be included in the Fourth Amendment Tenant Improvements. Landlord will permit Tenant and its agents, architects, engineers, space planners, contractors, subcontractors, suppliers and materialmen ("**Tenant's Agents and Consultants**") to have access to the Premises and the Building (at the sole risk of such parties and without liability to Landlord) for such purposes subject to the terms and conditions of this Lease, such access to be (a) temporary and solely for the purpose of designing and installing the Tenant's Systems, and (b) permissible as of the later of (i) January 17, 2014 or(ii) fourteen (14) days prior to the reasonably ascertainable Fourth Amendment Effective Date in the event that the Fourth Amendment Target Delivery Date is extended in accordance with the provisions hereof. The design, plans and specifications for the wiring, cabling and equipment for Tenant's Communication System, and its locations and connections from within the Expansion Premises to the Building risers, conduits and systems shall be subject to Landlord's prior review and approval. Tenant shall provide Landlord with reasonable prior written notice of any construction work relating to Tenant's Systems that involves any Building systems, and all such work shall be coordinated with Landlord and subject to Landlord supervision.

A.4 **Confirmatory Amendments**. When the Fourth Amendment Effective Date has been finally determined in accordance with the provisions set forth in this Exhibit A – Fourth Amendment Work, the parties hereto shall execute a document in recordable form, setting forth said dates and said document shall be deemed a supplement to and part of this Lease. The parties hereto agree to execute such confirmatory document not later than fifteen (15) days following the Fourth Amendment Effective Date.

Exhibit B – Fourth Amendment Work



Scale: 3/32"=1'-0"  
 NOTE: ALL FURNITURE & EQUIPMENT  
 SHOWN CONSIDERED N.I.C.

01 NOVEMBER 2013


THE DAVIS COMPANIES SIRIUSDECISIONS 187 Danbury Rd. Courtyard 2nd Floor PA-3 Wilton Corporate Center 

Exhibit C – Fourth Amendment Work

1. Landlord will construct the Premises in accordance with the concept plan shown in Exhibit B- Fourth Amendment Work

**Partitions**

1. Interior partitions shall be constructed of 2 1/2” metal studs with 5/8” layer of sheetrock on each side and shall extend to 3” above the ceiling.
2. Demising walls shall be full height. Walls in the studio room shall be full height.
3. All partitions shall be built in accordance with local and state building codes.

**Doors / Glass**

1. The Tenant Entry shall remain. A new double door glass entry shall be installed at the entry to the 3” floor premises.
2. Tenant Building Standard interior doors shall be 3’-0” x 8’-0” solid core wood doors with knock down hollow metal frames with a maple finish.
3. Door hardware on Building Standard doors shall be lever handle type passage set. Schlage or equal.
4. Fire rated door assemblies shall be provided where required by code.
5. Locksets shall be provided on entry and exit doors only with two (2) keys provided.
6. Glass sidelights shall be treated as a Tenant upgrade and shall be frameless and 3’ wide and run from floor to top of door frame.

**Wall Finishes**

1. All walls shall be painted with two coats of one Building Standard color of latex paint with eggshell finish.
2. Door frames shall be painted with two coats of one Building Standard color enamel paint or equal.

**Ceiling**

1. The ceiling system shall be the Building Standard 2’x2’ or 2’ x 4’ fineline grid and fissured acoustical tiles, at Landlord’s discretion. If existing ceiling system is to remain, areas where new ceiling is required shall receive Building Standard 2’x2’ or 2’ x 4’ fineline grid and fissured acoustical tiles, at Landlord’s discretion. Certain areas of the ceiling shall be exposed and finished with paint.

**Flooring**

1. All areas are to receive 26 ounce Building Standard carpet, direct glued down. All material selections to be made from Building Standard samples and must be currently available as a quick ship item.
2. All areas to receive 4” Building Standard vinyl base.
3. At Tenant’s request, storage, pantry and workrooms may receive 12”x 12” x 1/8” Building Standard vinyl composition tile.

**Millwork/Accessories**

1. Existing pantry shall remain.

**Furniture**

1. All landscape systems furniture and installation by Tenant.
2. All furniture and furniture installation by Tenant.

**Electrical**

1. Building Standard lighting shall be the indirect 2’x4’ or 2’x2’ direct/indirect fluorescent fixture, at Landlord’s discretion, to provide general office lighting. In the areas where the exposed ceiling exists, the light fixtures shall be hanging industrial style light fixtures
2. All switching is to be provided by single pole wiring.
3. Building Standard duplex wall receptacles shall be installed in accordance with standard office requirements. Floor outlets shall be a Tenant upgrade

4. All emergency lighting and fire alarm work shall be Building Standard and as required by the local code officials.
5. All power and lighting panels and transformers shall be installed within the tenant space (unless otherwise required by Owner) and shall be fed from the Base Building bus duct riser.

#### **Telephone and Data**

1. All work associated with Telephone and Data is excluded and to be by Tenant.

#### **HVAC**

1. Existing medium pressure ductwork for each air handling unit to remain for Tenant use with existing DDC control system with pneumatic operators to remain at existing air handling units. All new controls to be electronic type. System design and configuration shall meet current ASHRE standards. All existing controls shall be serviced and in good operating order.
2. Interior and Perimeter building zones may cross between demised tenant spaces.
3. The furnishing and installation of low pressure ductwork, flex ductwork, diffusers, controls and the installation of any new VAV units with thermostats is to be performed under the Tenant Improvement Work.
4. Interior Diffusers shall be Building Standard light troffers, and linear (at the perimeter).
5. The following terminal units shall be provided as a minimum:
  - Interior zone VAV units: one unit per 1,500 usf
  - Perimeter zone VAV w/heat: 750 usf perimeter zone
6. Any reused existing VAV boxes or other mechanical equipment shall be inspected, serviced and repaired as required under the Tenant Improvement Work.

#### **Sprinklers**

1. Sprinklers shall be configured in accordance with local codes and the Landlord's underwriter's criteria for ordinary hazard during the Tenant Improvement Work. Final finish heads to be flush type as approved by the Landlord's insurance carrier.

#### **Blinds**

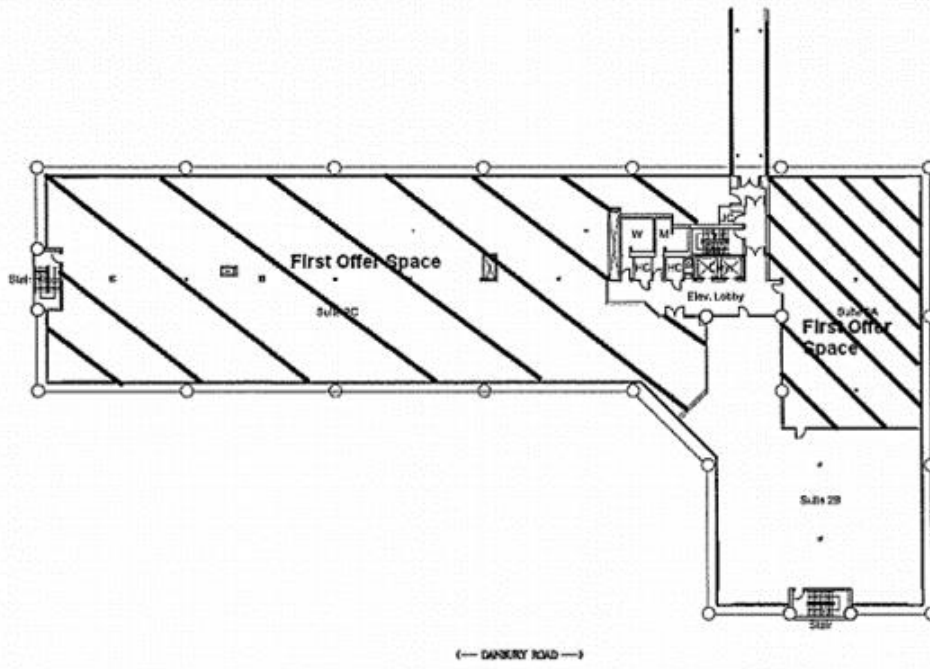
1. Building Standard horizontal blinds are as provided on the exterior windows. Existing horizontal blinds shall be serviced and in good operating order.

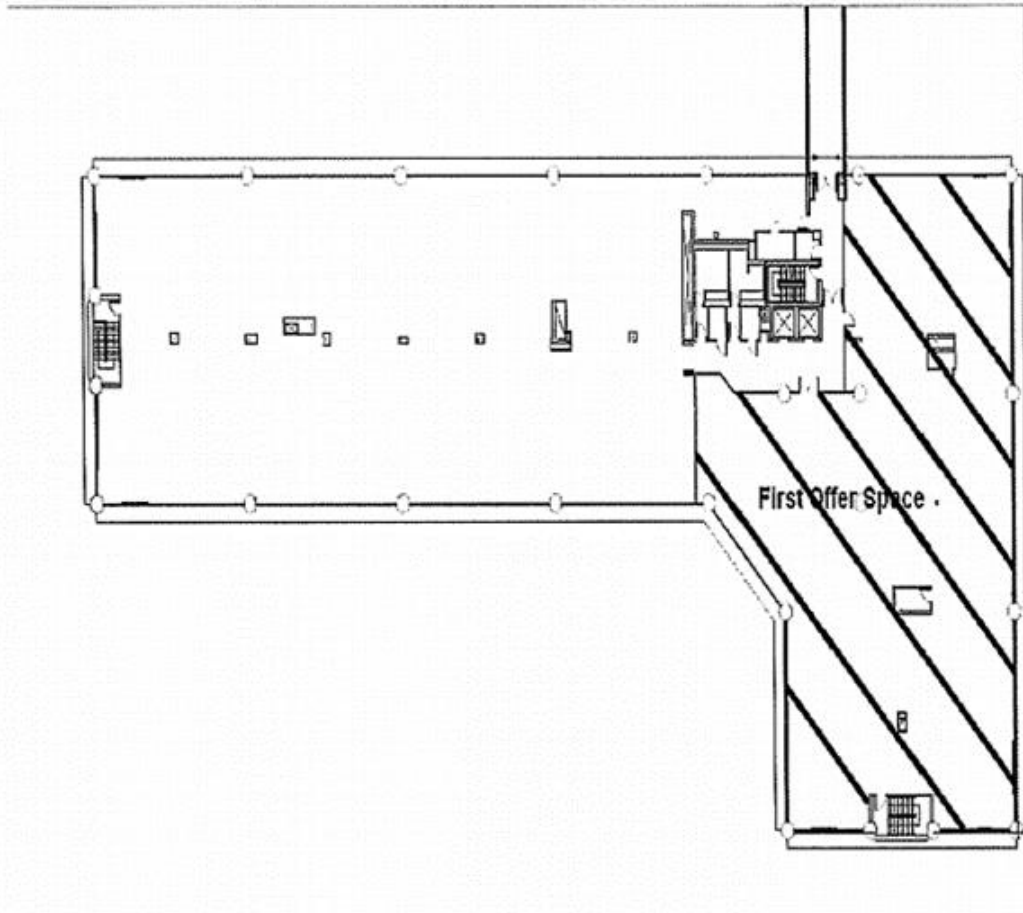
#### **Signage**

1. The Tenant's company name and logo shall be placed on the Tenant Entry glass panel in Building Standard gold colored vinyl lettering. No signage is permitted on doors. If glass sidelight is not provided, entry sign shall be installed on a Building Standard frosted glass panel attached to wall next to Tenant Entry door(s) with brushed stainless steel fasteners.

#### **End of Tenant Building Standards**

Appendix I





IN WITNESS WHEREOF, Landlord and Tenant have caused this Fourth Amendment to be duly executed as of the day and year first written above.

WITNESSED BY:

**LANDLORD:**

**DIV DANBURY 187, LLC**, a Delaware limited liability company

By: Danbury 187 Manager Corp., its manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DIV LINDEN 187, LLC**, a Delaware limited liability company

By: Linden 187 Manager Corp., its manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
*Signature of Witness*  
*Print Name:*

\_\_\_\_\_  
*Signature of Witness*  
*Print Name:*

\_\_\_\_\_  
*Signature of Witness*  
*Print Name:*

\_\_\_\_\_  
*Signature of Witness*  
*Print Name:*

**TENANT:**

**SIRIUSDECISIONS, INC.,**

a Delaware corporation

\_\_\_\_\_  
*Signature of Witness*  
*Print Name:*

/s/ Marie Herzfeld  
*Signature of Witness*  
*Print Name:* Marie Herzfeld

By: /s/ Rich Benvenuto  
Name: Rich Benvenuto  
Title: VP



**FIFTH AMENDMENT TO LEASE**

THIS FIFTH AMENDMENT TO LEASE (this “**Fifth Amendment**”), is made as of this 2<sup>nd</sup> day of October, 2015, by and between **DIV DANBURY 187, LLC**, a Delaware limited liability company and **DIV LINDEN 187, LLC**, a Delaware limited liability company, both having a place of business at c/o Davis Marcus Partners, Inc., 125 High Street, 21<sup>st</sup> Floor, Boston, Massachusetts 02110 (collectively, the “**Landlord**”), as landlord, and **SIRIUSDECISIONS, INC.**, a Delaware corporation, having a place of business at 187 Danbury Road, Wilton, Connecticut 06897 (hereinafter called “**Tenant**”), as tenant.

WITNESSETH:

WHEREAS, Landlord is the owner of that certain building (the “**Building**”) located at 187 Danbury Road, Wilton, Connecticut (the “**Property**”);

WHEREAS, Landlord and Tenant entered into a certain Lease for a portion of the Building dated as of March 27, 2006 (the “**Original Lease**”), as amended by that certain Amendment to Lease dated as of March 27, 2008 (the “**First Amendment**”), as further amended by that certain Second Amendment to Lease dated as of June 15, 2012 (the “**Second Amendment**”); as further amended by that certain Third Amendment to Lease dated as of October 24, 2012 (the “**Third Amendment**”); as further amended by that certain Fourth Amendment to Lease dated as of February 14, 2014 (the “**Fourth Amendment**”); and together with the Original Lease, the First Amendment, and the Second Amendment, the “**Original Amended Lease**”) pursuant to which Tenant leases certain space at the Building consisting of 23,599 rentable square feet in area (the “**Existing Premises**”) as more particularly described in the Original Amended Lease;

WHEREAS, Landlord and Tenant desire to amend certain terms of the Original Amended Lease as specified herein and any others as described hereby;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, Landlord and Tenant hereby agree that:

A. Defined Terms. Unless otherwise defined herein, all capitalized terms used in this Fifth Amendment shall have the meanings ascribed to them in the Original Amended Lease. From and after the effective date hereof, the term “**Lease**” as used in the Original Amended Lease shall mean and refer to the Original Amended Lease as amended by this Fifth Amendment.

B. Lease Amendment. Landlord and Tenant agree to amend the Original Amended Lease as follows:

1. Premises. Section 1.1 of the Original Amended Lease is hereby amended to add the following text:

“Landlord, for and in consideration of the rents herein reserved and of the covenants and agreements herein contained on the part of Tenant to be performed, hereby leases to Tenant and Tenant accepts from Landlord, certain space shown on Exhibit A (Revised 2015) attached hereto and made a part hereof, containing 18,541 square feet of rentable area (hereinafter referred to as the “**Second Expansion Premises**”), situated on the third (3rd) floor of the Riverview Building in its “AS IS” condition without an implied or express warranty as to use or condition, subject to Landlord’s obligation to construct the “**Fifth Amendment Tenant Improvements**” (as defined below). From and after the Fifth Amendment Effective Date (as defined below), the Second Expansion Premises shall become a part of the Premises for all purposes of the Lease and the “**Premises**” shall consist of 42,140 rentable square feet.”

2. Parking. Effective as of the Fifth Amendment Effective Date, the number of reserved parking spaces set forth in Section 1.3 of the Original Amended Lease shall be amended to delete the amount “four (4)” and substitute in lieu thereof the following “eight (8)”.

3. Fifth Amendment Tenant Improvements. Landlord and Tenant hereby agree and acknowledge that Landlord shall, at its sole cost and expense (subject to the Landlord Contribution Cap (as defined herein)), complete the Fifth Amendment Tenant Improvements (as defined in Exhibit A--Fifth Amendment Work, attached hereto and made a part hereof). As used herein, the term “**Fifth Amendment Effective Date**” shall mean and refer to the earlier of: (1) the date on which the Fifth Amendment Tenant Improvements are “substantially complete” (as such term is defined in Exhibit A--Fifth Amendment Work hereto), or (2) the date on which Tenant commences its business operations in any part of the Second Expansion Premises; provided, however, in no event shall the Fifth Amendment Effective Date occur, nor shall Tenant have the right to occupy the Second Expansion Premises, prior to April 1, 2016.

4. Exhibits. Exhibit A (revised 2014) attached to the Original Amended Lease is hereby deleted in its entirety and replaced with Exhibit A (Revised 2015) attached to this Fifth Amendment, and from and after the Fifth Amendment Effective Date all references in the Original Amended Lease to Exhibit A (revised 2014) shall be deemed to be references to said Exhibit A (Revised 2015).

5. Lease Term. The Initial Term for the Second Expansion Premises shall commence on Fifth Amendment Effective Date and shall end on July 31, 2020 (the “**Expiration Date**”) unless sooner terminated as provided in the Lease.

6. Base Rent. Effective as of the date hereof, the Annual Base Rent table set forth in Section 4.1.1 of the Original Amended Lease shall be amended to add the following table immediately below the Annual Base Rent table existing in Section 4.1.1 of the Original Amended Lease, which such additional table shall set forth the Annual Base Rent payable for the Second Expansion Premises:

**Annual Base Rent – Second Expansion Premises**

<u>Period</u>	<u>Annual Base Rent</u>	<u>Annual Base Rent per Rentable Square Foot</u>	<u>Monthly Base Rent</u>
Fifth Amendment Effective Date – July 31, 2016	\$574,771.00 (to be prorated as applicable)	\$31.00	\$47,897.58
August 1, 2016 – July 31, 2017	\$593,312.00	\$32.00	\$49,442.67
August 1, 2017 – July 31, 2018	\$611,853.00	\$33.00	\$50,987.75
August 1, 2018 – July 31, 2019	\$630,394.00	\$34.00	\$52,532.83
August 1, 2019 – July 31, 2020	\$648,935.00	\$35.00	\$54,077.92

7. Security Deposit. On or prior to December 31, 2015 (the “**Security Deposit Transfer Date**”), Tenant shall deliver to Landlord a security deposit in the form of a Letter of Credit (as defined below) in the amount of \$450,000.00 for the faithful performance of all terms, covenants and conditions of the Lease. Within ten (10) days after Landlord’s receipt of the Letter of Credit from Tenant, which such Letter of Credit shall satisfy the terms and conditions set forth herein, Landlord shall send to Tenant the existing security deposit being held by Landlord in the amount of \$63,422.31. Tenant’s failure to provide a Letter of Credit satisfying the terms set forth below shall constitute an Event of Default pursuant to the terms of the Lease.

As of the Security Deposit Transfer Date, Section 4.6 of the Lease shall be removed and replaced with the following text:

“4.6. **Security Deposit.**

4.6.1. **Letter of Credit.** Tenant has delivered to Landlord a security deposit (the “**Security Deposit**”) in the form of a Letter of Credit (as defined below) in the amount of \$450,000.00 for the faithful performance of all terms, covenants and conditions of the Lease.

4.6.2. **Letter of Credit Requirements.** The letter of credit provided to Landlord hereunder as the Security Deposit shall be in the form of an unconditional, irrevocable, standby letter of credit which shall be in full force and effect for the periods required hereby, and shall meet all of the following conditions (a “**Letter of Credit**”):

- (a) it shall be issued for the benefit of Landlord by an Eligible Bank (defined below) approved by Landlord;
- (b) it shall be effective on the Security Deposit Transfer Date and have a term of not less than one (1) year following its date of issuance and contain automatic year-to-year renewal provisions subject to the Letter of Credit issuer’s obligation to notify Landlord in writing by certified or registered mail of non-renewal at least thirty (30) days prior to the expiration of the Letter of Credit;
- (c) the expiry date of the Letter of Credit for the final Lease Year of the Term shall be at least thirty (30) days following the Expiration Date of the Lease;
- (d) it shall provide for the amount thereof as set forth in Subsection 4.6.1 to be available to the Landlord in multiple drawings conditioned only upon presentation of a sight draft;
- (e) it shall be assignable by Landlord to its successors, assigns and mortgagees and by any successive beneficiaries thereof at no cost to transferor or transferee (Tenant agreeing to pay such charges in connection with any transfer of the Letter of Credit), and shall expressly permit multiple assignments; and
- (f) it shall be in such form as shall be acceptable to Landlord.

4.6.3 An “**Eligible Bank**” shall mean a commercial or savings bank organized under the laws of the United States or any state thereof or the District of Columbia and having total assets in excess of \$2,000,000,000.00 which shall be a financial institution having a rating of not less than BBB or its equivalent by Standard and Poors Corporation and subject to a Thompson Watch Rating of C or better. Tenant, at its expense, shall cause the issuing bank to provide Landlord’s then-current (as of the initial issuance of the Letter of Credit) mortgage lender with a written acknowledgment which evidences the issuing bank’s consent to Landlord’s collateral assignment of the proceeds of the Letter of Credit and its acknowledgment of the security interest of such mortgage lender therein within ten (10) business days following the request of Landlord or Landlord’s mortgagee therefor.

4.6.4 **Substitute Letter of Credit.** Tenant shall deliver to Landlord a substitute Letter of Credit that satisfies the requirements for a Letter of Credit stated in this Subsection 4.6.2 for the applicable period not later than ten (10) business days following delivery of a non-renewal notice by the Letter of Credit issuer with respect to the Letter of Credit issued to Landlord or thirty (30) days prior to the scheduled expiration of the Letter of Credit, whichever first occurs (such date, the “**Re-Delivery Deadline**”). If Tenant fails to deliver the substitute Letter of Credit within such 10-business day period, Landlord shall have the right to draw the Letter of Credit and receive the proceeds as a cash Security Deposit. Tenant agrees that notwithstanding any provision of this Lease to the contrary, its failure to furnish Landlord with the required Security Deposit either in the form of a substitute Letter of Credit in compliance with the requirements for the initial Letter of Credit prior to the Re-Delivery Deadline shall not be subject to any rights of notice or cure under this Lease.

4.6.5 Landlord's Rights Upon Default. Upon the occurrence of any of the Events of Default described in Article 13 hereof, in addition to any other rights or remedies available to Landlord under this Lease, Landlord shall have the right to present the Letter of Credit for payment by the issuing bank and the proceeds thereof shall be due and payable to Landlord in accordance with the terms hereof and the Letter of Credit. Tenant agrees that Landlord may, without waiving any of Landlord's other rights and remedies under this Lease upon the occurrence of any of the Events of Default, apply the Security Deposit to remedy any failure by Tenant to perform any of the terms, covenants or conditions to be performed by Tenant under this Lease and to compensate Landlord for any damages incurred as a result of any such default, including payment of Landlord's expenses to construct any tenant improvements and pay leasing brokerage commissions with respect to this Lease or any amendments of this Lease. If Landlord uses any portion of the Security Deposit to cure any Event of Default by Tenant hereunder, Tenant shall forthwith replenish the Security Deposit to the original amount within ten (10) days following written notice from Landlord in the manner directed by Landlord in such notice (which may be in the form of a new or amended Letter of Credit, or in the form of a cash payment). If Tenant fails to restore the full amount of the Security Deposit within such 10- business day period, then the amount of such deficiency shall be subject to the charges described in Section 4.5. During any period that Landlord is holding the Security Deposit in the form of cash, Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on any such deposit.

4.6.6 Sale of Building. In the event of a sale or other transfer of the Building (or Landlord's interest therein), Landlord shall have the right to transfer the balance of the Security Deposit to the new owner or to transferee. Upon any such transfer and receipt the successor landlord that it has received the Security Deposit and assumes all of Landlord's obligations under this Lease, Landlord shall thereupon be released by Tenant from all liability for the return of the Security Deposit; and Tenant agrees to look to the new landlord for the return of such Security Deposit. If Tenant is not in default hereunder at the end of the Term, Landlord will, within thirty (30) days after the expiration or earlier termination of the Lease, return the Security Deposit, or so much as has not been applied by Landlord, to Tenant or the last permitted assignee of Tenant's interest hereunder at the expiration of the Term.

4.6.7 Right to Reduce Letter of Credit.

(a) Subject to the terms and conditions stated below in this Section 4.6.7, Landlord agrees that the amount of the Security Deposit shall be subject to reduction effective as of (i) the date that is twelve (12) months after the Security Deposit Transfer Date and, (ii) the date that is twenty-four (24) months after the Security Deposit Transfer Date in the amount of Fifty Thousand and 00/100 Dollars (\$50,000.00) on each occasion (the "**Scheduled Reduction Amount**"), subject to effect of Section 4.6.7(c) below. Landlord's approval of any reduction in the Security Deposit shall be subject to Landlord's receipt of a written request for such reduction from Tenant (a "**Reduction Request**") within ninety (90) days after the twelfth and twenty-fourth month anniversary of the Security Deposit Transfer Date and the satisfaction of the following terms and conditions: (a) Tenant shall have submitted to Landlord Tenant's audited financial statements substantiating to Landlord's reasonable satisfaction that, with respect to the first Letter of Credit reduction request, Tenant's revenue from its business operations for fiscal year ending as of March 31, 2016 be equal or greater to Tenant's revenue as of March 31, 2015; and, with respect to the second Letter of Credit reduction request, Tenant's revenue from its business operations for fiscal year ending as of March 31, 2017 be equal or greater to Tenant's revenue as of March 31, 2015; (b) the Letter of Credit shall be in full force and effect and the issuing bank shall not have notified Landlord of its intention not to renew the Letter of Credit; and (c) no Event of Default shall have occurred and be outstanding under this Lease on the effective date of each reduction.

(b) Replacement Letter of Credit. Within five (5) business days of a Reduction Request from Tenant, Landlord shall notify Tenant whether or not Tenant qualifies for a scheduled reduction in the required amount of the Security Deposit, and if Tenant so qualifies for a scheduled reduction in the required amount of the Security Deposit, Tenant shall deliver to Landlord a replacement Letter of Credit reflecting a decrease equal to the Scheduled Reduction Amount or an endorsement to the existing Letter of Credit in form and substance satisfactory to Landlord which

amends the Letter of Credit by reducing the amount of the Letter of Credit by the Scheduled Reduction Amount. In such event, Landlord agrees to co-operate with Tenant and the issuing bank to amend the Letter of Credit (or to provide for the substitution of a replacement Letter of Credit) as may be reasonably necessary to evidence such reduction amount promptly following such date of Tenant's satisfaction of such conditions."

8. Additional Rent -- Definitions. Effective as of the Fifth Amendment Effective Date, Section 5.1 of the Original Amended Lease is amended as follows:

a. The definition of "Tenant's Share" set forth in Section 5.1 of the Lease shall be amended to add the following sentence: "Tenant's Share for the Second Expansion Premises shall be thirteen and sixty hundredths percent (13.60%)."

b. The definition of "Base Tax Year" is deleted in its entirety and replaced by the following:

"Base Tax Year": With respect to the Existing Premises, the calendar year 2014 and with respect to the Second Expansion Premises, the calendar year 2016."

c. The definition of "Base Expense Year" is deleted in its entirety and replaced by the following:

"Base Expense Year": With respect to the Existing Premises, the calendar year 2014 and with respect to the Second Expansion Premises, the calendar year 2016.

d. Payment of Taxes. Effective as of the Second Expansion Commencement Date, Section 5.2 of the Original Amended Lease is amended to provide that "Tenant's Share" shall consist of (a) Tenant's Share – Existing Premises of all Taxes to the extent that Taxes for the applicable period exceed the applicable Base Taxes and (b) Tenant's Share – Second Expansion Premises of all Taxes to the extent that Taxes for the applicable period exceed the applicable Base Taxes.

e. Payment of Operating Expenses. Effective as of the Second Expansion Commencement Date, Section 5.3 of the Original Amended Lease is amended to provide that "Tenant Share" shall consist of (a) Tenant's Share – Existing Premises of all Operating Expenses to the extent that Operating Expenses for the applicable Expense Year exceed the applicable Base Expenses and (b) Tenant's Share – Second Expansion Premises of all Operating Expenses to the extent that Operating Expenses for the applicable Expenses Year exceed the applicable Base Expenses.

f. Electric Expense. Landlord and Tenant hereby agree and confirm that the current Electric Expense under Section 5.4 of the Lease is currently \$2.75 per rentable square foot of the Existing Premises per annum subject to adjustment as provided in said Section 5.4 of the Lease. Effective as of the Second Expansion Commencement Date, the Electric Expense under Section 5.4 of the Lease shall be \$2.75 per rentable square foot of the Premises per annum subject to adjustment as provided in said Section 5.4 of the Lease.

9. Right of First Offer. Effective as of the Fifth Amendment Effective Date, Tenant's First Offer Option, as set forth in Article 19 of the Original Amended Lease shall be amended to add the text "and vertically" immediately after the text "horizontally" in the second line thereof.

10. Building Renovations. Landlord plans to complete the following projects at the Building within twenty-four (24) months of the date hereof: (a) improving the aesthetics of the cafeteria space; (b) improving the aesthetics of the fitness center to be on par with other fitness centers in Class "A" buildings in the Wilton, CT submarket; (c) renovating the restrooms in the common areas and fitness center; and (d)

updating or replacing (as determined by Landlord) the heating ventilation and air- conditioning systems within the Existing Premises (collectively, the “**Projects**”), each of which Project is subject to Landlord’s receipt of cost estimates, finalizing a development budget, and determining financing sources, if any, for such Projects. Landlord anticipates that the Projects will be substantially completed on or prior twenty-four (24) months following the execution date of this Fifth Amendment by Landlord and Tenant. In the event Landlord fails to substantially complete the Projects on or prior to twenty-four (24) months following the execution date of this Fifth Amendment by Landlord and Tenant, Landlord shall have an additional ninety (90) day period to complete such Projects, during which time Tenant shall have no abatement or termination rights. In the event Landlord fails to substantially complete the Projects on or prior to the expiration of such additional ninety (90) day period, thereafter Tenant shall receive a rent abatement credit for Base Rent equal to one day of Base Rent for the Premises for every three (3) days until Landlord substantially completes the Projects. Additionally, in the event Landlord has failed to substantially complete the Projects within thirty (30) months following the execution date of this Fifth Amendment by Landlord and Tenant, then Tenant shall have a one-time right to terminate the Lease by providing Landlord with written notice not later than thirty (30) days after the date that is thirty (30) months following the execution date of this Fifth Amendment by Landlord and Tenant. In the event Tenant exercises the termination option set forth in this Section 10, the Lease and Tenant’s right with respect to the Premises shall terminate six (6) months following Landlord’s receipt of such notice. The Projects shall be deemed substantially completed when Landlord’s contractor or architect certifies to Landlord that the Projects have been completed. Within sixty (60) days after such substantial completion (subject to Force Majeure), Landlord shall fully complete any then uncompleted portions of the Projects.

C. Broker. Landlord and Tenant represent and warrant to each other that they have not had any dealings with any broker, agent or finder in connection with the transaction evidenced by this Fifth Amendment other than CB Richard Ellis and representatives of Landlord. CB Richard Ellis shall be compensated by Landlord pursuant to a separate written agreement. Each party agrees to protect, indemnify, defend and hold the other harmless from and against any and all expenses with respect to any compensation, commissions and charges claimed by any broker, agent or finder with respect to this Fifth Amendment and the negotiation thereof that is made by reason of any action or agreement by such party.

D. Lease Ratification. This instrument and all of the terms and provisions hereof shall be considered for all purposes to be incorporated into and made part of the Original Amended Lease. The Original Amended Lease and each provision, covenant, condition, obligation, right and power contained therein is hereby ratified and confirmed, and, as modified hereby, shall continue in full force and effect. All references appearing in the Original Amended Lease and in any related instruments shall be amended and read hereafter to be references to the Original Amended Lease as amended by this Fifth Amendment. In the event of any inconsistencies or conflicts between other provisions of the Original Amended Lease and the provisions of this Fifth Amendment, the provisions hereof shall govern and control. Except as specifically amended in this Fifth Amendment, the Original Amended Lease is and shall remain in full force and effect and has not been amended, modified, terminated or assigned.

E. Authority. Landlord represents and warrants to Tenant that Landlord and the person signing on its behalf are duly authorized to execute and deliver this Fifth Amendment and that this Fifth Amendment constitutes its legal, valid and binding obligation. Tenant hereby represents and warrants to Landlord that Tenant and each person signing on its behalf are duly authorized to execute and deliver this Fifth Amendment, and that this Fifth Amendment constitutes the legal, valid and binding obligation of Tenant.

F. Execution by Facsimile or Electronic Mail. The parties agree that this Fifth Amendment may be transmitted between them by facsimile machine or electronic mail and the parties intend that a faxed or emailed Fifth Amendment containing either the original and/or copies of the signature of all parties shall constitute a binding Fifth Amendment.

G. Governing Law/Binding Effect. The Lease and this Fifth Amendment and the rights and obligations of both parties thereunder and hereunder shall be governed by the laws of the State of Connecticut and shall be binding upon and inure to the benefit of the Landlord and Tenant and their respective legal representatives, successors and assigns.

H. General Provisions. This Fifth Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument. Tenant represents and warrants to Landlord that no portion of the Premises has been assigned, sublet or licensed for use by any occupant. Tenant acknowledges that Tenant has no claim of default, setoff, counterclaim or defenses and no claim of abatement, reduction, adjustments, or concessions with respect to Base Rent and/or other charges under the Lease as of the date hereof, and to the extent any of the same exist, they are hereby waived in full.

I. Effective Date. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises. This Fifth Amendment shall become effective and binding only upon execution and delivery of this Fifth Amendment by all of the parties hereto and approval by Landlord's lenders as applicable.

J. Amendment of License Agreement. Landlord and Tenant hereby agree that that certain License Agreement dated April 14, 2015 (the "**License Agreement**") is hereby amended to (a) extend the License Expiration Date (as defined in the License Agreement) until the Fifth Amendment Effective Date, provided, however, in the event there are ten (10) or more days of Tenant Delays that occur after April 1, 2016, Landlord shall have the right to terminate Tenant's right to the Licensed Premises (as defined in the License Agreement), upon not less than fifteen (15) days prior written notice, and (b) provide Tenant a reasonable time thereafter, but no longer than fifteen (15) days, without payment of any License Fee (as defined in the License Agreement) but otherwise subject to all of the other terms of the License Agreement, to allow for an orderly surrender of the Licensed Premises.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Fifth Amendment to be duly executed as of the day and year first written above.

**LANDLORD:**

**DIV DANBURY 187, LLC**, a Delaware limited liability company

By: Danbury 187 Manager Corp., its manager

By: /s/ Jonathan G.Davis

Name: Jonathan G.Davis

Title: CEO

**DIV LINDEN 187, LLC**, a Delaware limited liability company

By: Linden 187 Manager Corp., its manager

By: /s/ Jonathan G.Davis

Name: Jonathan G.Davis

Title: CEO

**TENANT:**

**SIRIUSDECISIONS, INC.,**

a Delaware corporation

By: \_\_\_\_\_

Name:

Title:



above. **IN WITNESS WHEREOF**, Landlord and Tenant have caused this Fifth Amendment to be duly executed as of the day and year first written

**LANDLORD:**

**DIV DANBURY 187, LLC**, a Delaware limited liability company

By: Danbury 187 Manager Corp., its manager

By: \_\_\_\_\_  
Name:  
Title:

**DIV LINDEN 187, LLC**, a Delaware limited liability company

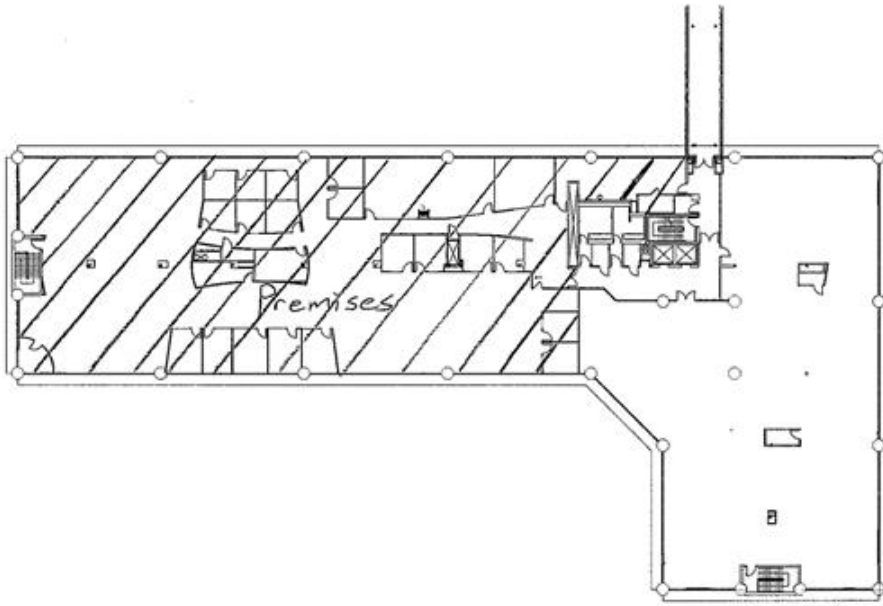
By: Linden 187 Manager Corp., its manager

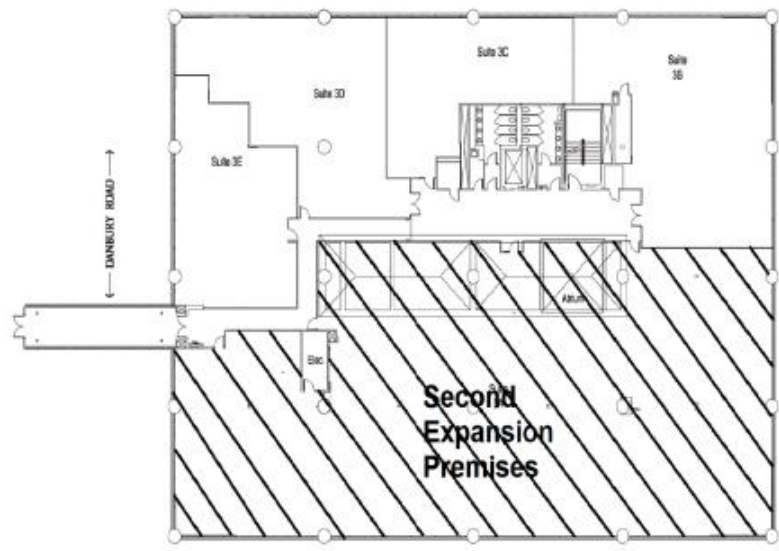
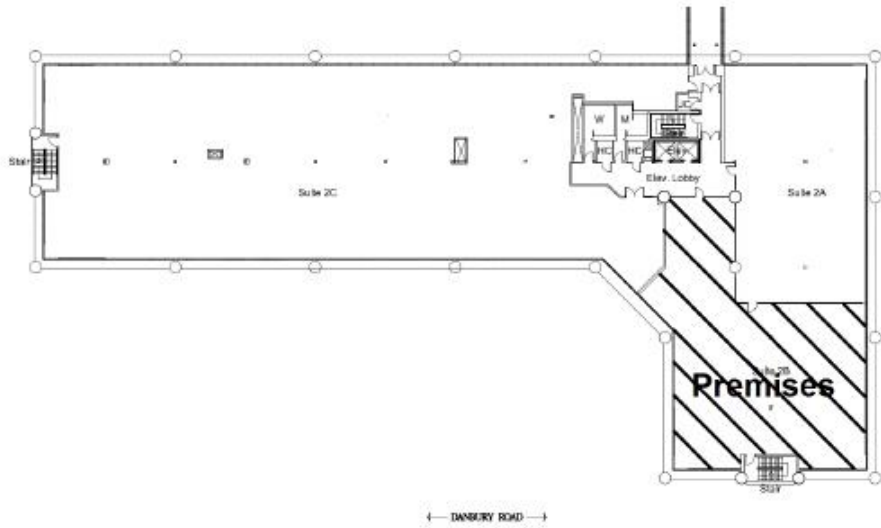
By: \_\_\_\_\_  
Name:  
Title:

**TENANT:**

**SIRIUSDECISIONS, INC.**,  
a Delaware corporation

By: /s/ Richard E. Eldh \_\_\_\_\_  
Name: Richard E. Eldh  
Title: Co-Founder And Managing Director





117 DANBURY ROAD RIVERVIEW BUILDING EXISTING 1-8RD FLOOR PLAN



A.1

**Delivery of the Second Expansion Premises.**

A.1.1 **Plans for Tenant Improvements.** Tenant and Landlord agree and acknowledge that as of the Fifth Amendment Effective Date Tenant shall lease from Landlord the certain 18,541 rentable square feet of area located the third (3rd) floor of the Riverview Building (the “**Second Expansion Premises**”). Within fifteen (15) days of the full execution of this Fifth Amendment, Landlord and Tenant shall meet with Landlord’s architect to facilitate the Landlord’s architect’s preparation of a draft concept plan for the Second Expansion Premises (the “**Draft Concept Plan**”). Tenant shall reasonably cooperate to permit Landlord’s architect to complete the Draft Concept Plan for Tenant’s approval not later than forty-five (45) days following the full execution of this Fifth Amendment. Upon Tenant’s approval of the Draft Concept Plan, Landlord shall have architectural and construction plans and drawings prepared for the Fifth Amendment Tenant Improvements (the “**Fifth Amendment Final Plans**”) no later than forty-five (45) days after the Draft Concept Plan has been completed (subject to any Tenant Delay) (the “**Fifth Amendment Final Plan Delivery Date**”), which such Fifth Amendment Final Plans shall be consistent with the Draft Concept Plan approved by Tenant and the “Fifth Amendment Tenant Standards” attached hereto as Exhibit B – Fifth Amendment Work, which shows Tenant’s leasehold improvements and installations. All tenant finishes and materials shall be substantially consistent with such finishes and materials used in the Existing Premises (the “**Fifth Amendment Tenant Improvements**”). The Fifth Amendment Final Plans shall be prepared by an architect licensed to conduct business in the State of Connecticut.

Tenant agrees to approve or disapprove of such Fifth Amendment Final Plans within ten (10) business days following Landlord’s delivery of such Fifth Amendment Final Plans. In the event that Tenant disapproves any such Fifth Amendment Final Plans, Landlord shall promptly resubmit the same and Tenant shall approve such plans or disapprove them setting forth its reasons for such disapproval within five (5) business days after its receipt of the resubmitted plans or specifications. The Fifth Amendment Final Plans as approved by Tenant are hereinafter referred to as the “**Fifth Amendment Approved Plans**”. Landlord shall “substantially complete” (as defined below) the Fifth Amendment Tenant Improvements in accordance with the Fifth Amendment Approved Plans and deliver possession of the Second Expansion Premises to Tenant subject to the terms and conditions of this Exhibit A – Fifth Amendment Work.

A.1.2 **Target Delivery Date.** Subject to Tenant’s performance of its obligations under the Original Amended Lease, Landlord shall use commercially reasonable efforts to substantially complete the Fifth Amendment Tenant Improvements in accordance with the Fifth Amendment Final Plans and to deliver possession of the Second Expansion Premises to Tenant, on or before April 1, 2016 (such date, the “**Fifth Amendment Target Delivery Date**”). Landlord’s obligation to construct the Fifth Amendment Tenant Improvements shall not require Landlord to incur overtime costs or expenses nor the construction of any “**Specialty Work**” (defined in Subsection A.2.1 hereof).

A.1.3 **Substantial Completion.** The Fifth Amendment Tenant Improvements shall be deemed substantially completed when Landlord’s contractor or architect certifies to Landlord and Tenant in writing that the Fifth Amendment Tenant Improvements have been completed in accordance with the Fifth Amendment Final Plans, subject only to normal punchlist items, and Landlord, on behalf of Tenant, has obtained a letter from the applicable official of the Town of Wilton certifying the lawful use and occupancy of the Premises for the purposes specified in the Original Amended Lease; provided, however, that in the event that there is any delay in the issuance of the certificate of occupancy by the Town of Wilton pending completion of any work associated with the Tenant’s System (defined hereinafter), then the issuance of the certificate of occupancy shall not be required to establish the Commencement Date.

A.1.4 **Extension of Fifth Amendment Target Delivery Date.** Notwithstanding the foregoing, if the Fifth Amendment Tenant Improvements are not substantially completed on or before the Fifth Amendment Target Delivery Date, then the Fifth Amendment Target Delivery Date shall be extended by the number of days of construction delay in achieving substantial completion resulting from any “Force Majeure Delay” or “Tenant Delay,” subject to the operation of Section A.2 hereof.

A.1.5 Fifth Amendment Tenant Improvements – Landlord Contribution Cap. In connection with the completion of the Fifth Amendment Tenant Improvements, Landlord has agreed to contribute a leasehold improvement allowance in the amount of up to Four Hundred Seven Thousand Nine Hundred Two and 00/100 Dollars (\$407,902.00) (the “**Landlord Contribution Cap**”); provided, however, that all costs and expenses of preparing the Second Expansion Premises for the Fifth Amendment Tenant Improvements (e.g., removal of any prior tenant’s good and effects, putting the Second Expansion Premises in broom clean condition and repair to skylights in the Second Expansion Premises) shall be the sole responsibility of Landlord. Landlord hereby agrees that not more than \$64,893.50 (the “**Soft Costs Cap**”) of the Landlord Contribution Cap may be used towards the actual out-of-pocket, third-party costs of the architectural services needed to prepare the Draft Concept Plan and the Fifth Amendment Final Plans and permit fees (collectively, “**Soft Costs**”). Subject to the provision of the next to last sentence of this paragraph A.1.5, Tenant shall be responsible for the cost, if and to the extent actually incurred by Landlord, of the Fifth Amendment Tenant Improvements in excess of the Landlord Contribution Cap and the Soft Costs in excess of the Soft Costs Cap (in either event, the “**Excess Amount**”), payable to Landlord within thirty (30) days after Landlord’s request therefor. Along with the submission of Fifth Amendment Final Plans, Landlord and Tenant shall agree upon a final budget (the “**Fifth Amendment Tenant Improvements Budget**”) for the Fifth Amendment Tenant Improvements, which such Fifth Amendment Tenant Improvements Budget shall include a reasonable and standard contingency amount. To the extent the Fifth Amendment Tenant Improvements Budget exceeds the Landlord Contribution Cap or the Soft Costs exceed the Soft Costs Cap, Tenant’s approval of the Fifth Amendment Final Plans and the Fifth Amendment Tenant Improvements Budget, shall be deemed Tenant’s acknowledgement to pay any Excess Amount as set forth above. In the event Tenant shall request changes to the materials or installations in the Fifth Amendment Final Plans that result in the costs to complete the Fifth Amendment Tenant Improvements exceeding the Landlord Contribution Cap, Tenant shall be responsible for 100% of the payment of any additional costs or charges related to such change orders. Except to the extent arising from any Tenant Delays or from changes to the materials or installations in the Fifth Amendment Final Plans requested by Tenant or to the extent agreed upon by Tenant as an Excess Amount in connection with the parties agreement of the Fifth Amendment Tenant Improvement Budget, Landlord shall be responsible for any increases in the cost to complete the Fifth Amendment Tenant Improvements above and beyond the Fifth Amendment Tenant Improvements Budget. Tenant shall have no right to apply any portion of the Landlord Contribution Cap to the payment of Annual Base Rent or to receive payment of the excess amount of the Landlord Contribution Cap, if any, that may be available after Landlord’s substantial completion of the Fifth Amendment Tenant Improvements.

A.2 **Delayed Delivery.**

A.2.1 Delay in Substantial Completion. If Landlord shall be unable to substantially complete and deliver possession of the Second Expansion Premises on or before the Fifth Amendment Target Delivery Date by reason of the fact that work required to be done by Landlord hereunder has not been substantially completed by that date, Landlord shall not be subject to any penalty, claim or liability nor shall the validity of this Lease or the obligations of Tenant hereunder be in any way affected except as provided in this Section below, and in no event to the extent such delay results from any of the following reasons:

(a) “Force Majeure” or any cause beyond the control of Landlord or its general contractor or subcontractors (a “**Force Majeure Delay**”), or

(b) delay (a “**Tenant Delay**”) resulting from: (i) Tenant’s failure to comply with any of the delivery dates or approval dates contained in this Exhibit A – Fifth Amendment Work relative to the design, planning, selection of finishes and pricing for the Fifth Amendment Tenant Improvements, (ii) Tenant’s failure to approve the Draft Concept Plan or the Fifth Amendment Final Plans on or before the dates set forth above, (iii) Tenant’s failure to provide response to written requests for information, approvals or disapprovals regarding Fifth Amendment Tenant Improvements within the time periods established in this Exhibit A – Fifth Amendment Work (or if not so stated, then within two (2) business days after request by Landlord or its contractors), (iv) Tenant’s requests for changes in the approved Draft Concept Plan or the Fifth Amendment Final Plans, or for the inclusion of materials or installations in the construction of the Fifth Amendment Tenant Improvements other than building standard items or items with delivery requirements that

are likely to have the effect of delaying the substantial completion of the Fifth Amendment Tenant Improvements beyond the Fifth Amendment Target Delivery Date (“Specialty Work”), or (v) any acts, omissions, non-payment, defaults or misconduct of Tenant (or its agents, employees, design professionals, contractors, licensees or invitees) with respect to the construction of the Fifth Amendment Tenant Improvements; provided, however, that Landlord shall provide written notice to Tenant within two (2) business days of any claim of Tenant Delay and such notice shall set forth the detailed basis for such claim. As used in the Lease, the term “Force Majeure” shall mean casualty, acts of God or the elements, inability to obtain materials or services, labor disputes or strikes, delays by governmental departments in issuing permits, governmental regulations or controls, civil commotion, war or similar events.

A.2.2 Effect of Tenant Delay. If Landlord is unable to substantially complete the Fifth Amendment Tenant Improvements and deliver possession of the Second Expansion Premises to Tenant on or before the Fifth Amendment Target Delivery Date as a result of any Tenant Delay, Tenant shall be financially responsible for Rent (pro-rated on a per diem basis) for the number of days of Tenant Delay experienced by Landlord in order to substantially complete the Fifth Amendment Tenant Improvements and deliver the Second Expansion Premises to Tenant, and such sum shall be due and payable by Tenant upon written demand by Landlord. Notwithstanding the foregoing, Tenant shall not be required to be so financially responsible for Rent for the first seven (7) days of any aggregate Tenant Delay.

A.2.3 Effect of Landlord Delay. If Landlord is unable to substantially complete the Fifth Amendment Tenant Improvements and deliver possession of the Second Expansion Premises to Tenant within one (1) month following the Fifth Amendment Target Delivery Date as a result of delays resulting from causes solely within Landlord’s control, Tenant shall receive a per diem credit of Annual Base Rent for each day that the Fifth Amendment Commencement Date is delayed beyond the such one (1)-month period solely as a result of such Landlord’s delay.

A.3 Tenant’s Systems. Tenant, at its sole expense, shall design, install, construct and maintain Tenant’s data, telephone, audio-visual, internet and video systems (“**Tenant’s Communications Systems**”) and Tenant’s furniture systems (collectively, the “**Tenant’s Systems**”) within the Second Expansion Premises and the related wiring within the Building necessary for the operation thereof. Tenant’s Communications Systems shall not be included in the Fifth Amendment Tenant Improvements. Landlord will permit Tenant and its agents, architects, engineers, space planners, contractors, subcontractors, suppliers and materialmen (“**Tenant’s Agents and Consultants**”) to have access to the Premises and the Building (at the sole risk of such parties and without liability to Landlord) for such purposes subject to the terms and conditions of this Lease, such access to be (a) temporary and solely for the purpose of designing and installing the Tenant’s Systems, and (b) permissible as of the later of (i) March 17, 2016 or (ii) fourteen (14) days prior to the reasonably ascertainable Fifth Amendment Effective Date in the event that the Fifth Amendment Target Delivery Date is extended in accordance with the provisions hereof. The design, plans and specifications for the wiring, cabling and equipment for Tenant’s Communication System, and its locations and connections from within the Second Expansion Premises to the Building risers, conduits and systems shall be subject to Landlord’s prior review and approval. Tenant shall provide Landlord with reasonable prior written notice of any construction work relating to Tenant’s Systems that involves any Building systems, and all such work shall be coordinated with Landlord and subject to Landlord supervision.

A.4 Confirmatory Amendments. When the Fifth Amendment Effective Date has been finally determined in accordance with the provisions set forth in this Exhibit A – Fifth Amendment Work, the parties hereto shall execute a document in recordable form, setting forth said dates and said document shall be deemed a supplement to and part of this Lease. The parties hereto agree to execute such confirmatory document not later than fifteen (15) days following the Fifth Amendment Effective Date.

**[TENANT TO CONFIRM UPON RECEIPT OF ARCHITECT DRAWINGS; TO BE SIMILAR STANDARD AS FOR 3<sup>RD</sup> FLOOR OR AGREED CHANGES]**

1. Landlord will construct the Premises in accordance with the approved Draft Concept Plan.

**Partitions**

1. Interior partitions shall be constructed of 2 ½” metal studs with 5/8” layer of sheetrock on each side and shall extend to 3” above the ceiling.
2. Demising walls shall be full height.
3. All partitions shall be built in accordance with local and state building codes.

**Doors / Glass**

1. The Tenant Entry shall remain.
2. Tenant Building Standard interior doors shall be 3’-0” x 8’-0” solid core wood doors with knock down hollow metal frames with a maple finish.
3. Door hardware on Building Standard doors shall be lever handle type passage set. Schlage or equal.
4. Fire rated door assemblies shall be provided where required by code.
5. Locksets shall be provided on entry and exit doors only with two (2) keys provided.
6. Glass sidelights shall be treated as a Tenant upgrade and shall be frameless and 3’ wide and run from floor to top of door frame.

**Wall Finishes**

1. All walls shall be painted with two coats of one Building Standard color of latex paint with eggshell finish.
2. Door frames shall be painted with two coats of one Building Standard color enamel paint or equal.

**Ceiling**

1. The ceiling system shall be the Building Standard 2’x2’ or 2’ x 4’ fineline grid and fissured acoustical tiles, at Landlord’s discretion. If existing ceiling system is to remain, areas where new ceiling is required shall receive Building Standard 2’x2’ or 2’ x 4’ fineline grid and fissured acoustical tiles, at Landlord’s discretion. Certain areas of the ceiling shall be exposed and finished with paint similar to the 2<sup>nd</sup> and 3<sup>rd</sup> floor Courtside paint.

**Flooring**

1. All areas are to receive 26 ounce Building Standard carpet, direct glued down. All material selections to be made from Building Standard samples and must be currently available as a quick ship item.
2. All areas to receive 4” Building Standard vinyl base.
3. At Tenant’s request, storage, pantry and workrooms may receive 12”x 12” x 1/8” Building Standard vinyl composition tile.

**Millwork/Accessories**

1. Existing pantry shall remain.

**Furniture**

1. All landscape systems furniture and installation by Tenant.
2. All furniture and furniture installation by Tenant.

**Electrical**

1. Building Standard lighting shall be the indirect 2’x4’ or 2’x2’ direct/indirect fluorescent fixture, at Landlord’s discretion, to provide general office lighting. In the areas where the exposed ceiling exists, the light fixtures shall be hanging industrial style light fixtures similar to the 2<sup>nd</sup> and 3<sup>rd</sup> floor Courtside fixtures.
2. All switching is to be provided by single pole wiring.
3. Building Standard duplex wall receptacles shall be installed in accordance with standard office requirements. Floor outlets shall be a Tenant upgrade
4. All emergency lighting and fire alarm work shall be Building Standard and as required by the local code officials.
5. All power and lighting panels and transformers shall be installed within the tenant space (unless otherwise required by Owner) and shall be fed from the Base Building bus duct riser.

### **Telephone and Data**

1. All work associated with Telephone and Data is excluded and to be by Tenant.

### **HVAC**

1. Existing medium pressure ductwork for each air handling unit to remain for Tenant use with existing DDC control system with pneumatic operators to remain at existing air handling units. All new controls to be electronic type. System design and configuration shall meet current ASHRE standards. All existing controls shall be serviced and in good operating order.
2. Interior and Perimeter building zones may cross between demised tenant spaces.
3. The furnishing and installation of low pressure ductwork, flex ductwork, diffusers, controls and the installation of any new VAV units with thermostats is to be performed under the Tenant Improvement Work.
4. Interior Diffusers shall be Building Standard light troffers, and linear (at the perimeter).
5. The following terminal units shall be provided as a minimum:
  - Interior zone VAV units: one unit per 1,500 usf
  - Perimeter zone VAV w/heat: 750 usf perimeter zone
6. Any reused existing VAV boxes or other mechanical equipment shall be inspected, serviced and repaired as required under the Tenant Improvement Work.

### **Sprinklers**

1. Sprinklers shall be configured in accordance with local codes and the Landlord's underwriter's criteria for ordinary hazard during the Tenant Improvement Work. Final finish heads to be flush type as approved by the Landlord's insurance carrier.

### **Blinds**

1. Building Standard horizontal blinds are as provided on the exterior windows. Existing horizontal blinds shall be serviced and in good operating order.

### **Signage**

1. The Tenant's company name and logo shall be placed on the Tenant Entry glass panel in Building Standard gold colored vinyl lettering. No signage is permitted on doors. If glass sidelight is not provided, entry sign shall be installed on a Building Standard frosted glass panel attached to wall next to Tenant Entry door(s) with brushed stainless steel fasteners.

### **End of Tenant Building Standards**



## SUBSIDIARIES OF THE REGISTRANT

Active subsidiaries as of December 31, 2018

<b>Name of Entity</b>	<b>Jurisdiction of Incorporation/Organization</b>
Forrester Germany GmbH	Germany
Forrester Hong Kong Limited	Hong Kong
Forrester International S.à r.l.	Luxembourg
Forrester Market Advisory (Beijing) Co., Ltd.	China
Forrester Research Australia Pty Limited	Australia
Forrester Research B.V.	Netherlands
Forrester Research (Canada) Inc.	Canada
Forrester Research India Private Limited	India
Forrester Research Israel Limited	Israel
Forrester Research Limited	United Kingdom
Forrester Research SAS	France
Forrester Research S.r.l.	Italy
Forrester Singapore Pte. Ltd.	Singapore
Forrester Switzerland GmbH	Switzerland
Whitcomb Investments, Inc.	Massachusetts

**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-225817, 333-189089, 333-159563, 333-136109, 333-16905, 333-99749, and 333-214359) of Forrester Research, Inc. of our report dated March 8, 2019 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts  
March 8, 2019

## 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 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) 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

d) 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 officer(s) 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 function):

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 8, 2019

## CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Michael Doyle, certify that:

1. I have reviewed this annual report on Form 10-K of Forrester Research, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) 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

d) 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 officer(s) 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 function):

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/ MICHAEL DOYLE

Michael Doyle  
Chief Financial Officer  
(Principal financial officer)

Date: March 8, 2019

**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, 2018 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, 2018 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ GEORGE F. COLONY

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George F. Colony  
Chairman of the Board of Directors and  
Chief Executive Officer

Dated: March 8, 2019

**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, 2018 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, 2018 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ MICHAEL DOYLE

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Michael Doyle

Chief Financial Officer

Dated: March 8, 2019