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**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**FORM 8-K**

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

Date of report (Date of earliest event reported): February 1, 2006

**FORRESTER RESEARCH, INC.**

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(Exact Name of Registrant Specified in Charter)

Delaware

(State or Other Jurisdiction  
of Incorporation)

000-21433

(Commission  
File Number)

04-2797789

(I.R.S. Employer  
Identification No.)

400 Technology Square, Cambridge, Massachusetts  
(Address of Principal Executive Offices)

02139  
(Zip Code)

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

N/A

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

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

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

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### ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

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

On February 1, 2006, Forrester Research, Inc. issued a press release announcing its financial results for the year ended December 31, 2005, the full text of which is attached hereto as Exhibit 99.1.

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

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

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

Reorganization costs — we exclude reorganization costs in order to present a consistent basis for quarter over quarter and year over year comparisons and to more consistently present our results of operations.

Non-cash stock-based compensation expense – we exclude the stock-based compensation impact of APB Opinion 25 and SFAS 123R from our pro forma results in order to keep quarter over quarter and year over year comparisons consistent.

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

### ITEM 9.01 Financial Statements and Exhibits

#### (c) Exhibits

99.1 Press Release dated February 1, 2006

SIGNATURE

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

FORRESTER RESEARCH, INC.

By: /s/ WARREN HADLEY

Name: Warren Hadley

Title: Treasurer and Chief Financial Officer

Dated: February 1, 2006

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99.1	Press Release dated February 1, 2006.	5



FOR IMMEDIATE RELEASE

### Forrester Research Reports Fourth-Quarter And Full-Year 2005 Financial Results

CAMBRIDGE, Mass., February 1, 2006 . . . Forrester Research, Inc. (Nasdaq: FORR) today announced its fourth-quarter and full-year 2005 financial results.

#### Fourth-Quarter Financial Performance

- Total revenues increased 9 percent to \$41.2 million, compared with \$38.0 million for the fourth quarter of last year.
- On a GAAP-reported basis, which reflects an effective tax rate of 37 percent, Forrester reported net income of \$3.6 million or \$0.16 per diluted share, compared with net income of \$3.5 million, or \$0.16 per diluted share, for the same period last year.
- On a pro forma basis, net income was \$4.8 million or \$0.22 per diluted share, for the fourth quarter of 2005, which excludes amortization of \$782,000 of acquisition-related intangible assets, non-cash stock-based compensation expense of \$537,000, and net realized losses and impairments of non-marketable investments of \$326,000 and reflects a pro forma effective tax rate of 35 percent. This compares with pro forma net income of \$3.9 million, or \$0.18 per diluted share, for the same period in 2004, which excludes amortization of \$1.3 million of acquisition-related intangible assets, a reversal of reorganization costs of \$355,000, and net marketable and non-marketable investment gains of \$305,000, and reflects a pro forma effective tax rate of 35 percent.

#### Full-Year 2005 Financial Performance

- Total revenues increased 11 percent to \$153.2 million, compared with \$138.5 million for 2004.
- On a GAAP-reported basis, which reflects an effective tax rate of 41 percent, Forrester reported net income of \$11.3 million, or \$0.52 per diluted share for 2005, compared to net income of \$4.1 million or \$0.18 per diluted share for 2004.
- On a pro forma basis, net income was \$14.8 million or \$0.68 per diluted share for 2005, which excludes amortization of \$3.5 million of acquisition-related intangible assets, non-cash stock-based compensation expense of \$1.6 million, net marketable and non-marketable investment gains and impairments of \$1.7 million, and reflects a pro forma effective tax rate of 35 percent. This compares with pro forma net income of \$12.8 million, or \$0.57 per diluted share for the same period last year, which excludes amortization of \$6.5 million of acquisition-related intangible assets, reorganization costs of \$8.4 million primarily due to office space consolidations, and net marketable and non-marketable investment gains of \$1.4 million, and reflects a pro forma effective tax rate of 35 percent.

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

“Forrester’s financial performance made important gains in 2005,” said George F. Colony, chairman of the board and chief executive officer. “Full-year revenues grew 11 percent, marking the first organic double-digit growth rate for the company since 2000. Cash flows from operations increased 33 percent to \$23.9 million for 2005. Client and dollar retention rates remained high at 78 percent and 87 percent respectively.”

“During the past year, Forrester made progress on its goal to stabilize and increase sales of its core research product, WholeView 2™,” said Colony. “In addition, we posted healthy growth in other products including consulting, data, and Forrester Leadership Boards, formerly known as the Forrester Oval Program. In 2006, we will maintain our primary focus to drive sales of syndicated products, particularly WholeView 2.”

Forrester is providing first-quarter 2006 financial guidance as follows:

#### First-Quarter 2006 (GAAP):

GAAP financial guidance includes an estimate of \$2.0 million to \$3.0 million in non-cash stock-based compensation expense related to the adoption of SFAS 123R, Share-Based Payment, and its related estimated impact on the effective tax rate.

- Total revenues of approximately \$38.0 million to \$40.0 million.
- Operating margin of approximately 1 percent to 3 percent.
- Other income of approximately \$800,000.
- An effective tax rate of 44 percent.
- Diluted earnings per share of approximately \$0.02 to \$0.06.

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*First-Quarter 2006 (Pro Forma):*

Pro forma financial guidance for the first quarter of 2006 excludes amortization of acquisition-related intangible assets of approximately \$700,000, non-cash stock-based compensation expense of approximately \$2.0 million to \$3.0 million, and does not include any estimate of gains or impairment charges related to non-marketable investments.

- Pro forma operating margin of approximately 9 percent to 10 percent.
- Pro forma effective tax rate of 37 percent.
- Pro forma diluted earnings per share of approximately \$0.12 to \$0.14.

Forrester is providing full-year 2006 guidance as follows:

*Full-Year 2006 (GAAP):*

GAAP financial guidance includes an estimate of \$8.0 million to \$10.0 million in non-cash stock-based compensation expense related to the adoption of SFAS 123R, Share-Based Payment, and its related estimated impact on the effective tax rate. The Company continues to review the impact of SFAS 123R and intends to update guidance when more precise data is available.

- Total revenues of approximately \$175.0 million to \$180.0 million.
- Operating margin of approximately 7 percent to 9 percent.
- Other income of approximately \$3.2 million.
- An effective tax rate of 44 percent.
- Diluted earnings per share of approximately \$0.46 to \$0.54.

*Full-Year 2006(Pro Forma):*

Pro forma financial guidance for full-year 2006 excludes amortization of acquisition-related intangible assets of approximately \$2.1 million, non-cash stock-based compensation expense of approximately \$8.0 million to \$10.0 million, and does not include any estimate of gains or impairment charges related to non-marketable investments.

- Pro forma operating margin of approximately 14 percent to 15 percent.
- Pro forma diluted earnings per share of approximately \$0.80 to \$0.86.
- An effective tax rate of 37 percent.

Forrester Research (Nasdaq: FORR) is an independent technology and market research company that provides pragmatic and forward-thinking advice about technology's impact on business and consumers. For 22 years, Forrester has been a thought leader and trusted advisor, helping global clients lead in their markets through its research, consulting, events, and peer-to-peer executive programs. For more information, visit [www.forrester.com](http://www.forrester.com).

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, Forrester's financial and operating targets for the first quarter of and full-year 2006. These statements are based on Forrester's current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. Important factors that could cause actual future activities and results to differ include, among others, Forrester's ability to anticipate business and economic conditions, technology spending, market trends, competition, industry consolidation, the ability to attract and retain professional staff, possible variations in Forrester's quarterly operating results, risks associated with Forrester's ability to offer new products and services, and Forrester's dependence on renewals of its membership-based research services and on key personnel. Forrester undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. For further information, please refer to Forrester's reports and filings with the Securities and Exchange Commission.

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

Kimberly Maxwell  
Director, Investor Relations  
Forrester Research, Inc.  
+1 617/613-6234  
[kmaxwell@forrester.com](mailto:kmaxwell@forrester.com)

Karyl Levinson  
Director, Corporate Communications  
Forrester Research, Inc.  
+1 617/613-6262  
[press@forrester.com](mailto:press@forrester.com)

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

(In thousands, except per share data)

	Three months ended December 31,		Year ended December 31,	
	2005	2004	2005	2004
	(Unaudited)			
<b>Revenues</b>				
Research services	\$ 26,095	\$ 24,768	\$ 98,298	\$ 94,347
Advisory services and other	15,081	13,182	54,931	44,132
<b>Total revenues</b>	41,176	37,950	153,229	138,479
<b>Operating expenses</b>				
Cost of services and fulfillment	15,950	13,905	61,598	54,687
Selling and marketing	13,350	13,166	50,814	46,867
General and administrative	4,417	4,677	17,539	16,364
Depreciation	925	890	3,539	3,691
Amortization of intangible assets	782	1,349	3,527	6,461
Non-cash stock-based compensation expense	537	—	1,556	—
Reorganization costs	—	(355)	—	8,396
<b>Total operating expenses</b>	35,961	33,632	138,573	136,466
<b>Income from operations</b>	5,215	4,318	14,656	2,013
Other income, net	799	699	3,027	2,867
Realized (losses) gains on sales of securities and non-marketable investments	(162)	305	1,859	1,353
Impairments of non-marketable investments	(164)	—	(164)	—
<b>Income before income taxes</b>	5,688	5,322	19,378	6,233
Income tax provision	2,094	1,796	8,030	2,101
<b>Net income</b>	\$ 3,594	\$ 3,526	\$ 11,348	\$ 4,132
Diluted income per share	\$ 0.16	\$ 0.16	\$ 0.52	\$ 0.18
Diluted weighted average shares outstanding	21,912	22,040	21,883	22,442
Basic income per share	\$ 0.17	\$ 0.16	\$ 0.53	\$ 0.19
Basic weighted average shares outstanding	21,246	21,814	21,413	22,024
<b>Pro forma data (1):</b>				
Income from operations	\$ 5,215	\$ 4,318	\$ 14,656	\$ 2,013
Amortization of intangible assets	782	1,349	3,527	6,461
Non-cash stock-based compensation	537	—	1,556	—
Reorganization costs	—	(355)	—	8,396
<b>Pro forma income from operations</b>	6,534	5,312	19,739	16,870
Other income, net	799	699	3,027	2,867
Pro forma income before income taxes	7,333	6,011	22,766	19,737
Pro forma income tax provision	2,567	2,104	7,968	6,908
<b>Pro forma net income</b>	\$ 4,766	\$ 3,907	\$ 14,798	\$ 12,829
Pro forma diluted earnings per share	\$ 0.22	\$ 0.18	\$ 0.68	\$ 0.57
Diluted weighted average shares outstanding	21,912	22,040	21,883	22,442

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



**Forrester Research, Inc.**  
**Consolidated Balance Sheets**

(In thousands)

	December 31, 2005	December 31, 2004
<b>Assets:</b>		
Cash and cash equivalents	\$ 48,538	\$ 37,328
Marketable securities	83,730	90,112
Accounts receivable, net	52,177	39,210
Deferred commissions	8,940	6,834
Prepaid expenses and other current assets	5,126	5,509
<b>Total current assets</b>	<b>198,511</b>	<b>178,993</b>
Property and equipment, net	5,771	6,410
Goodwill, net	53,034	52,875
Intangible assets, net	3,530	6,992
Deferred income taxes	36,941	42,860
Non-marketable investments and other assets	13,915	14,742
<b>Total assets</b>	<b>\$ 311,702</b>	<b>\$ 302,872</b>
<b>Liabilities and stockholders' equity:</b>		
Accounts payable	\$ 1,716	\$ 3,741
Accrued expenses	24,569	26,928
Deferred revenue	86,663	72,357
<b>Total liabilities</b>	<b>112,948</b>	<b>103,026</b>
Preferred stock	—	—
Common stock	254	247
Additional paid-in capital	192,206	180,310
Retained earnings	82,425	71,077
Treasury stock, at cost	(73,527)	(50,056)
Accumulated other comprehensive loss	(2,604)	(1,732)
<b>Total stockholders' equity</b>	<b>198,754</b>	<b>199,846</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 311,702</b>	<b>\$ 302,872</b>

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**Forrester Research, Inc.**  
**Consolidated Statements of Cash Flows**

(In thousands)

	Year ended December 31,	
	2005	2004
<b>Cash flows from operations:</b>		
Net income	\$ 11,348	\$ 4,132
Adjustments to reconcile net income to net cash provided by operating activities –		
Depreciation	3,539	3,691
Amortization of intangible assets	3,527	6,461
(Gains) impairments of non-marketable investments	(206)	(281)
Realized gain on sale of securities	(1,489)	(1,072)
Tax benefit from stock options	1,375	411
Deferred income taxes	5,261	(158)
Non-cash stock-based compensation expense	1,556	—
Non-cash reorganization costs	—	1,844
Increase in provision for doubtful accounts	100	309
Accretion of premiums on marketable securities	1,080	924
Changes in assets and liabilities, net of acquisition –		
Accounts receivable	(14,444)	1,283
Deferred commissions	(2,108)	(835)
Prepaid expenses and other current assets	117	1,763
Accounts payable	(2,057)	1,152
Accrued expenses	(400)	(3,850)
Deferred revenue	16,733	2,232
<b>Net cash provided by operating activities</b>	<b>23,932</b>	<b>18,006</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(3,012)	(3,664)
Purchase of non-marketable investments	(700)	(3,613)
Proceeds from non-marketable investments	741	—
Decrease in other assets	995	1,081
Purchase of marketable securities	(260,362)	(161,344)
Proceeds from sales and maturities of marketable securities	264,626	176,509
<b>Net cash provided by investing activities</b>	<b>2,288</b>	<b>8,969</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock under employee stock option plans and employee stock purchase plan	8,963	5,279
Acquisition of treasury shares	(23,474)	(17,756)
Structured stock repurchase	—	54
<b>Net cash used in financing activities</b>	<b>(14,511)</b>	<b>(12,423)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(499)</b>	<b>391</b>
<b>Net increase in cash and cash equivalents</b>	<b>11,210</b>	<b>14,943</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>37,328</b>	<b>22,385</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 48,538</b>	<b>\$ 37,328</b>

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