



---

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

---

**FORM 8-K**

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

**Date of Report (Date of Earliest Event Reported): October 29, 2008**

**FORRESTER RESEARCH, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

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

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

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

(Address of principal executive offices, including zip code)

**(617) 613-6000**

(Registrant's telephone number, including area code)

N/A

---

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

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

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

## **TABLE OF CONTENTS**

[ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION](#)

[ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS](#)

[SIGNATURES](#)

[Exhibit Index](#)

[EX-99.1 Press Release dated October 29, 2008](#)

---

## [Table of Contents](#)

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

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

On October 29, 2008, Forrester Research, Inc. issued a press release announcing its financial results for the quarter ended September 30, 2008.

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

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

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

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

Expenses related to the Company’s stock option investigation and the restatement of the Company’s historical financial statements are also not included in our pro forma results in order to keep quarter-over-quarter and year-over-year comparisons consistent.

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

### ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

#### (d) Exhibits

99.1 Press Release dated October 29, 2008 with respect to financial results for the quarter ended September 30, 2008.

---

SIGNATURES

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

FORRESTER RESEARCH, INC.

By /s/ Michael A. Doyle  
Name: Michael A. Doyle  
Title: Chief Financial Officer and Treasurer

Date: October 29, 2008

---

[Table of Contents](#)

Exhibit Index

<u>Exhibit</u>	<u>Description</u>	<u>Page</u>
99.1	Press Release dated October 29, 2008	5

**Forrester Research Reports Third-Quarter Financial Results**

**Cambridge, Mass., October 29, 2008** . . . Forrester Research, Inc. (Nasdaq: FORR) today announced its financial results for the third quarter ended September 30, 2008.

**Third-Quarter Financial Performance**

- Total revenues were \$59.5 million, compared with \$51.1 million for the third quarter of last year.
- On a GAAP-reported basis, which reflects an effective tax rate of 37 percent, Forrester reported net income of \$6.4 million or \$0.27 per diluted share, compared with net income of \$6.8 million, or \$0.29 per diluted share for the same period last year.
- On a pro forma basis, which reflects a pro forma effective tax rate of 39 percent, net income was \$7.4 million or \$0.31 per diluted share for the third quarter of 2008. Pro forma net income excludes non-cash stock-based compensation of \$1.3 million, amortization of acquisition-related intangible assets of \$282,000, gains on non-marketable investments of \$26,000, and expenses related to the stock option investigation and restatement of the Company's historical financial statements of \$487,000. For the third quarter of 2007, pro forma net income was \$6.7 million, or \$0.28 per diluted share, which excludes non-cash stock-based compensation of \$1.4 million, amortization of acquisition-related intangible assets of \$293,000, gains on non-marketable investments of \$98,000, and expenses related to the stock option investigation and restatement of the Company's historical financial statements of \$808,000, and which reflects a pro forma effective tax rate of 39 percent.

**Nine-Month Period Ended September 30, 2008 Financial Performance**

- Total revenues were \$178.0 million, compared with \$153.6 million for the same period last year.
- On a GAAP-reported basis, which reflects an effective tax rate of 39 percent, Forrester reported net income of \$20.1 million, or \$0.85 per diluted share for the nine months ended September 30, 2008, compared with net income of \$13.3 million or \$0.56 per diluted share for the same period last year.
- On a pro forma basis, net income was \$22.2 million or \$0.94 per diluted share, for the nine months ended September 30, 2008. Pro forma net income excludes non-cash stock-based compensation of \$4.0 million, amortization of acquisition-related intangible assets of \$476,000, net gain on marketable and non-marketable investments of \$2.1 million, and expenses related to the stock option investigation and restatement of the Company's historical financial statements of \$1.1 million, and which reflects a pro forma effective tax rate of 39 percent. For the same period in 2007, pro forma net income was \$18.8 million, or \$0.79 per diluted share, which excludes non-cash stock-based compensation of \$5.8 million, amortization of acquisition-related intangible

- More -

---

assets of \$978,000, net impairments from non-marketable investments of \$1.7 million, and expenses related to the stock option investigation and restatement of the Company's historical financial statements of \$3.6 million, and which reflects a pro forma effective tax rate of 39 percent.

"Forrester's third-quarter financials were solid despite the economic slowdown," said George F. Colony, Forrester's chairman of the board and chief executive officer. "We achieved our revenue and profit goals and are cautiously optimistic about the rest of 2008. During the third quarter, we continued to add new clients while renewing and enriching our existing clients, an indication that our role-based strategy provides clients with sustained relevancy even during uncertain economic times."

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

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

*Fourth-Quarter 2008 (GAAP):*

- Total revenues of approximately \$64 million to \$70 million.
- Operating margin of approximately 14 percent to 18 percent.
- Other income of approximately \$1.5 million.
- An effective tax rate of approximately 39 percent.
- Diluted weighted average shares outstanding of approximately 23.7 million.
- Diluted earnings per share of approximately \$0.30 to \$0.35.

*Fourth-Quarter 2008 (Pro Forma):*

Pro forma financial guidance for the fourth quarter of 2008 excludes non-cash stock-based compensation expense of approximately \$1.2 million to \$1.5 million, amortization of acquisition-related intangible assets of approximately \$500,000, costs related to the stock option investigation and restatement of the Company's historical financial statements of \$100,000 to \$400,000, and any gains or impairment charges related to non-marketable investments.

- Pro forma operating margin of approximately 18 percent to 21 percent.
- Pro forma effective tax rate of 39 percent.
- Pro forma diluted earnings per share of approximately \$0.35 to \$0.39.

Forrester is providing full-year 2008 guidance as follows:

---



*Full-Year 2008 (GAAP):*

- Total revenues of approximately \$242 million to \$248 million.
- Operating margin of approximately 14 percent to 16 percent.
- Other income of approximately \$6.6 million.
- An effective tax rate of 39 percent.
- Diluted earnings per share of approximately \$1.15 to \$1.21.

*Full-Year 2008 (Pro Forma):*

Pro forma financial guidance for full-year 2008 excludes non-cash stock-based compensation expense of \$5.1 million to \$5.5 million, amortization of acquisition-related intangible assets of approximately \$1 million, costs related to the stock option investigation and restatement of the Company's historical financial statements of \$1.1 million to \$1.5 million, as well as any gains or impairment charges related to marketable and non-marketable investments.

- Pro forma operating margin of approximately 17.5 percent to 18.5 percent.
- Pro forma diluted earnings per share of approximately \$1.29 to \$1.33.
- An effective tax rate of 39 percent.

**About Forrester Research**

Forrester Research, Inc. (Nasdaq: FORR) is an independent research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. Forrester works with professionals in 19 key roles at major companies providing proprietary research, consumer insight, consulting, events, and peer-to-peer executive programs. For more than 25 years, Forrester has been making IT, marketing, and technology industry leaders successful every day. 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 guidance for the fourth quarter of and full-year 2008. 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.

© 2008, Forrester Research, Inc. All rights reserved.

Karyl Levinson  
Vice President, Corporate Communications  
Forrester Research, Inc.  
+ 1 617.613.6262  
[press@forrester.com](mailto:press@forrester.com)

Michael A. Doyle  
Chief Financial Officer  
Forrester Research, Inc.  
+ 1 617.613.6234  
[investor@forrester.com](mailto:investor@forrester.com)

---

**Forrester Research, Inc.**  
**Consolidated Statements of Income**  
(In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
<b>Revenues</b>				
Research services	\$ 40,326	\$ 32,945	\$ 114,136	\$ 96,312
Advisory services and other	<u>19,180</u>	<u>18,190</u>	<u>63,818</u>	<u>57,325</u>
<b>Total revenues</b>	59,506	51,135	177,954	153,637
<b>Operating expenses</b>				
Cost of services and fulfillment	21,806	18,648	65,848	60,106
Selling and marketing	20,282	17,913	60,119	52,813
General and administrative	7,529	7,002	22,945	22,533
Depreciation	1,012	1,026	2,998	2,881
Amortization of intangible assets	<u>282</u>	<u>293</u>	<u>476</u>	<u>978</u>
<b>Total operating expenses</b>	50,911	44,882	152,386	139,311
<b>Income from operations</b>	8,595	6,253	25,568	14,326
Other income, net	1,447	2,175	5,221	6,153
Realized gains (losses) from securities and non-marketable investments	<u>26</u>	<u>98</u>	<u>2,136</u>	<u>(1,690)</u>
<b>Income from operations before income taxes</b>	10,068	8,526	32,925	18,789
Income tax provision	<u>3,680</u>	<u>1,729</u>	<u>12,864</u>	<u>5,460</u>
<b>Net income</b>	<u>\$ 6,388</u>	<u>\$ 6,797</u>	<u>\$ 20,061</u>	<u>\$ 13,329</u>
Diluted income per share from net income	<u>\$ 0.27</u>	<u>\$ 0.29</u>	<u>\$ 0.85</u>	<u>\$ 0.56</u>
Diluted weighted average shares outstanding	<u>23,793</u>	<u>23,667</u>	<u>23,655</u>	<u>23,749</u>
Basic income per share from net income	<u>\$ 0.28</u>	<u>\$ 0.29</u>	<u>\$ 0.87</u>	<u>\$ 0.58</u>
Basic weighted average shares outstanding	<u>23,163</u>	<u>23,072</u>	<u>23,056</u>	<u>23,067</u>
<b>Pro forma data (1):</b>				
Income from operations	\$ 8,595	\$ 6,253	\$ 25,568	\$ 14,326
Amortization of intangible assets	282	293	476	978
Investigation related expenses	487	808	1,085	3,635
Non-cash stock-based compensation included in the following expense categories:				
Cost of services and fulfillment	678	817	2,094	3,119
Selling and marketing	247	313	723	1,524
General and administrative	<u>343</u>	<u>295</u>	<u>1,156</u>	<u>1,120</u>
<b>Pro forma income from operations</b>	10,632	8,779	31,102	24,702
Other income, net	1,447	2,175	5,221	6,153
Pro forma income before income taxes	12,079	10,954	36,323	30,855
Pro forma income tax provision	<u>4,711</u>	<u>4,272</u>	<u>14,166</u>	<u>12,033</u>
<b>Pro forma net income</b>	<u>\$ 7,368</u>	<u>\$ 6,682</u>	<u>\$ 22,157</u>	<u>\$ 18,822</u>
Pro forma diluted earnings per share	<u>\$ 0.31</u>	<u>\$ 0.28</u>	<u>\$ 0.94</u>	<u>\$ 0.79</u>
Diluted weighted average shares outstanding	<u>23,793</u>	<u>23,667</u>	<u>23,655</u>	<u>23,749</u>

(1) Forrester believes that pro forma financial results provide investors with consistent and comparable information to aid in the understanding of Forrester's ongoing business. Forrester uses pro forma financial information to manage its business, including use of pro forma results as the basis for setting targets for various compensation programs. Our pro forma presentation excludes amortization of acquisition-related intangible assets, non-cash stock-based compensation expense, net gains from securities and non-marketable investments, costs associated with the stock option investigation and

restatement of our historical financial statements, as well as their related tax effects. The pro forma data does not purport to be prepared in accordance with Accounting Principles Generally Accepted in the United States.

- More -

---

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

	September 30, 2008	December 31, 2007
<b>Assets:</b>		
Cash and cash equivalents	\$ 124,869	\$ 53,163
Available-for-sale securities	83,258	195,811
Accounts receivable, net	37,352	69,865
Deferred commissions	8,497	10,631
Deferred income taxes, net	7,489	13,236
Prepaid expenses and other current assets	10,625	11,304
<b>Total current assets</b>	<b>272,090</b>	<b>354,010</b>
Available-for-sale securities	45,935	—
Property and equipment, net	6,932	6,834
Goodwill, net	69,253	53,677
Intangible assets, net	8,102	309
Deferred income taxes, net	6,831	2,274
Non-marketable investments and other assets	9,115	9,253
<b>Total assets</b>	<b>\$ 418,258</b>	<b>\$ 426,357</b>
<b>Liabilities and stockholders' equity:</b>		
Accounts payable	\$ 3,458	\$ 4,174
Accrued expenses	18,734	28,891
Deferred revenue	98,128	111,418
<b>Total current liabilities</b>	<b>120,320</b>	<b>144,483</b>
<b>Non-current liabilities</b>	<b>6,894</b>	<b>6,858</b>
Preferred stock	—	—
Common stock	291	282
Additional paid-in capital	310,955	284,431
Retained earnings	101,539	81,478
Treasury stock, at cost	(116,514)	(90,428)
Accumulated other comprehensive loss	(5,227)	(747)
<b>Total stockholders' equity</b>	<b>291,044</b>	<b>275,016</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 418,258</b>	<b>\$ 426,357</b>

- More -

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

	Nine months ended September 30, 2008 (Unaudited)	2007 (Unaudited)
<b>Cash flows from operations:</b>		
Net income	\$ 20,061	\$ 13,329
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation	2,998	2,881
Amortization of intangible assets	476	978
Non-cash stock-based compensation	3,973	5,763
Increase in provision for doubtful accounts	494	380
Deferred income taxes	2,961	3,991
(Gains) impairments from non-marketable investments, net	(79)	1,690
Gains on sales of available-for-sale securities	(2,057)	—
Amortization of premiums on available-for-sale securities	626	473
Changes in assets and liabilities, net of acquisition -		
Accountsreceivable	34,518	24,147
Deferredcommissions	2,134	2,216
Prepaidexpensesandothercurrentassets	2,290	(4,146)
Accountspayable	(1,056)	(338)
Accruedexpenses	(10,035)	(6,116)
Deferredrevenue	(16,951)	(16,053)
<b>Net cash provided by operating activities</b>	<b>40,353</b>	<b>29,195</b>
<b>Cash flows from investing activities:</b>		
Acquisition of Jupiter	(23,398)	—
Purchases of property and equipment	(2,730)	(3,826)
Proceeds from non-marketable investments	250	1,058
Decrease in other assets	344	26
Proceeds from sale of discontinued operations	—	250
Purchases of available-for-sale securities	(966,671)	(872,420)
Proceeds from sales and maturities of available-for-sale securities	1,028,902	845,631
<b>Net cash provided by (used in) investing activities</b>	<b>36,697</b>	<b>(29,281)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock under stock option plans and employee stock purchase plan	17,246	811
Tax benefits related to stock options	5,314	—
Acquisition of treasury shares	(26,086)	—
<b>Net cash (used in) provided by financing activities</b>	<b>(3,526)</b>	<b>811</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,818)</b>	<b>938</b>
<b>Net increase in cash and cash equivalents</b>	<b>71,706</b>	<b>1,663</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>53,163</b>	<b>39,157</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 124,869</b>	<b>\$ 40,820</b>