

Forrester Research, Inc. 2015 Annual Report

Notice Of 2016 Annual Meeting And Proxy Statement

To investors and all members of the Forrester community:

Thank you for your interest in and commitment to Forrester. This letter augments the detailed description of our results contained in the 2015 10-K.

2015 In Review

Forrester's performance has been improving, year by year, since 2013. For 2015, revenue increased by 4% on a foreign-exchange-neutral basis. Earnings per share was up 16%, and renewal rates on both a dollar and client-company basis showed improvement over the previous year. We have been operating under our new strategy for two years (since the beginning of 2014), and our client transition is nearing completion. Clients and prospects have responded positively to this strategy, which focuses our efforts on helping companies win in the age of the customer. I am proud of our team, and I am optimistic about Forrester's future.

The Strategy

The company focuses on the challenges that organizations worldwide are experiencing as their customers gain power through the use of technology. In "Does Customer Experience Really Drive Business Success?" — a seminal report produced in 2015 — our analysts showed a direct correlation between improved experience (the first step in satisfying customers) and the ability of companies to grow revenue at fast rates.

Our unique value proposition succinctly summarizes who we have become:

"We work with business and technology leaders to develop customer-obsessed strategies that drive growth."

The old Forrester helped companies make the right technology choices — ensuring that capital was well-allocated. The new Forrester focuses on helping its clients make money by effectively winning, serving, and retaining customers.

Companies need our help. In my 35-year business career, there has been one consistently dominant growth company: Wal-Mart. In January 2016, the company announced that it would be closing 265 stores. Also in January, United dropped from the No. 2 airline in the US to No. 3. Both Amazon, Wal-Mart's competitor, and Delta, United's competitor, are laser-focused on building extraordinary customer experience. Both companies are leaders in Forrester's Customer Experience Index, which measures the customer experience of 900 brands worldwide. While the stories of Wal-Mart and United are complex, customer dynamics are shifting their destinies.

The age of the customer is precipitating an existential crisis for most large companies. Business and technology leaders will have to change culture, update technology, modernize processes, translate big data into big insight, and upgrade talent to position their companies to win in the new era. We help companies do just that.

Meeting The Challenges Of 2015

As Forrester moved through 2015, our quarterly results were inconsistent. Three factors were at work:

1. Our client base was in transition as we completed the pivot of our products and services to align with our age of the customer strategy.
2. Three products were not growing or were growing at low single-digit rates.
3. The selling model needed to move to a new level of maturity.

Our renewals were inconsistent in the first half of the year as we transitioned our legacy clients to the new strategy. While we had originally planned that this shift would take place entirely in 2014, much of it was delayed until the second renewal cycle — into 2015. Client loss slowed down as the year progressed, and we now believe that most of this change is behind us.

Three products lagged in growth — BT RoleView, Events, and Forrester Leadership Boards. While 67% of our products were growing at double-digit rates, these three products were stalled. In 2015, we took action to drive them forward.

BT RoleView, our core research product for technology management executives, was augmented in Q4 with a new product — Age of the Customer RoleView. This new package gives technology management clients like CIOs a full view of their worlds (tech) and the worlds of marketing and business. Between BT RoleView and Age of the Customer RoleView, Forrester now possesses an unparalleled portfolio for guiding companies as they build out their business technology (BT) agendas.

We brought in new leadership for our events business in the second half of 2015. Events recovered in the fourth quarter and is off to a great start in 2016.

We continue to stabilize our Leadership Boards business and have added a special coaching service for CIOs and CMOs — what we call the Forrester Executive Program or “EP” for short.

Finally, maturing our selling model was a major focus in the second half of 2015, and we will continue this evolutionary change in 2016. In simple terms, we are structuring our selling model to focus on the right client, at the right time, with the right products. We believe that this strategy will yield higher sales productivity, higher renewal rates, and increased enrichment within our client accounts (more on this below). In addition, it will yield a better client *and* employee experience. We will report on our progress as 2016 progresses.

Driving Profitable Growth

Management focuses on driving profitable growth. In the long term, our goal is to reach and sustain 15% annual revenue growth with a pro forma operating margin in the 17% to 19% range.

We will achieve growth and profitability by improving our results in four areas: 1) increasing renewal rates, 2) selling more services to existing clients, 3) acquiring new clients, and 4) maintaining the right mix of syndicated and nonsyndicated products.

Increasing renewal rates

Agreement value (AV) measures the company’s book of renewable business across all clients. Renewable business has a lower cost of sale and higher profitability. Forrester’s AV has increased sequentially each year since 2012.

The primary factor driving AV growth is our dollar retention rate, which measures how much of our AV we renew each year. Ultimately, retention is a reflection of whether or not our clients are satisfied with their engagement with Forrester and the extent to which our solutions are helping them solve their business problems.

We are undergoing our own customer experience transformation as we move products from traditional to digital forms. As an example, in the first quarter of 2016, we launched a digital reprint product that offers more value, higher yield, and faster implementation for clients. Digital will ultimately improve our clients' experiences and drive higher renewal rates.

In 2010-2011, we were at a historical high for dollar retention of 90%, but saw that number drop in 2012-2013. From 2013 to 2015, dollar retention has been increasing steadily each year, with 2015 approaching historical highs. Returning this metric to 90% will be key to achieving double-digit bookings and revenue growth.

Selling more services to existing clients

We strive to place more services with our clients as they renew their yearly contracts — increasing their “enrichment.” Forrester’s ability to help companies make the transformation to customer obsession is enhanced if more executives and functional teams within the companies we serve are using our research and other products and services. This is especially true when our services cover the marketing, strategy, and technology management staffs within our client companies. Finally, more-engaged clients generally renew at higher rates, and they are more efficiently serviced.

In 2010, we saw enrichment of 104%, meaning that the average renewing client renewed +4% higher than the previous year. We saw a significant decline in this metric in 2012. While we have seen upward movement in this metric from 2013 to 2015, with a nice lift specifically in 2015, we still are operating below 100%.

As noted above, the revisions we are making in our selling model are pointed at moving our enrichment rate back into the 103% to 104% range.

Acquiring new clients

Our client count has remained relatively flat over the last five years — at approximately 2,400 companies. This is the result of higher churn in our small to midsized clients, especially vendors, while our new-business selling channel has not efficiently enlisted new large user companies.

In 2015, we began the process of segmenting our client and potential client portfolios to enable our sales channel to commit the appropriate sales resources against the appropriate opportunity. In addition, we are increasingly moving to hybrid territories for user companies, in which sales representatives serve both clients and prospects. The experience of serving current clients equips these sales executives with real-world examples that clearly demonstrate our value to prospects.

We expect these efforts to result in higher new logo acquisition, which, when paired with the efforts to increase retention as noted above, will begin to grow our client count.

Maintaining the right mix of syndicated and nonsyndicated products

We categorize our most profitable products as “Research Services” — licenses to our RoleView research, membership in Leadership Boards, and subscriptions to our data products. These products are “syndicated” — we create them once and sell them many times.

We believe that 70% is a healthy mix of Research Services as a percentage of our overall revenue. This mix should enable us to achieve our long-term profitability targets (17% to 19% pro forma operating margins) while still providing the right solutions and products to the right clients at the right time.

In 2013-2014, we constructed a dedicated consulting organization to perform project consulting that analysts formerly handled. The intention was to deliver better projects through professional consultants while freeing analysts to generate more and improved research. By design, our syndicated business dropped to 66% of our total revenue during this period.

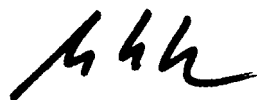
Our syndicated business did increase to 67% in 2015, and we will be managing this percentage to 70% over the next several years. Getting back to our target of 70% will be critical for us to hit our long-term profitability goals.

Looking Ahead

Forrester is positioned at the center of one of the most powerful business dynamics of our time — helping companies survive and thrive in the age of the customer. This era will pose an unparalleled threat to companies and force them to drive far-reaching changes in their organizations.

Forrester is singularly focused on this client challenge. We are built to challenge thinking and lead change in this new era. We have always been a passionate company. But our mission is tapping new reservoirs of our passion.

I want to thank the amazing employees of Forrester for the dedication, emotion, and intelligence they pour into their work. I want to acknowledge our clients who are the protagonists in our story — their struggles to remain the best inspire us to do our best. Thanks to my hard-working and creative executive team who is always three moves ahead of me. And also thanks to my thoughtful (and demanding) board of directors — who keeps us focused on increasing shareholder value. Finally, I would like to acknowledge our investors who have had the vision and patience to recognize Forrester's long-term potential.



George F. Colony
Chairman and CEO

Form 10-K
2015

**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, 2015

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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, 2015 (based on the closing price as quoted by the Nasdaq National Market as of such date) was approximately \$359,000,000.

As of March 7, 2016, 17,784,000 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement related to its 2016 Annual Stockholders' Meeting to be filed subsequently — Part III of this Form 10-K.

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, our plans for international expansion, future dividends, future share repurchases, future growth rates and operating income, anticipated increases in, and productivity of, our sales force and headcount, and the adequacy of our cash, marketable investments 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

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 500,000 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.

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

Our Internet address is 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.

Industry Background

Enterprises and their employees struggle to remain both competitive and cost-efficient in an increasingly complex global business environment. 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 expertise from information services firms that provide independent business advice spanning a variety of areas including but not limited to technology, business strategy, and customer behavior. We believe there is a need for objective research, data, advisory and related services that are thematic, prescriptive, and executable, and that provide a comprehensive perspective on the rapidly changing business environment.

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 the Company’s 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 IT agenda of running internal systems, and a business technology (BT) agenda that provides the technology, systems, and processes to win, serve and retain customers.

Importantly, the three areas where Forrester works with its clients (understanding their customers, winning their customers, and building technology to serve their customers) are highly interrelated in the large organizations that Forrester serves. 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.

Forrester's solutions provide clients with more relevant fact-based insights, allowing them to make better informed decisions faster, to understand and manage the business dynamics most important to win, serve, and retain customers, and to help clients link their knowledge of customers, marketing efforts, and technology into a coherent plan.

Forrester's Solution

The Company offers a broad set of products and services designed to help our clients win in the Age of the Customer. Our research, data, consulting, events and peer networks are used by 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 five market imperatives important to our clients and prospects in the Age of the Customer:

- Transforming the customer experience.
- Accelerating the organization's digital business.
- Embracing the mobile mind shift.
- Turning business insights into action – how to use big data effectively.
- Leveraging privacy to drive business growth.

Products and Services

We offer our clients a selection of products, services, and engagement opportunities. In the first quarter of 2016 we rebranded our products and services into five categories: Forrester Research (our core research), Forrester Connect (our peer offerings), Forrester Data, 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, RoleView™, provides clients with access to our core syndicated research designed to inform their strategic decision-making. RoleView 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.

In September 2015 we introduced a new Research package, Age of the Customer Research, which 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 RoleView Research offerings include BT (Business Technology) Research, M&S (Marketing and Strategy) Research, and TI (Technology Industry) Research, each consisting 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. Beginning in the first quarter of 2016, electronic reprints will be hosted on a new on-line platform that will enable interactive content and provide 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 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.
- 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. In 2015 we combined our global research and product organizations to better support our client base by facilitating better research and product collaboration and quality, promoting a more 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, one Event seat, 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 Events bring together executives and other participants for one or multi-day conferences to network with their peers and to hear business leaders discuss the issues and solutions most pertinent to their roles and responsibilities. Forrester Webinars are hour-long 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 research specialists, who provide additional information about our research, methodologies, coverage areas, and sources. The research specialists are available to help clients navigate our website, find relevant information, and put clients in contact with the appropriate analyst for inquiries.

Forrester Connect

The Forrester Connect offerings are designed to help clients connect with peers and Forrester's products and professionals, 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 RoleView 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.
- Membership-generated content that includes next and best practices as well as role-specific maturity benchmark data.

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. Our Executive Programs also provide on-site strategy workshops, personalized research and analysis, access to Forrester experts, and custom data analytics to help executives understand and anticipate customer behavior.

Forrester Data

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

- *Forrester's Customer Experience (CX) Index.* In 2014 we introduced our CX Index as a stand-alone set of products and services. The CX Index, which uses Forrester's rigorous customer experience methodology, is a framework for assessing and measuring the quality of customer experience for 950 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 score, along with prioritization and simulations tools and a summary of insights provided by a Forrester analyst. We offer three packages of the Forrester CX Index, including a brand package that focuses exclusively on customer perception of the specific brand, 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 a CX Index scorecard and driver analysis.
- *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 for unique insights into how technology impacts 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. 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 60,000 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. Business Technographics' clients may also have access to a dedicated data insights manager to assist in utilizing appropriate data to achieve desired outcomes.
- *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 ten years of data: five historic, the current year and four years in the future. We offer global forecasts for e-commerce, digital marketing, and mobile markets and U.S. forecasts for applications and platforms markets. ForecastView clients may also have access to unlimited inquiry with ForecastView analysts to assist in utilizing appropriate data to support client business decisions.

Forrester Consulting

Our research-based advisory and project consulting services leverage our RoleView Research, Technographics and CX Index data 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. 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 marketing collateral, and develop sales tools. We have a dedicated consulting organization to provide project consulting services to our clients, 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, and marketing leadership, and provide immersive experiences to challenge client's 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 six groups based on client size, geography and market potential. Our Premier Group focuses on our largest vendor and end user clients across the globe; our Strategic Group focuses on mid-sized to large end user clients, and our Core Group focuses on small to mid-sized vendor and end user clients. Our European, Asia Pacific, and Emerging Markets Groups focus on both end user and vendor clients in their respective geographies. We also sell our products and services through independent sales representatives in select international locations. We intend to continue to evolve our selling model to better serve our clients and prospects and drive profitable growth.

We employed 524 sales personnel as of December 31, 2015, an increase of 3% from 510 as of December 31, 2014. We also sell select Research products directly online through our website.

For information on our operating segments and our international operations, see Note 10 of the Notes to Consolidated Financial Statements included herein.

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, 2015, our products and services were delivered to more than 2,400 client companies. No single client company accounted for more than 2% of our 2015 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 RoleView Research, Leadership Boards and Executive Programs, and Data Products and Services as research services revenue. We classify revenue from Forrester Consulting 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 research and advisory services is a function of the number of licensed users, and the amount and type of advisory services. We periodically review and increase the list prices for our products and services.

We track the agreement value of contracts to purchase research and advisory services as a significant business indicator. We calculate agreement value as the total revenues recognizable from all research and advisory service contracts in force at a given time (but not including advisory-only contracts), without regard to how much revenue has already been recognized. Agreement value increased 2% to \$237.0 million at December 31, 2015 from \$231.7 million at December 31, 2014.

Competition

We believe that the principal competitive factors in our industry include the following:

- Comprehensive global data and insights on customer behavior.
- The ability to offer products and services that meet the changing needs of organizations and executives for research, data, analysis, and advisory and consulting services.
- Customer service.
- Peer networking and other professional interaction opportunities.
- Independent analysis and opinions.
- Timely delivery of information.
- The ability to leverage new technologies.
- Price.

We believe that we compete favorably with respect to each of these factors for the following reasons:

- Our differentiated Age of the Customer strategy and portfolio of complementary Age of the Customer products and services.
- Our experience with and focus on emerging technologies, and providing research and executable advice on the impact of technologies on business.
- Our research methodology and formats.

We compete principally in the market for research, data and advisory services and their application for client growth and success, with an emphasis on customer behavior and the impact of business technology on our clients' business models and customer markets. Our principal direct competitors include other independent providers of research and advisory services, such as Gartner, as well as survey-based general market research firms, marketing agencies, general business consulting 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 our market, and new competitors could readily seek to compete against us in one or more market segments addressed by our products and services. 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, 2015, we employed a total of 1,345 persons, including 499 Research, Connect, Data and Consulting staff and 524 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 and Data Services. Our success depends in large part upon retaining (on both a client company and dollar basis) and enriching existing memberships for our Research, Data, and Leadership Boards 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 30% of our total revenues in 2015 and 27% in 2014. 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.

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. 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.

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.

We have undergone substantial internal reorganizations. Beginning in 2013, we began to transition the provision of consulting services from our research personnel to consultants in our dedicated consulting organization and have hired additional consulting employees to build out this organization. At the same time, we hired additional quota carrying sales employees. In 2013, we created global research and product organizations to better collaborate and improve our client's experience, and in 2015, we combined our research and product organizations into a global organization headed by a Chief Research and Product officer. We have incurred material expenses in connection with these actions. If we do not realize anticipated benefits from these actions, our results of operations and financial condition could be adversely effected.

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 in the market for research, data, advisory, and related products and services with other independent providers of similar services, as well as survey-based general market research firms, marketing agencies, general business consulting firms, providers of peer networking services and digital media measurement services. Some of our competitors, such as Gartner and various global management consulting firms, have substantially greater financial, information-gathering, 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 may choose to compete directly against us in the future. In addition, there are relatively few barriers to entry into our market, and new competitors could readily seek to compete against us in one or more market segments addressed by our products and services. Increased competition could adversely affect our operating results through pricing pressure and loss of market share.

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. 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.

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 rates significantly less 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.

Concentration of Ownership. Our largest stockholder is our Chairman and CEO, George F. Colony, who owns approximately 45% 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, Amsterdam, Frankfurt, London, Paris, New Delhi, and Singapore. 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, with the right to terminate in 2017 with prior notice and payment of designated early termination fees and charges. 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.

PART II

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 2014, quarterly dividends of \$0.16 per common share were declared and paid in each of the four quarters during the year. During 2015, quarterly dividends of \$0.17 per common share were declared and paid in each of the four quarters during the year. In February 2016 our Board of Directors declared an increase in our regular quarterly dividend to \$0.18 per share that is payable on March 16, 2016. We intend to continue paying regular quarterly cash dividends; however, the actual declaration of any such 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 7, 2016 there were approximately 32 stockholders of record of our common stock. On March 7, 2016 the closing price of our common stock was \$32.15 per share.

The following table represents the ranges of high and low sale prices of our common stock for the years ended December 31, 2015 and December 31, 2014:

	2015		2014	
	High	Low	High	Low
First Quarter	\$ 39.90	\$ 35.78	\$ 39.97	\$ 34.98
Second Quarter	\$ 37.74	\$ 33.06	\$ 39.79	\$ 34.09
Third Quarter	\$ 37.23	\$ 30.32	\$ 39.89	\$ 36.77
Fourth Quarter	\$ 33.48	\$ 28.25	\$ 41.65	\$ 36.75

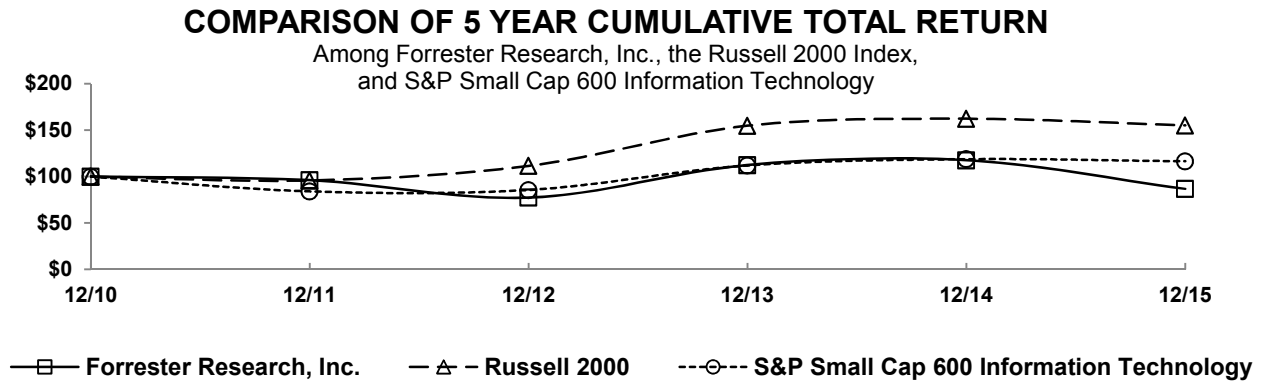
Through 2015, our Board of Directors authorized an aggregate \$460.0 million to purchase common stock under our stock repurchase program including \$25.0 million authorized in each of July 2015, February 2015 and April 2014. As of December 31, 2015 we had repurchased approximately 15.0 million shares of common stock at an aggregate cost of \$423.1 million.

During the quarter ended December 31, 2015 we repurchased the following shares of our common stock under the stock repurchase program:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Maximum Dollar Value that May Yet be Purchased Under the Stock Repurchase Program (In thousands)
October 1 - October 31	72,701	\$ 31.53	
November 1 - November 30	—	\$ —	
December 1 - December 31	—	\$ —	
	72,701		\$ 36,852

(1) All purchases of our common stock were made under the stock repurchase program first announced in 2001.

The following graph contains the cumulative stockholder return on our common stock during the period from December 31, 2010 through December 31, 2015 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.



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,				
	2015	2014	2013	2012	2011
(In thousands, except per share amounts)					
Consolidated Statement of Income Data					
Research services	\$ 210,268	\$ 207,517	\$ 202,843	\$ 203,091	\$ 191,495
Advisory services and events	103,458	104,545	94,807	89,940	91,840
Total revenues	313,726	312,062	297,650	293,031	283,335
Income from operations	18,827	18,213	21,833	30,760	36,716
Other income and gains (losses) on investments, net	493	176	(1,841)	1,394	231
Net income	\$ 11,996	\$ 10,865	\$ 13,024	\$ 26,296	\$ 21,991
Basic income per common share	\$ 0.67	\$ 0.58	\$ 0.62	\$ 1.17	\$ 0.97
Diluted income per common share	\$ 0.66	\$ 0.57	\$ 0.61	\$ 1.15	\$ 0.95
Basic weighted average shares outstanding	17,927	18,713	20,861	22,500	22,666
Diluted weighted average shares outstanding	18,143	19,007	21,353	22,929	23,164

	As of December 31,				
	2015	2014	2013	2012	2011
(In thousands)					
Consolidated Balance Sheet Data					
Cash, cash equivalents and marketable investments	\$ 101,106	\$ 104,535	\$ 155,145	\$ 242,656	\$ 227,603
Working capital	15,274	26,298	78,991	155,278	158,370
Total assets	318,991	332,707	402,202	488,015	487,110
Deferred revenue	140,676	144,568	152,903	150,495	148,004
Total liabilities	191,689	191,105	197,540	190,808	196,960
Cash dividends declared	12,179	11,962	12,394	12,588	—

Cash dividends in 2015, 2014, 2013 and 2012 represent quarterly dividends of \$0.17, \$0.16, \$0.15 and \$0.14 per common share declared and paid during 2015, 2014, 2013 and 2012, respectively.

The following items impact the comparability of our consolidated data:

- The 2013 other income and gains (losses) on investments, net amount includes a \$1.9 million loss for the sale of the Company's entire portfolio of auction rate securities.
- The 2012 net income amount includes a \$5.9 million deferred income tax benefit resulting from the settlement of a tax audit at the Company's German subsidiary.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We derive revenues from memberships to, and sales of, our Research, Connect and Data products and services, performing advisory services and consulting projects, and hosting events. We offer contracts for our Research, Connect and Data 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. Clients purchase advisory 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.

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 we believe are important to understanding our business. We believe that the amount of deferred revenue, along with the agreement value of contracts to purchase research and advisory services, 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 in force at a given time (but not including advisory-only contracts), without regard to how much revenue has already been recognized. No single client accounted for more than 2% of agreement value at December 31, 2015.
- *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 percentage of the dollar value of all client membership contracts renewed during the most recent twelve-month period to the total dollar value of all client membership contracts that expired during the 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 count as a single client the various divisions and subsidiaries of a corporate parent 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)
	2015	2014		
Deferred revenue	\$ 140.7	\$ 144.6	\$ (3.9)	(3%)
Agreement value	\$ 237.0	\$ 231.7	\$ 5.3	2%
Client retention	77%	76%	1	1%
Dollar retention	89%	88%	1	1%
Enrichment	98%	97%	1	1%
Number of clients	2,471	2,431	40	2%

	As of December 31,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2014	2013		
Deferred revenue	\$ 144.6	\$ 152.9	\$ (8.3)	(5%)
Agreement value	\$ 231.7	\$ 216.5	\$ 15.2	7%
Client retention	76%	73%	3	4%
Dollar retention	88%	86%	2	2%
Enrichment	97%	97%	—	—
Number of clients	2,431	2,471	(40)	(2%)

Deferred revenue at December 31, 2015 decreased 3% compared to the prior year and on a constant currency basis was flat with the prior year, due to growth in contract bookings being offset by revenue growth and a small increase in future billings for current contracts as of December 31, 2015 compared to the prior year. Agreement value at December 31, 2015 increased 2% compared to the prior year and on a constant currency basis increased 4%, representing an increase in contract bookings for the year. Deferred revenue at December 31, 2014 decreased 5% compared to 2013 and on a constant currency basis decreased 3%, due to growth in contract bookings being offset by revenue growth. Agreement value at December 31, 2014 increased 7% compared to the prior year on both an actual rate and constant currency basis, due to an increase in contract bookings for the year. Client retention and dollar retention rates have improved steadily through 2015 compared to 2013 levels. The 2013 rates were at multi-year lows due in part to the negative effects from the challenges associated with the implementation of a sales reorganization in early 2012, high sales employee attrition during 2013 and 2012, a difficult selling environment in Europe and weaker demand for our data subscription products in 2013, in part due to the phasing out of our standalone Tech Marketing Navigator data product.

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, stock-based compensation, non-marketable investments, goodwill and intangible 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. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. For a discussion of our other accounting policies, see Note 1 of the Notes to Consolidated Financial Statements beginning on page F-7.

- Revenue Recognition.** We generate revenues from licensing memberships to, and sales of, our Research, Connect and Data products and services, 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 persuasive evidence of an arrangement exists, the fee is fixed or determinable, services have been provided to the customer, and collectability is reasonably assured. Our contracts may include either a single product or service or a combination of multiple products and services. Revenues from contracts that contain multiple products or services are allocated among the separate units of accounting based on their relative selling prices; however, the amount recognized is limited to the amount that is not contingent on future performance conditions. For example, when a discount off of list price is provided in a multiple element contract, the amount of revenue that is allocated to our Research, Connect and Data products that commence delivery on the first day of the contract is limited based on the contract price that would be refundable to the customer if the yet undelivered products were never delivered. We obtain the selling prices of our products and services based upon an analysis of standalone sales of these products and services during the year. The majority of our research services revenues, including our RoleView Research, Leadership Boards and Data subscription products, are recognized ratably over the term of the contract. Certain research services revenues, including revenues from sales of reprints and our customer experience index, are recognized as revenue when delivered. Advisory services revenues, such as workshops, speeches and advisory days, are recognized when the customer receives the agreed upon deliverable and consulting project revenues are recognized 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.

Annual subscriptions to our RoleView Research include access to all or a designated portion of our research, and depending on the type of license, membership in one or more of our Leadership Boards, unlimited phone or email analyst inquiry, unlimited participation in Forrester Webinars, and the right to attend one event. Contracts for RoleView Research and Leadership Boards are accounted for as two units of accounting: 1) the event ticket and 2) the remaining research services that are delivered throughout the contract period. Arrangement consideration is allocated to each element based upon its relative selling price, which is determined based on standalone sales of event tickets and the estimated selling price of the remaining research services. Annual subscriptions to our data subscription products include access to designated survey data products and access to a data advisor, which are delivered throughout the year, and are accounted for as one unit of accounting and recognized ratably as research services revenue over the membership period. Certain of our data subscription products also include advisory services and these contracts are accounted for as two units of accounting: 1) the data subscription and data advisor and 2) the advisory services. Arrangement consideration is allocated to each element based upon its relative selling price, which is determined based on standalone sales of the advisory services and the estimated selling price of the remaining data services.

Beginning in February 2013, we discontinued our policy of offering our clients a service guarantee. Service guarantees had provided our clients the right to cancel their contracts prior to the end of the contract term and receive a refund for unused products or services. Furthermore, our revenue recognition determines the timing of commission expenses, as commissions are earned during the month a contract is booked 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.

- *Stock-Based Compensation.* Stock-based compensation is recognized as an expense based upon the fair value of the award at the time of grant. The determination of the fair value of stock-based compensation requires significant judgment and the use of estimates, particularly surrounding assumptions such as stock price volatility, expected option lives, dividend yields and forfeiture rates. These estimates involve inherent uncertainties and the application of management judgment. As a result, if circumstances change and we use different assumptions, our stock-based compensation expense could be materially different in the future.

Expected volatility is based, in part, on the historical volatility of our common stock as well as management's expectations of future volatility over the expected term of the awards granted. The development of an expected life assumption involves projecting employee exercise behaviors (expected period between stock option vesting dates and stock option exercise dates). Expected dividend yields are based on expectations of current and future dividends, if any. We are also required to estimate future forfeitures of stock-based awards for recognition of compensation expense, which we base on past experience and expectations of future forfeitures. We will record additional expense if the actual forfeitures are lower than estimated and will record a recovery of prior recognized expense if the actual forfeitures are higher than estimated. The actual expense recognized over the vesting period will only be for those awards that vest. If our actual forfeiture rate is materially different from our estimates, or if our estimates of forfeitures are modified in a future period, the actual stock-based compensation expense could be significantly different from what we have recorded in the current period.

- *Non-Marketable Investments.* We hold minority interests in technology-related investment funds with a book value of \$3.6 million at December 31, 2015. 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. Investments that are accounted for using the cost method are valued at cost unless an other-than-temporary impairment in their value occurs. For investments that are accounted for using the equity method, 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, 2015, we had \$76.4 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 30 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, 2015 utilizing a qualitative assessment and concluded that the fair values of each of our reporting units more likely than not continues to 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, 2015 consist primarily of acquired customer relationships 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. 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, 2015, 2014 and 2013

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

	Years Ended December 31,		
	2015	2014	2013
Revenues:			
Research services	67.0%	66.5%	68.1%
Advisory services and events	33.0	33.5	31.9
Total revenues	100.0	100.0	100.0
Operating expenses:			
Cost of services and fulfillment	40.2	40.4	39.3
Selling and marketing	37.0	37.1	36.0
General and administrative	12.5	12.4	12.9
Depreciation	2.6	3.0	3.1
Amortization of intangible assets	0.3	0.7	0.8
Reorganization costs	1.4	0.6	0.6
Income from operations	6.0	5.8	7.3
Other income, net	0.2	0.2	0.2
Losses on investments, net	—	(0.1)	(0.8)
Income before income taxes	6.2	5.9	6.7
Income tax provision	2.4	2.4	2.3
Net income	3.8%	3.5%	4.4%

2015 compared to 2014

Revenues

	2015	2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in millions)			
Revenues	\$ 313.7	\$ 312.1	\$ 1.6	1%
Revenues from research services	\$ 210.3	\$ 207.5	\$ 2.8	1%
Revenues from advisory services and events	\$ 103.5	\$ 104.5	\$ (1.0)	(1%)
Revenues attributable to customers outside of the U.S.	\$ 72.7	\$ 79.6	\$ (6.9)	(9%)
Percentage of revenue attributable to customers outside of the U.S.	23%	26%	(3)	(12%)
Number of clients (at end of period)	2,471	2,431	40	2%
Number of events	15	15	—	—

Total revenues increased 1% during 2015 compared to 2014 and on a constant currency basis increased 4%. Revenues from customers outside of the U.S. decreased 9% during 2015 compared to the prior year; however after adjusting for the effect of foreign currency fluctuations, revenues from customers outside of the U.S. increased 4% and represented 26% of total revenues in 2015. On a constant currency basis, revenue growth in the Asia Pacific region and Europe was partially offset by a decline in Canada.

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 1% during 2015 compared to the prior year and on a constant currency basis increased 5%, reflecting growth in our Research and Data products partially offset by a decline in revenue in our Connect products. The increase in revenue for our Research and Data products is a result of an increase in related contract bookings in 2015, while the decrease in revenue for our Connect products is a result of a decrease in related contract bookings in 2015, due in part to a reduction in our Connect product offerings outside of the U.S.

Revenues from advisory services and events decreased 1% during 2015 compared to the prior year and on a constant currency basis increased 2%. The decrease was driven by a 20% decrease in Events revenues due to a significant decrease in sponsorship revenues during 2015. The decrease in Events revenues was partially offset by a 2% increase in advisory and consulting revenue in 2015 due to an increase in related contract bookings and delivery of services in 2015.

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

Cost of Services and Fulfillment

	2015	2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Cost of services and fulfillment (dollars in millions)	\$ 126.3	\$ 126.2	\$ 0.1	—
Cost of services and fulfillment as a percentage of total revenues	40.2%	40.4%	(0.2)	—
Service and fulfillment employees (at end of period)	584	604	(20)	(3%)

Cost of services and fulfillment expenses increased less than 1% in 2015 compared to 2014 and on a constant currency basis increased 3%. Total compensation and benefits costs decreased approximately \$0.2 million in 2015 compared to the prior year as lower salary and benefit costs, due to fewer employees in 2015, was partially offset by an increase in incentive bonus expense in 2015. Of the 50 employees terminated during the reorganization in the first quarter of 2015, 32 of the employees were included in cost of services and fulfillment. In addition, 2015 includes a \$0.3 million increase in stock compensation costs and a \$0.2 million increase in Events costs that were partially offset by lower professional service costs due to lower consulting outsourcing costs.

Selling and Marketing

	2015	2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Selling and marketing expenses (dollars in millions)	\$ 116.1	\$ 115.8	\$ 0.3	—
Selling and marketing expenses as a percentage of total revenues	37.0%	37.1%	(0.1)	—
Selling and marketing employees (at end of period)	576	563	13	2%

Selling and marketing expenses increased less than 1% in 2015 compared to 2014 and on a constant currency basis increased 3%. The increase in selling and marketing expenses during 2015 compared to the prior year is primarily due to a \$0.3 million increase in compensation and benefit costs resulting from an increase in sales employees and annual merit increases. In addition, 2015 includes a \$0.5 million increase in professional service costs that were offset by lower bad debt expense and a \$0.2 million charge to terminate a contract with an independent sales representative during 2014 that did not recur in 2015. Of the 50 employees terminated during the reorganization in the first quarter of 2015, 15 of the employees were included in selling and marketing.

Subject to the business environment, we intend to expand our quota carrying sales force by approximately 1% to 3% in 2016 as compared to 2015 as we anticipate productivity improvements in 2016.

General and Administrative

	2015	2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
General and administrative expenses (dollars in millions)	\$ 39.0	\$ 38.6	\$ 0.4	1%
General and administrative expenses as a percentage of total revenues	12.5%	12.4%	0.1	1%
General and administrative employees (at end of period)	185	184	1	1%

General and administrative expenses increased 1% in 2015 compared to 2014 and on a constant currency basis increased 4%. The increase in general and administrative expenses during 2015 compared to the prior year is primarily due to 1) a \$1.5 million increase in compensation and benefits costs resulting from an increase in incentive bonus expense and annual merit increases and 2) a \$0.6 million increase in stock based compensation expense. These increases were partially offset by lower professional services costs due to the implementation of cloud-based software services in 2014 that did not recur in 2015 and a reduction in recruiting costs due to the build out of the consulting organization that was substantially completed in 2014.

Depreciation

Depreciation expense decreased by \$1.1 million during 2015 compared to 2014. The decrease was due to certain fixed assets becoming fully depreciated during 2015 as well as a \$0.4 million immaterial out-of-period adjustment recorded during 2014 to correct an understatement error of depreciation expense of approximately \$0.2 million in each of 2013 and 2012.

Amortization of Intangible Assets

Amortization expense decreased by \$1.3 million during 2015 compared to 2014 due to a portion of our intangible assets becoming fully amortized at the end of 2014.

Reorganization Costs

During 2015 we incurred \$3.2 million of severance and related costs from our reorganization in the first quarter of 2015 that included the termination of 50 employees or approximately 4% of our workforce across various geographies and functions, in order to reallocate investment in 2015 to planned sales expansion and to delivery areas seeing the greatest client demand. We incurred an additional \$0.3 million charge in the second quarter of 2015 related to this action primarily for a non-cash charge for the liquidation of a small non-U.S. subsidiary.

In addition, during the third quarter of 2015 we incurred \$0.7 million of severance and related benefits for the reorganization of our Products Group, consisting of the termination of the chief product officer and related administrative staff, and the termination of a senior product leader with the intent to relocate this position to the U.S. The responsibilities of the former chief product officer have been assumed by our chief research officer. As a result of the change in leadership in the Products Group, we incurred an additional \$0.2 million of expense to write off a software development project that was no longer deemed probable to be completed.

The remaining \$0.5 million of the severance and related benefit costs incurred but not paid during 2015 are expected to be paid in 2016.

During 2014 we incurred \$1.8 million of severance and related costs for the termination of approximately 1% of our employees across various geographies and functions primarily to realign resources due to a new organizational structure implemented in late 2013. The costs under this plan were substantially paid by the end of 2014.

In March 2016 we implemented a reduction in our workforce of approximately 2% across various geographies and functions. The Company expects to incur pre-tax expenses of \$1.0 million to \$1.2 million in the first and second quarters of 2016 related principally to severance and related benefit costs for terminated employees.

Income from Operations

Income from operations increased \$0.6 million or 3% during 2015 as compared to the prior year and increased to 6.0% of total revenues in 2015 from 5.8% in the prior year. The expansion in income from operations as a percentage of total revenues in 2015 was due to tight cost controls in 2015, as shown by headcount declining to 1,345 at December 31, 2015 from 1,351 employees at December 31, 2014. The focus on cost controls during 2015 resulted in our operating expenses increasing by less than 1% compared to 2014, which was just under our revenue growth during 2015. We expect income from operations as a percentage of total revenue to increase to 7.0% to 8.0% for the year ended December 31, 2016 due to a continued focus on cost control and the cost reductions that are expected from the 2% workforce reduction implemented in March of 2016.

Other Income, Net

Other income, net primarily consists of interest income on our investments as well as gains and losses on foreign currency and remained essentially consistent during 2015 as compared to the prior year.

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, both of which were insignificant during 2015 and 2014.

Provision for Income Taxes

	2015	2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Provision for income taxes (dollars in millions)	\$ 7.3	\$ 7.5	\$ (0.2)	(3%)
Effective tax rate	37.9%	40.9%	(3.0)	(7%)

The decrease in the effective tax rate during 2015 as compared to the prior year is primarily due to a one-time \$0.6 million benefit in 2015 for a change in tax legislation related to the U.S. Tax Court opinion in the “Altera” case as described below, and an immaterial out-of-period error recorded in 2014 that increased tax expense by \$0.5 million. The effect of these items were partially offset by the inclusion in 2015 of a \$0.3 million loss on the liquidation of a foreign subsidiary in 2015 for which a tax benefit could not be recognized.

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. We have reviewed this case and concluded that recording a tax benefit of \$0.6 million during 2015, representing the benefit of adjusting our cost-sharing agreement for the years of 2012 through 2014, was appropriate based on the opinion in the case. We will continue to monitor ongoing developments and potential impacts to our consolidated financial statements.

2014 compared to 2013

Revenues

	2014	2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in millions)			
Revenues	\$ 312.1	\$ 297.7	\$ 14.4	5%
Revenues from research services	\$ 207.5	\$ 202.8	\$ 4.7	2%
Revenues from advisory services and events	\$ 104.5	\$ 94.8	\$ 9.7	10%
Revenues attributable to customers outside of the U.S.	\$ 79.6	\$ 78.7	\$ 0.9	1%
Percentage of revenue attributable to customers outside of the U.S.	26%	26%	—	—
Number of clients (at end of period)	2,431	2,471	(40)	(2%)
Number of events	15	15	—	—

The 5% increase in revenues during 2014 compared to 2013 was driven by a 10% increase in advisory services and events revenues while research services revenues increased 2% during the period. Foreign exchange fluctuations had an insignificant effect on total revenue growth during 2014. While revenues from customers outside of the U.S. increased 1% during 2014 compared to the prior year, the percentage of revenues attributable to customers outside of the U.S. decreased by less than one percentage point during 2014 compared to the prior year. Foreign exchange fluctuations had an effect of decreasing foreign revenue growth in 2014 by approximately 1% compared to the prior year. We experienced stronger growth during 2014 in the U.S. region compared to outside of the U.S. Growth in the Asia Pacific region and Canada was partially offset by a revenue decline (on a constant currency basis) in the European region. The general economic conditions in Europe as well as sales leadership challenges contributed to a difficult selling environment in that region.

Research services revenues increased 2% during 2014 compared to the prior year, which is essentially consistent with the related contract bookings growth during this period. Revenues from our Data products declined by approximately \$1.2 million in 2014 compared to 2013, the majority of which was due to the phasing out of our Tech Marketing Navigator product that began in 2013. The decline in Data revenues was offset by growth in our Research revenues while our Connect revenues were essentially flat for the year.

Revenue from advisory services and events increased 10% during 2014 as compared to the prior year. The increase was driven by strong growth in advisory and consulting revenues due primarily to strong demand for both advisory and consulting services and an increase in consulting headcount as we completed the build out of a dedicated consulting organization that began in 2013. Events revenues were flat during 2014 as compared to 2013.

Cost of Services and Fulfillment

	2014	2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Cost of services and fulfillment (dollars in millions)	\$ 126.2	\$ 117.1	\$ 9.1	8%
Cost of services and fulfillment as a percentage of total revenues	40.4%	39.3%	1.1	3%
Service and fulfillment employees (at end of period)	604	562	42	7%

The increase in cost of services and fulfillment expenses during 2014 compared to the prior year is primarily due to a \$7.8 million increase in compensation and benefit costs resulting from an increase in the number of employees (consisting of consulting and product specialist employees) and annual merit increases, partially offset by lower incentive bonus expense. We hired additional consulting employees during 2013 and 2014 to build out a dedicated consulting organization to provide research-based project consulting services to our clients, allowing our analysts to spend additional time on writing research and providing shorter-term advisory services. In addition, 2014 includes increased costs for stock compensation and travel and entertainment (primarily for billable expenses for consulting projects).

Selling and Marketing

	2014	2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Selling and marketing expenses (dollars in millions)	\$ 115.8	\$ 107.1	\$ 8.7	8%
Selling and marketing expenses as a percentage of total revenues	37.1%	36.0%	1.1	3%
Selling and marketing employees (at end of period)	563	548	15	3%

The increase in selling and marketing expenses during 2014 compared to the prior year is primarily due to an \$8.6 million increase in compensation and benefit costs resulting from an increase in sales employees, annual merit increases and increased commission costs resulting from a higher number of sales employees achieving their sales plan, partially offset by lower incentive bonus expense.

General and Administrative

	2014	2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
General and administrative expenses (dollars in millions)	\$ 38.6	\$ 38.3	\$ 0.3	1%
General and administrative expenses as a percentage of total revenues	12.4%	12.9%	(0.5)	(4%)
General and administrative employees (at end of period)	184	178	6	3%

The increase in general and administrative expenses during 2014 compared to the prior year is primarily due to a \$0.7 million increase in compensation and benefits costs resulting from increased headcount and annual merit increases, partially offset by lower incentive bonus expense, and higher stock compensation costs of \$0.7 million. These increases were partially offset by lower professional services expenses in 2014 due primarily to lower accounting and legal costs.

Depreciation

Depreciation expense during 2014 was essentially consistent with the prior year. There was a decrease in depreciation during 2014 due to certain assets becoming fully depreciated during 2014 and this decrease was offset by an increase in depreciation resulting from a \$0.4 million immaterial out-of-period adjustment recorded during 2014 to correct an understatement error of depreciation expense of approximately \$0.2 million in each of 2013 and 2012.

Amortization of Intangible Assets

Amortization expense remained essentially consistent during 2014 as compared to the prior year.

Reorganization Costs

During 2014 we incurred \$1.8 million of severance and related costs for the termination of approximately 1% of our employees across various geographies and functions primarily to realign resources due to our new organizational structure implemented in late 2013. The costs under this plan were substantially paid by the end of 2014.

During 2013 we incurred \$1.9 million of severance and related costs for the elimination of 31 jobs or approximately 2.5% of our workforce worldwide in an effort to streamline our operations.

Income from Operations

Income from operations declined \$4.0 million during 2014 as compared to the prior year and declined to 5.8% of total revenues in 2014 from 7.3% in the prior year. Although revenues increased by \$14.4 million in 2014, this was offset by a \$17.0 million increase in compensation and benefit costs during 2014 from additional headcount investments in our consulting, product and sales organizations and annual merit increases.

Other Income, Net

Other income, net primarily consists of interest income on our investments as well as gains and losses on foreign currency. The decrease in other income, net during 2014 is primarily due to lower interest income earned in 2014 due to lower investment balances, which was partially offset by lower foreign currency losses in 2014 as compared to the prior year.

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. In 2014 we realized an approximate \$0.4 million loss from our equity method investments primarily from a decrease in the valuation of certain assets within the funds, and realized approximately \$0.1 million of gains from other investments. During 2013 we sold our portfolio of auction rate securities (par value \$11.0 million) for a realized loss of \$1.9 million. In addition, in 2013 we realized an approximate \$0.7 million loss from our equity method investments primarily from a decrease in the valuation of certain assets within the funds, and realized approximately \$0.1 million of gains from other investments.

Provision for Income Taxes

	2014	2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Provision for income taxes (dollars in millions)	\$ 7.5	\$ 7.0	\$ 0.5	8%
Effective tax rate	40.9%	34.9%	6.1	17%

The increase in the effective tax rate during 2014 as compared to the prior year period is primarily due to the following: the inclusion in 2013 of foreign tax credits that did not recur in 2014; an immaterial out-of-period error recorded in 2014 that increased tax expense by \$0.5 million; a lower foreign tax rate benefit in 2014 compared to 2013 due to a smaller portion of our income being earned outside of the U.S. during 2014, and higher state taxes due to an ongoing state audit that increased tax expense by \$0.1 million in 2014. These increases were partially offset by a benefit from decreasing our valuation allowance on certain foreign net operating losses due to the utilization of a portion of these losses in 2014.

Segment Results

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. During 2013, we began to transition the delivery of project consulting to a dedicated project consulting organization. The transition was essentially complete by the end of 2014 such that the vast majority of project consulting has been and will continue to be delivered by the project consulting organization in 2015 and beyond.

The Product segment includes the costs of the product management organization that is responsible for product pricing and packaging and the launch of new products. In addition, this segment includes the costs of our Data, 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 Project Consulting segment includes the costs of the consultants that deliver our project consulting services. During 2013 we began to hire dedicated consultants to transition the delivery of project consulting services from research personnel (included in the Research segment) to the new Project Consulting segment. 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 losses on investments. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2015				
Research services revenues	\$ 210,268	\$ —	\$ —	\$ 210,268
Advisory services and events revenues	17,512	42,997	42,949	103,458
Total segment revenues	227,780	42,997	42,949	313,726
Segment expenses	38,615	51,510	27,320	117,445
Contribution margin (loss)	189,165	(8,513)	15,629	196,281
Year over year revenue change	—	(12%)	22%	1%
Year over year expense change	(2%)	(3%)	0%	(2%)

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2014				
Research services revenues	\$ 207,517	\$ —	\$ —	\$ 207,517
Advisory services and events revenues	20,759	48,658	35,128	104,545
Total segment revenues	228,276	48,658	35,128	312,062
Segment expenses	39,466	53,307	27,236	120,009
Contribution margin (loss)	188,810	(4,649)	7,892	192,053
Year over year revenue change	3%	(16%)	100%	5%
Year over year expense change	8%	(9%)	73%	8%

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2013				
Research services revenues	\$ 202,843	\$ —	\$ —	\$ 202,843
Advisory services and events revenues	19,376	57,865	17,566	94,807
Total segment revenues	222,219	57,865	17,566	297,650
Segment expenses	36,384	58,685	15,700	110,769
Contribution margin (loss)	185,835	(820)	1,866	186,881

Product segment revenues were flat during 2015 compared to the prior year. Research services revenues increased 1% during 2015 compared to the prior year and on a constant currency basis increased 5%, reflecting growth in our Research and Data products partially offset by a decline in revenue in our Connect products. The increase in revenue for our Research and Data products is a result of an increase in related contract bookings in 2015, while the decrease in revenue for our Connect products is a result of a decrease in related contract bookings in 2015, due in part to a reduction in our Connect product offerings outside of the U.S. Advisory services and events revenues decreased \$3.2 million during 2015 due primarily to a \$2.6 million decrease in events revenues to \$10.4 million in the 2015 period compared to \$12.9 million during the prior year, driven by a significant decline in sponsorship revenue. Data advisory revenue decreased \$0.7 million or 10% during 2015 compared to the prior year due primarily to lower outsource fees associated with the data consulting projects. Product segment expenses decreased 2% during 2015 compared to the prior year periods, and on a constant currency basis were essentially flat. The decline on a dollar basis was due to a decline in compensation and benefits costs due to lower headcount that was only partially offset by an increase in professional services expense for surveys.

Product segment revenues increased 3% during 2014 compared to the prior year. Research services revenues increased 2% during 2014 compared to the prior year, which is essentially consistent with the related contract bookings growth during this period. Revenues from our Data products declined by approximately \$1.2 million in 2014 compared to 2013, the majority of which was due to the phasing out of our Tech Marketing Navigator product that began in 2013. The decline in Data revenues was offset by growth in our Research revenues while our Connect revenues remained essentially flat. Events revenues were \$12.9 million during 2014 which were flat compared to the prior year. Data advisory revenues increased approximately \$1.3 million in 2014 compared to the prior year, representing growth of 20%. Product segment expenses increased 8% during 2014 due primarily to a \$3.1 million increase in compensation and benefit costs due to an increase in the number of employees and annual merit increases.

Research segment revenues decreased 12% and 16% during 2015 and 2014, respectively, compared to the prior year periods, due to the transition of the performance of project consulting services during 2015 and 2014 from personnel in our Research segment to personnel in our Project Consulting segment. Research segment expenses decreased by 3% and 9% during 2015 and 2014, respectively, compared to the prior year periods, due primarily to a decrease in compensation and benefit costs due to a decrease in the number of employees in the Research segment related to the transition in the delivery of project consulting services to the Project Consulting segment.

Project Consulting segment revenues increased 22% and 100% during 2015 and 2014, respectively, compared to the prior year periods, due primarily to the transition of the performance of project consulting services from research personnel in our Research segment to consulting personnel during 2015 and 2014. Project Consulting segment expenses were flat during 2015 and increased 73% during 2014 compared to the prior year periods. The flat expenses during 2015 were due primarily to a \$0.5 million increase in salaries and benefits that was offset by a decrease in outsourced costs. The 73% increase in expenses during 2014 was due primarily to a \$10.0 million increase in compensation and benefit costs due to an increase in the number of employees and annual merit increases.

Liquidity and Capital Resources

We have historically financed our operations primarily through funds generated from operations. Research services revenues, which constituted approximately 67% of our revenues during 2015, are generally renewable annually and are typically payable in advance. We generated cash from operating activities of \$32.5 million and \$28.8 million during the years ended December 31, 2015 and 2014, respectively. The \$3.7 million increase in cash provided from operations during 2015 is primarily attributable to a \$7.8 million decrease in cash paid for income taxes during 2015 due to a decrease in the current component of income tax expense compared to 2014, partially offset by a \$5.8 million decrease in cash generated from the change in accounts receivable and deferred revenue in 2015 compared to 2014, due primarily to an increase in unbilled amounts on contracts at December 31, 2015 compared to the prior year.

During 2015 we generated \$2.8 million of cash from investing activities, consisting primarily of \$6.4 million in net maturities of marketable investments partially offset by \$3.9 million of purchases of property and equipment. Property and equipment purchases during 2015 consisted primarily of equipment and software. We expect capital expenditures to be in the range of \$3.0 million to \$5.0 million during 2016. During 2014 we generated \$24.8 million of cash from investing activities, consisting primarily of \$24.7 million in net maturities of marketable investments and \$1.5 million of distributions from our non-marketable investments, partially offset by \$1.5 million of purchases of property and equipment. Property and equipment purchases during 2014 consisted primarily of software. We regularly invest excess funds in short and intermediate-term interest-bearing obligations of investment grade.

We used \$29.7 million of cash from financing activities during 2015 primarily due to \$20.9 million of purchases of our common stock. In addition, during 2015 we paid \$12.2 million of quarterly dividends consisting of a \$0.17 per share dividend each quarter and we received \$3.3 million of proceeds from the exercise of stock options and our employee stock purchase plan. We used \$75.9 million of cash from financing activities during 2014 primarily due to \$73.2 million of purchases of our common stock. In addition, during 2014 we paid \$12.0 million of quarterly dividends consisting of a \$0.16 per share dividend each quarter and we received \$9.0 million of proceeds from the exercise of stock options and our employee stock purchase plan.

During 2015 our Board of Directors increased our stock repurchase authorization by \$50 million. As of December 31, 2015 our remaining stock repurchase authorization was approximately \$36.9 million.

As of December 31, 2015, we had cash and cash equivalents of \$53.3 million and marketable investments of \$47.8 million. These balances include \$37.3 million held outside of the U.S. If these funds outside of the U.S. are needed for operations in the U.S., we would be required to accrue and pay U.S. taxes 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 do not currently have a line of credit and do not presently anticipate the need to access a line of credit in the foreseeable future except in the case of a significant acquisition. We believe that our current cash balance, marketable investments, and cash flows from operations will satisfy working capital, financing activities, and capital expenditure requirements for the next twelve months.

As of December 31, 2015, we had future contractual obligations as follows:

Contractual Obligations	Total	2016	2017	2018	2019	2020	Thereafter
Operating leases	\$ 96,475	\$ 10,461	\$ 10,655	\$ 10,544	\$ 10,343	\$ 9,943	\$ 44,529
Purchase commitments	6,891	4,841	2,050	—	—	—	—
	<u>\$103,366</u>	<u>\$ 15,302</u>	<u>\$ 12,705</u>	<u>\$ 10,544</u>	<u>\$ 10,343</u>	<u>\$ 9,943</u>	<u>\$ 44,529</u>

As of December 31, 2015 the total amount of unrecognized tax benefits for uncertain tax positions and the accrual for the related interest, net of the federal benefit, was \$1.9 million and 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 of 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 interest rates and foreign currency exchange rates. We have historically not used derivative financial instruments.

The primary objective of our investment activities is to preserve principal and maintain liquidity while at the same time maximizing the income we receive from our investments without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and marketable investments in a variety of securities during the course of the year, which may include U.S. government agencies, municipal notes and bonds, corporate notes and bonds, commercial paper, and money market funds. The securities, other than money market funds, are classified as available-for-sale and consequently are recorded on the Consolidated Balance Sheets at fair value with unrealized gains or losses reported as a component of accumulated other comprehensive loss in the Consolidated Balance Sheets. If interest rates rise, the market value of our investments may decline, which could result in a realized loss if we are forced to sell an investment before its scheduled maturity. We have the ability to hold our fixed income investments until maturity (without giving effect to any future acquisitions or mergers). Therefore, we would not expect our operating results or cash flows to be affected to any significant degree by a sudden change in market interest rates on our securities portfolio.

The following table provides information about our investment portfolio, for which all of the securities are denominated in U.S. dollar. For investment securities, the table presents principal cash flows and related weighted-average interest rates by maturity date.

Principal amounts by maturity dates (dollars in thousands):

	Years Ended December 31,		
	2016	2017	2018
Corporate obligations	\$ 19,305	\$ 23,490	\$ 4,980
Weighted average interest rates	0.64%	1.08%	1.25%

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, 2014 and 2013, we incurred foreign currency exchange losses of \$0.1 million and \$0.4 million, respectively. Foreign exchange losses were insignificant during the year ended December 31, 2015. 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 2015 Annual Report on Form 10-K.

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

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Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Forrester Research, Inc. and its subsidiaries at December 31, 2015 and December 31, 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 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, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these 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 these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. 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.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for the classification of deferred taxes in the consolidated balance sheet due to the adoption of ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*.

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 11, 2016

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

	December 31, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 53,331	\$ 49,650
Marketable investments (Note 3)	47,775	54,885
Accounts receivable, net (Note 11)	67,355	67,429
Deferred commissions	13,529	13,754
Prepaid expenses and other current assets	15,737	22,277
Total current assets	<u>197,727</u>	<u>207,995</u>
Property and equipment, net (Note 11)	27,569	32,174
Goodwill (Note 2)	74,071	76,683
Intangible assets, net (Note 2)	2,334	3,382
Other assets	17,290	12,473
Total assets	<u>\$ 318,991</u>	<u>\$ 332,707</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 525	\$ 912
Accrued expenses and other current liabilities (Note 11)	41,252	36,217
Deferred revenue	140,676	144,568
Total current liabilities	<u>182,453</u>	<u>181,697</u>
Non-current liabilities (Note 11)	9,236	9,408
Total liabilities	<u>191,689</u>	<u>191,105</u>
Commitments (Note 6)		
Stockholders' Equity (Note 7):		
Preferred stock, \$0.01 par value		
Authorized - 500 shares; issued and outstanding - none	—	—
Common stock, \$0.01 par value		
Authorized - 125,000 shares		
Issued - 21,063 and 20,856 shares as of December 31, 2015 and 2014, respectively		
Outstanding 17,752 and 18,153 shares as of December 31, 2015 and 2014, respectively	211	209
Additional paid-in capital	134,967	124,942
Retained earnings	117,135	117,318
Treasury stock - 3,311 and 2,703 shares as of December 31, 2015 and 2014, respectively, at cost	(120,185)	(99,254)
Accumulated other comprehensive loss	(4,826)	(1,613)
Total stockholders' equity	<u>127,302</u>	<u>141,602</u>
Total liabilities and stockholders' equity	<u>\$ 318,991</u>	<u>\$ 332,707</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,		
	2015	2014	2013
Revenues:			
Research services	\$ 210,268	\$ 207,517	\$ 202,843
Advisory services and events	103,458	104,545	94,807
Total revenues	<u>313,726</u>	<u>312,062</u>	<u>297,650</u>
Operating expenses:			
Cost of services and fulfillment	126,261	126,199	117,061
Selling and marketing	116,081	115,753	107,073
General and administrative	39,041	38,584	38,280
Depreciation	8,192	9,325	9,268
Amortization of intangible assets	891	2,171	2,230
Reorganization costs	4,433	1,817	1,905
Total operating expenses	<u>294,899</u>	<u>293,849</u>	<u>275,817</u>
Income from operations	18,827	18,213	21,833
Other income, net	511	464	592
Losses on investments, net	(18)	(288)	(2,433)
Income before income taxes	19,320	18,389	19,992
Income tax provision	7,324	7,524	6,968
Net income	<u>\$ 11,996</u>	<u>\$ 10,865</u>	<u>\$ 13,024</u>
Basic income per common share	<u>\$ 0.67</u>	<u>\$ 0.58</u>	<u>\$ 0.62</u>
Diluted income per common share	<u>\$ 0.66</u>	<u>\$ 0.57</u>	<u>\$ 0.61</u>
Basic weighted average common shares outstanding	<u>17,927</u>	<u>18,713</u>	<u>20,861</u>
Diluted weighted average common shares outstanding	<u>18,143</u>	<u>19,007</u>	<u>21,353</u>

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,		
	2015	2014	2013
Net income	\$ 11,996	\$ 10,865	\$ 13,024
Other comprehensive income (loss), net of taxes:			
Foreign currency translation	(3,187)	(3,977)	826
Net change in market value of investments	(26)	(90)	1,040
Other comprehensive income (loss)	(3,213)	(4,067)	1,866
Comprehensive income	<u>\$ 8,783</u>	<u>\$ 6,798</u>	<u>\$ 14,890</u>

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, 2012	31,451	\$ 315	\$ 389,362	\$ 117,785	9,158	\$ (210,843)	\$ 588	\$ 297,207
Issuance of common stock under stock plans, including tax effects	724	7	17,111	—	—	—	—	17,118
Stock-based compensation expense	—	—	6,051	—	—	—	—	6,051
Repurchases of common stock	—	—	—	—	3,261	(118,210)	—	(118,210)
Retirement of treasury stock	(11,684)	(117)	(302,848)	—	(11,684)	302,965	—	—
Dividends paid on common shares	—	—	—	(12,394)	—	—	—	(12,394)
Net income	—	—	—	13,024	—	—	—	13,024
Net change in marketable investments, net of tax	—	—	—	—	—	—	1,040	1,040
Foreign currency translation	—	—	—	—	—	—	826	826
Balance, December 31, 2013	20,491	205	109,676	118,415	735	(26,088)	2,454	204,662
Issuance of common stock under stock plans, including tax effects	365	4	7,822	—	—	—	—	7,826
Stock-based compensation expense	—	—	7,444	—	—	—	—	7,444
Repurchases of common stock	—	—	—	—	1,968	(73,166)	—	(73,166)
Dividends paid on common shares	—	—	—	(11,962)	—	—	—	(11,962)
Net income	—	—	—	10,865	—	—	—	10,865
Net change in marketable investments, net of tax	—	—	—	—	—	—	(90)	(90)
Foreign currency translation	—	—	—	—	—	—	(3,977)	(3,977)
Balance, December 31, 2014	20,856	209	124,942	117,318	2,703	(99,254)	(1,613)	141,602
Issuance of common stock under stock plans, including tax effects	207	2	1,678	—	—	—	—	1,680
Stock-based compensation expense	—	—	8,347	—	—	—	—	8,347
Repurchases of common stock	—	—	—	—	608	(20,931)	—	(20,931)
Dividends paid on common shares	—	—	—	(12,179)	—	—	—	(12,179)
Net income	—	—	—	11,996	—	—	—	11,996
Net change in marketable investments, net of tax	—	—	—	—	—	—	(26)	(26)
Foreign currency translation	—	—	—	—	—	—	(3,187)	(3,187)
Balance, December 31, 2015	<u>21,063</u>	<u>\$ 211</u>	<u>\$ 134,967</u>	<u>\$ 117,135</u>	<u>3,311</u>	<u>\$ (120,185)</u>	<u>\$ (4,826)</u>	<u>\$ 127,302</u>

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,		
	2015	2014	2013
Cash flows from operating activities:			
Net income	\$ 11,996	\$ 10,865	\$ 13,024
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and asset write-offs	8,350	9,325	9,268
Amortization of intangible assets	891	2,171	2,230
Net losses from investments	18	288	2,433
Deferred income taxes	(985)	(7,526)	(4,529)
Stock-based compensation	8,347	7,444	6,051
Amortization of premium on investments	693	1,273	2,261
Foreign currency losses	38	141	385
Changes in assets and liabilities			
Accounts receivable	(718)	9,140	(2,930)
Deferred commissions	225	(815)	(3,529)
Prepaid expenses and other current assets	1,431	620	607
Accounts payable	(357)	(82)	222
Accrued expenses and other liabilities	4,657	2,171	3,547
Deferred revenue	(2,120)	(6,220)	1,673
Net cash provided by operating activities	<u>32,466</u>	<u>28,795</u>	<u>30,713</u>
Cash flows from investing activities:			
Purchases of property and equipment	(3,931)	(1,503)	(3,127)
Purchases of marketable investments	(20,587)	(35,386)	(44,667)
Proceeds from sales and maturities of marketable investments	26,960	60,112	105,086
Other investing activity	347	1,542	264
Net cash provided by investing activities	<u>2,789</u>	<u>24,765</u>	<u>57,556</u>
Cash flows from financing activities:			
Dividends paid on common stock	(12,179)	(11,962)	(12,394)
Repurchases of common stock	(20,931)	(73,166)	(118,210)
Proceeds from issuance of common stock under employee equity incentive plans	3,347	8,969	17,387
Excess tax benefits from stock-based compensation	51	244	737
Payment of deferred acquisition consideration	—	—	(900)
Net cash used in financing activities	<u>(29,712)</u>	<u>(75,915)</u>	<u>(113,380)</u>
Effect of exchange rate changes on cash and cash equivalents	(1,862)	(2,127)	433
Net increase (decrease) in cash and cash equivalents	3,681	(24,482)	(24,678)
Cash and cash equivalents, beginning of year	49,650	74,132	98,810
Cash and cash equivalents, end of year	<u>\$ 53,331</u>	<u>\$ 49,650</u>	<u>\$ 74,132</u>
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	<u>\$ 6,425</u>	<u>\$ 14,180</u>	<u>\$ 9,358</u>

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

FORRESTER RESEARCH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015

(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 500,000 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. 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.

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, stock-based compensation, non-marketable investments, goodwill and intangible assets, and income taxes. On an ongoing basis, management evaluates its estimates. Actual results could differ from these estimates.

Out-of-Period Errors

During 2014 the Company recorded \$0.3 million of pre-tax expenses (\$0.2 million post tax) for out-of-period corrections, of which \$0.4 million related to depreciation and \$(0.1) million related to other immaterial amounts that related to prior periods. In addition, during 2014 the Company recorded \$0.5 million of additional income tax expense for an out-of-period correction. The Company has concluded that these items are immaterial to the 2014 and prior period financial statements.

Fair Value Measurements

The Company has certain financial assets recorded at fair value which have been classified as either Level 1, 2 or 3 within the fair value hierarchy as described in the accounting standards for fair value measurements.

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 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.

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’s portfolio of investments may at any time include securities of U.S. government agencies, municipal notes, corporate notes and bonds, and money market funds. Forrester accounts for all marketable investments as available-for-sale securities and as such, the marketable investments are 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 are determined using the specific identification method. The Company conducts periodic reviews to identify

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

and evaluate each investment that has 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, 2015, 2014 and 2013, 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, marketable investments, and accounts receivable. Forrester places its investments in highly rated securities. No single customer accounted for greater than 2% of revenues or accounts receivable in any of the periods presented.

Deferred Commissions

Commissions incurred in acquiring new or renewing existing contracts, which are earned in the month that a contract is booked, are deferred and expensed to operations as the related revenue is recognized. Forrester evaluates the recoverability of deferred commissions at each balance sheet date.

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 30 as the date for performing the annual goodwill impairment test. Goodwill impairment charges have not been required for the years ended December 31, 2015, 2014 and 2013.

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, 2015, 2014 and 2013.

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. Non-current deferred rent liability at December 31, 2015 and 2014 was \$6.4 million and \$6.5 million, respectively, and results from the difference between cash payments and the straight-line recognition of rent expense under the Company's facility leases.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Foreign Currency

The functional currency of the majority 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 the years ended December 31, 2014 and 2013, Forrester recorded \$0.1 million and \$0.4 million of foreign exchange losses, respectively, in other income, net. Foreign exchange losses were insignificant for the year ended December 31, 2015.

Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (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, 2012	\$ (1,024)	\$ 1,612	\$ 588
Foreign currency translation	—	826	826
Unrealized loss on investments before reclassification, net of tax of \$41	(111)	—	(111)
Reclassification adjustment for net losses realized in net income, net of tax of \$691	1,151	—	1,151
Balance at December 31, 2013	16	2,438	2,454
Foreign currency translation	—	(3,977)	(3,977)
Unrealized loss on investments before reclassification, net of tax of \$47	(84)	—	(84)
Reclassification adjustment for net gains realized in net income, net of tax of \$8	(6)	—	(6)
Balance at December 31, 2014	(74)	(1,539)	(1,613)
Foreign currency translation before reclassification	—	(3,505)	(3,505)
Reclassification adjustment for write-off of foreign currency translation loss	—	318	318
Unrealized loss on investments, net of tax of \$20	(26)	—	(26)
Balance at December 31, 2015	<u>\$ (100)</u>	<u>\$ (4,726)</u>	<u>\$ (4,826)</u>

Reclassification adjustments for net gains (losses) are reported in losses on investments, net in the Consolidated Statements of Income. The reclassification adjustment for the write-off of a foreign currency translation loss relates to the liquidation of a non-U.S. subsidiary during 2015 and is reported in reorganization costs in the Consolidated Statements of Income.

Revenue Recognition

Forrester generates revenues from memberships to, and sales of, its Research, Connect and Data products, performing advisory services and consulting projects and hosting events. Forrester executes contracts that govern the terms and conditions of each arrangement. Revenues are recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, services have been provided to the customer, and collectability is reasonably assured. Revenues are presented net of any sales or value added taxes that are collected from customers and remitted to the government. Revenue contracts may include either a single product or service or a combination of multiple products and services. Revenues from contracts that contain multiple products and services are allocated among the separate units of accounting based on their relative selling prices; however, the amount recognized is limited to the amount that is not contingent on future performance conditions. The Company obtains the selling prices of its products and services based on an analysis of standalone sales of these products and services during the year or upon an analysis of the estimated selling price of products for which there are insufficient standalone sales. The majority of research services revenues, including RoleView Research, Leadership Boards and the Data subscription products, are recognized ratably over the term of the contract. Research services revenues such as reprints and the customer experience index are recognized as revenue when delivered. Advisory

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

services revenues, such as workshops, speeches and advisory days, are recognized when the customer receives the agreed upon deliverable and consulting project revenues, which are short-term in nature and based upon fixed-fee agreements, are recognized 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 revenue.

Annual subscriptions to our RoleView Research include access to all or a designated portion of our research, and depending on the type of license, membership in one or more of our Leadership Boards, unlimited phone or email analyst inquiry, unlimited participation in Forrester Webinars, and the right to attend one event. Contracts for RoleView Research and Leadership Boards are accounted for as two units of accounting: 1) the event ticket and 2) the remaining research services that are delivered throughout the contract period. Arrangement consideration is allocated to each of these elements based upon their relative selling prices, which is based on standalone sales of event tickets and the estimated selling price of the remaining research services. Annual subscriptions to our data subscription products include access to designated survey data products and access to a data advisor, which are delivered throughout the year, and are accounted for as one unit of accounting and recognized ratably as research services revenue over the membership period. Certain of the data subscription products also include advisory services and these contracts are accounted for as two units of accounting: 1) the data subscription and data advisor and 2) the advisory services. Arrangement consideration is allocated to each element based upon its relative selling price, which is determined based on standalone sales of the advisory services and the estimated selling price of the remaining data services. For all contracts entered into through January 2013, clients were offered a service guarantee, which gave them the right to cancel their contracts prior to the end of the contract term and receive a refund for unused products or services. As of February 1, 2013 the Company discontinued its policy of offering all clients a service guarantee.

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. Cash flows resulting from the tax benefits of tax deductions in excess of the compensation expense recognized for stock-based awards are classified as financing cash flows. The Company is required to estimate future forfeitures of stock-based awards for recognition of compensation expense. The Company will record additional expense if the actual forfeitures are lower than estimated and will record a recovery of prior recognized expense if the actual forfeitures are higher than estimated. The actual expense recognized over the vesting period will only be for those awards that vest. Stock-based compensation expense was recorded in the following expense categories (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Cost of services and fulfillment	\$ 4,573	\$ 4,316	\$ 3,585
Selling and marketing	1,152	1,132	1,136
General and administrative	2,622	1,996	1,330
Total	<u>\$ 8,347</u>	<u>\$ 7,444</u>	<u>\$ 6,051</u>

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:

	Years Ended December 31,					
	2015		2014		2013	
	Equity Incentive Plans	Employee Stock Purchase Plan	Equity Incentive Plans	Employee Stock Purchase Plan	Equity Incentive Plans	Employee Stock Purchase Plan
Average risk-free interest rate	1.59%	0.07%	1.69%	0.06%	0.85%	0.12%
Expected dividend yield	2.1%	1.9%	1.8%	2.0%	2.1%	1.9%
Expected life	5.0 Years	0.5 Years	5.1 Years	0.5 Years	4.9 Years	0.5 Years
Expected volatility	24%	22%	26%	24%	36%	22%
Weighted average fair value	\$ 6.15	\$ 7.19	\$ 7.91	\$ 7.32	\$ 9.21	\$ 6.02

Dividend yields are based on the initiation of a 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

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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, 2015 was \$16.2 million, with a weighted average remaining recognition period of 2.5 years.

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.

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	7 Years
Trademarks	1 Year

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 income tax 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.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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,		
	2015	2014	2013
Basic weighted average common shares outstanding	17,927	18,713	20,861
Weighted average common equivalent shares	216	294	492
Diluted weighted average common shares outstanding	18,143	19,007	21,353
Options excluded from diluted weighted average share calculation as effect would have been anti-dilutive	1,237	587	658

New Accounting Pronouncements

In May 2014 the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes all existing revenue recognition requirements, including most industry-specific guidance. The new standard requires a company to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the company expects to receive for those goods or services. The new standard will be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted for the first interim period within annual reporting periods beginning after December 31, 2016. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The Company has not yet selected a transition method; however, it has determined that it will not elect to adopt the standard early. The Company is currently evaluating the potential changes from this ASU to its future financial reporting and disclosures.

In November 2015 the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*. The new standard requires that deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position. The Company adopted this standard as of December 31, 2015 and, accordingly, all deferred tax assets and liabilities are classified as non-current in the Consolidated Balance Sheets as of December 31, 2015. For additional information, please read Note 5 Income Taxes, to these consolidated financial statements.

(2) 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).

	Products	Research	Project Consulting	Total
Balance at January 1, 2014	\$ 2,560	\$ 77,441	\$ —	\$ 80,001
Translation adjustments	(106)	(3,212)	—	(3,318)
Balance at December 31, 2014	2,454	74,229	—	76,683
Translation adjustments	(83)	(2,529)	—	(2,612)
Balance at December 31, 2015	\$ 2,371	\$ 71,700	\$ —	\$ 74,071

As of December 31, 2015, the Company had no accumulated goodwill impairment losses.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets:			
Customer relationships	\$ 32,270	\$ 29,936	\$ 2,334
Research content	3,583	3,583	—
Technology	1,507	1,507	—
Total	\$ 37,360	\$ 35,026	\$ 2,334

	December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets:			
Customer relationships	\$ 32,995	\$ 29,613	\$ 3,382
Research content	4,699	4,699	—
Technology	1,507	1,507	—
Trademarks	73	73	—
Total	\$ 39,274	\$ 35,892	\$ 3,382

Amortization expense related to intangible assets was approximately \$0.9 million, \$2.2 million and \$2.2 million during the years ended December 31, 2015, 2014 and 2013, respectively. Estimated amortization expense related to intangible assets that will continue to be amortized is as follows (in thousands):

Year ending December 31, 2016	\$ 831
Year ending December 31, 2017	781
Year ending December 31, 2018	722
Total	\$ 2,334

(3) Marketable Investments

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

	As of December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Corporate obligations	\$ 47,939	\$ —	\$ (164)	\$ 47,775

	As of December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Corporate obligations	\$ 55,005	\$ 13	\$ (133)	\$ 54,885

The following table summarizes the maturity periods of the marketable securities in the Company’s portfolio as of December 31, 2015.

	FY 2016	FY 2017	FY 2018	Total
Corporate obligations	\$ 19,305	\$ 23,490	\$ 4,980	\$ 47,775

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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, 2015			
	Less Than 12 Months		12 Months or Greater	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
Corporate obligations	\$ 45,748	\$ 158	\$ 2,027	\$ 6

	As of December 31, 2014			
	Less Than 12 Months		12 Months or Greater	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
Corporate obligations	\$ 38,175	\$ 133	\$ —	\$ —

Realized gains or losses on sales of the Company's available-for-sale securities were not significant for the years ended December 31, 2015 and 2014. During 2013 the Company sold its entire portfolio of auction rate securities (par value \$11.0 million) for a realized loss of \$1.9 million that is included in losses on investments, net in the Consolidated Statements of Income.

The following table represents the Company's fair value hierarchy for its financial assets (cash equivalents and marketable investments) measured at fair value on a recurring basis (in thousands):

	As of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Money market funds (1)	\$ 325	\$ —	\$ —	\$ 325
Corporate obligations	—	47,775	—	47,775
Total	\$ 325	\$ 47,775	\$ —	\$ 48,100

	As of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Money market funds (1)	\$ 1,794	\$ —	\$ —	\$ 1,794
Corporate obligations	—	54,885	—	54,885
Total	\$ 1,794	\$ 54,885	\$ —	\$ 56,679

(1) Included in cash and cash equivalents.

Level 2 assets consist of the Company's entire portfolio of corporate bonds. 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.

(4) Non-Marketable Investments

At December 31, 2015 and 2014, the carrying value of the Company's non-marketable investments, which were composed primarily of interests in technology-related private equity funds, were \$3.6 million and \$3.8 million, respectively, and are included in other assets in the Consolidated Balance Sheets.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

One of the Company's investments, with a book value of \$0.4 million and \$0.7 million at December 31, 2015 and 2014, respectively, is being accounted for using the cost method and, accordingly, is valued at cost unless an other-than-temporary impairment in its value occurs. The other 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. During the years ended December 31, 2014 and 2013, the Company recorded losses from its non-marketable investments of \$(0.3) million and \$(0.6) million, respectively, which are included in losses on investments, net in the Consolidated Statements of Income. During the year ended December 31, 2015 losses from non-marketable investments were insignificant. During the years ended December 31, 2015, 2014 and 2013, gross distributions of \$0.1 million, \$1.5 million and \$0.4 million, respectively, were received from the funds.

(5) Income Taxes

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

	Years Ended December 31,		
	2015	2014	2013
Domestic	\$ 11,347	\$ 12,939	\$ 13,557
Foreign	7,973	5,450	6,435
Total	<u>\$ 19,320</u>	<u>\$ 18,389</u>	<u>\$ 19,992</u>

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

	Years Ended December 31,		
	2015	2014	2013
Current:			
Federal	\$ 5,103	\$ 11,644	\$ 8,286
State	1,252	2,239	1,624
Foreign	1,954	1,167	1,587
Total current	<u>8,309</u>	<u>15,050</u>	<u>11,497</u>
Deferred:			
Federal	(723)	(6,470)	(3,935)
State	(232)	(1,095)	(562)
Foreign	(30)	39	(32)
Total deferred	<u>(985)</u>	<u>(7,526)</u>	<u>(4,529)</u>
Income tax provision	<u>\$ 7,324</u>	<u>\$ 7,524</u>	<u>\$ 6,968</u>

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

	Years Ended December 31,		
	2015	2014	2013
Income tax provision at federal statutory rate	35.0%	35.0%	35.0%
Increase (decrease) in tax resulting from:			
State tax provision, net of federal benefit	4.0	4.2	3.4
Foreign tax rate differential	(2.7)	(3.2)	(4.9)
Stock option compensation deduction	2.5	2.6	2.0
Non-deductible expenses	1.7	1.1	2.4
Change in valuation allowance	(0.7)	(1.0)	0.5
Change in tax legislation	(3.1)	—	—
Foreign tax credits	—	—	(3.7)
Out-of-period adjustment	—	2.5	—
Other, net	1.2	(0.3)	0.2
Effective tax rate	<u>37.9%</u>	<u>40.9%</u>	<u>34.9%</u>

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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. We have reviewed this case and concluded that recording a tax benefit of \$0.6 million during 2015, representing the benefit of adjusting our cost-sharing agreement for the years of 2012 through 2014, was appropriate based on the opinion in the case. This benefit is included in the change in tax legislation line in the table above. We will continue to monitor ongoing developments and potential impacts to our consolidated financial statements.

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

	As of December 31,	
	2015	2014
Non-deductible reserves and accruals	\$ 9,795	\$ 10,164
Net operating loss and other carryforwards	7,862	9,070
Stock compensation	5,900	5,086
Depreciation and amortization	813	—
Other assets	490	838
Gross deferred tax asset	24,860	25,158
Less - valuation allowance	(1,534)	(1,565)
Sub-total	23,326	23,593
Depreciation and amortization	—	(799)
Goodwill amortization	(5,097)	(5,224)
Deferred commissions	(5,344)	(5,399)
Net deferred tax asset	\$ 12,885	\$ 12,171

In November 2015 the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*. This standard requires all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. Each tax jurisdiction will now only have one net noncurrent deferred tax asset or liability. The Company adopted the new standard as of December 31, 2015. Deferred tax assets and liabilities for all years prior to 2015 continue to be classified under the prior standard that required net deferred taxes to be classified as either current and noncurrent based on the guidelines in the prior standard. Long-term net deferred tax assets were \$13.1 million as of December 31, 2015 and are included in other assets in the Consolidated Balance Sheets. Long-term net deferred tax liabilities were \$0.2 million as of December 31, 2015 and are included in non-current liabilities in the Consolidated Balance Sheets. Current net deferred tax assets and net long-term deferred tax assets were \$4.6 million and \$7.9 million, respectively, as of December 31, 2014 and are included in prepaid and other current assets and other assets, respectively, in the Consolidated Balance Sheets. Current net deferred tax liabilities and net long-term deferred tax liabilities were \$0.2 million and \$0.1 million as of December 31, 2014 and are included in other current liabilities and non-current liabilities, respectively, 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, 2015 and 2014, the Company maintained a valuation allowance of approximately \$1.5 million and \$1.6 million, respectively, primarily relating to foreign net operating loss carryforwards from an acquisition and U.S. capital losses.

As of December 31, 2015, the Company had U.S. federal net operating loss carryforwards of approximately \$3.0 million obtained from acquired businesses. These carryforwards are limited pursuant to section 382 of the Internal Revenue Code due to changes in ownership as a result of the acquisitions. If unused, these carryforwards would expire in 2020.

The Company also has foreign net operating loss carryforwards of approximately \$22.1 million, which can be carried forward indefinitely. Approximately \$4.4 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.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of December 31, 2015, the Company had U.S. federal and state capital loss carryforwards of \$1.1 million, of which \$0.7 million expires in 2016 and \$0.4 million expires in 2018.

The following table provides a summary of the changes in the deferred tax valuation allowance for the years ended December 31, 2015, 2014 and 2013 (in thousands):

	2015	2014	2013
Deferred tax valuation allowance at January 1	\$ 1,565	\$ 2,200	\$ 2,086
Additions	150	17	801
Deductions	(134)	(574)	(712)
Translation adjustments	(47)	(78)	25
Deferred tax valuation allowance at December 31	<u>\$ 1,534</u>	<u>\$ 1,565</u>	<u>\$ 2,200</u>

During the years ended December 31, 2015 and 2013, the Company recognized approximately \$0.2 million and \$0.3 million, respectively, of net tax deficiencies from tax deductions less than book deductions resulting from employee stock option exercises. Net tax benefits were insignificant for the year ended December 31, 2014. The net tax deficiencies were recorded as a decrease to additional paid-in-capital. Excess tax benefits from share-based payments are recognized in the year that the deduction reduces the amount of cash payable for taxes.

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately \$18.9 million as of December 31, 2015. The Company has not provided any additional federal or state income taxes or foreign withholding taxes on the undistributed earnings as such earnings have been indefinitely reinvested in the business. Due to the various methods by which such earnings could be repatriated in the future, the amount of taxes attributable to the undistributed earnings is not practicably determinable.

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, 2015, 2014 and 2013 (in thousands):

	2015	2014	2013
Unrecognized tax benefits at January 1	\$ 2,136	\$ 2,012	\$ 1,844
Additions for tax positions of prior years	36	6	414
Reductions for tax positions of prior years	—	—	(256)
Additions for tax positions of current year	46	121	19
Settlements	(303)	—	—
Lapse of statute of limitations	—	—	—
Translation adjustments	(5)	(3)	(9)
Unrecognized tax benefits at December 31	<u>\$ 1,910</u>	<u>\$ 2,136</u>	<u>\$ 2,012</u>

As of December 31, 2015, the total amount of unrecognized tax benefits totaled approximately \$1.9 million, all of which if recognized, would decrease our effective tax rate in a future period. It is not expected that a significant amount of unrecognized tax benefits would be recognized within the next 12 months.

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, 2015, 2014 and 2013. At December 31, 2015 and 2014, the Company had \$0.2 million and \$0.2 million, respectively, 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 2009, 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. During 2014 the Internal Revenue Service completed the audit of the Company's 2011 consolidated Federal income tax return and there were no material adjustments. The Company is currently under audit by the Internal Revenue Service for the Company's amended 2010 consolidated Federal income tax return and anticipates that the audit will be completed by mid-year 2016. In addition, the Company recently received notification from a state challenging approximately \$0.8 million of tax benefits recorded during 2015 and prior years. As of December 31, 2015, there is no reserve recorded.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(6) Commitments

As of December 31, 2015, Forrester had future contractual obligations as follows for operating leases (in thousands):

2016	\$ 10,461
2017	10,655
2018	10,544
2019	10,343
2020	9,943
Thereafter	44,529
Total minimum lease payments	<u>\$ 96,475</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 \$16.0 million, \$15.9 million and \$15.3 million for the years ended December 31, 2015, 2014, and 2013, respectively.

(7) 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 2015, Forrester's Board of Directors has authorized an aggregate \$460.0 million to purchase common stock under its stock repurchase program including \$25.0 million authorized in each of February and July 2015. The shares repurchased may be used, among other things, in connection with Forrester's equity incentive and purchase plans. As of December 31, 2015 the Company had repurchased approximately 15.0 million shares of common stock at an aggregate cost of \$423.1 million.

On April 3, 2013 the Company commenced a "modified Dutch auction" self-tender offer to repurchase up to \$130 million of its common stock at a price per share within the range of \$32.00 to \$36.00. A "modified Dutch auction" self-tender offer allows stockholders to indicate how many shares and at what price within the company's specified range (in increments of \$0.25 per share) they wish to tender. When the tender offer expired, based upon the number of shares tendered and the prices specified by the tendering stockholders, the Company determined the purchase price, which was the lowest price per share within the range that enabled the Company to purchase up to \$130 million of its common stock. The tender offer expired on May 1, 2013 and the Company purchased 2,054,732 shares of its common stock on May 7, 2013 at a purchase price of \$36.00 per share for an aggregate purchase price of \$74.0 million, plus approximately \$1.1 million of expenses related to the tender offer.

For the year ended December 31, 2013, the Company retired 11.7 million shares of treasury stock. These retired shares are now included in the Company's pool of authorized but unissued shares. The retired stock had a carrying value of approximately \$303.0 million. The Company's accounting policy upon the formal retirement of treasury stock is to deduct the par value of the retired stock from Common Stock and to reflect the excess of cost over par value as a deduction from Additional Paid-in Capital.

Dividends

During the years ended December 31, 2015, 2014 and 2013, the Company declared and paid four quarterly dividends of \$0.17, \$0.16 and \$0.15 per share each quarter, respectively, amounting to \$0.68 per share or \$12.2 million, \$0.64 per share or \$12.0 million and \$0.60 per share or \$12.4 million, respectively.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Equity Plans

Forrester maintains the following four equity incentive plans: the Amended and Restated 2006 Equity Incentive Plan (the “2006 Plan”), the Amended and Restated 1996 Equity Incentive Plan (the “1996 Plan”), the 2006 Stock Option Plan for Directors, as amended (the “2006 Directors’ Plan”) and the 1996 Stock Option Plan for Non-Employee Directors (the “1996 Directors’ Plan”). Upon approval of the 2006 Plan and the 2006 Directors’ Plan by stockholders, no future awards under the 1996 Plan and 1996 Directors’ Plan could be granted or issued. In addition, 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. The 2006 Plan expires in May 2016.

The 2006 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 4,350,000 shares authorized in the 2006 Plan, 80,000 shares returned from the 2006 Directors’ Plan and up to 2,500,000 shares returned from the 1996 Plan. Under the terms of the 2006 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. Options and RSUs granted under the 2006 Plan immediately vest upon certain events, as described in the 2006 Plan. As of December 31, 2015, approximately 0.8 million shares were available for future grant of awards under the 2006 Plan.

The 1996 Plan provided for the issuance of stock-based awards, including ISOs and NSOs, to purchase up to 13,500,000 shares of common stock. Under the terms of the 1996 Plan, ISOs were not granted at less than fair market value on the date of grant (and in no event less than par value). ISO grants to holders of 10% of the combined voting power of all classes of Forrester stock were required to be granted at an exercise price not less than 110% of the fair market value at the date of grant. Options generally vested ratably over two to four years and expire after 10 years and were sometimes subject to performance conditions in addition to the passage of time. At December 31, 2015, an aggregate of 8,500 options previously granted under the 1996 Plan remain outstanding and are fully vested.

The 2006 Directors’ Plan provided for the issuance of options to purchase up to 450,000 shares of common stock. Prior to the 2012 annual stockholders meeting when the 2006 Directors’ Plan was terminated, each non-employee director who became a director between annual meetings of stockholders was entitled to receive an option to purchase 6,000 shares of common stock and, following each annual meeting of stockholders, each non-employee director was entitled to receive an option to purchase a specified number of shares of common stock, in all cases at an exercise price equal to the fair market value on the date of grant. Prior to 2011, the annual grant was an option for 12,500 shares of common stock and, in 2011, an option for 12,000 shares of common stock. These options vest in four equal annual installments, with the first installment vested on the date of grant in the case of a new director award or upon the anniversary of the applicable annual meeting of stockholders. As of December 31, 2015, approximately 0.2 million options remain outstanding and are fully vested under the 2006 Directors’ Plan.

Options issued under the 1996 Directors’ Plan were granted at an exercise price equal to the fair market value of the common stock at the time of grant, each year immediately following Forrester’s annual stockholders’ meeting. These options vested in four equal installments on the first, second, third, and fourth anniversaries of the date of grant. At December 31, 2015, an aggregate of 12,500 options previously granted under the 1996 Directors’ Plan remain outstanding and are fully vested.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock Options

Stock option activity for the year ended December 31, 2015 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, 2014	1,954	\$ 33.81		
Granted	462	33.70		
Exercised	(67)	28.76		
Forfeited	(178)	35.01		
Outstanding at December 31, 2015	<u>2,171</u>	<u>\$ 33.84</u>	<u>6.78</u>	<u>\$ 701</u>
Exercisable at December 31, 2015	<u>1,101</u>	<u>\$ 32.30</u>	<u>4.99</u>	<u>\$ 673</u>
Vested and expected to vest at December 31, 2015	<u>2,059</u>	<u>\$ 33.76</u>	<u>6.66</u>	<u>\$ 699</u>

The total intrinsic value of options exercised during 2015, 2014 and 2013 was \$0.4 million, \$2.3 million and \$6.1 million, respectively.

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 2015, 2014 and 2013 was \$31.50, \$36.67 and \$34.58, 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 \$4.6 million, \$3.5 million and \$2.4 million during 2015, 2014 and 2013, respectively.

RSU activity for the year ended December 31, 2015 is presented below (in thousands, except per share data):

	Number of Shares	Weighted- Average Grant Date Fair Value
Unvested at December 31, 2014	433	\$ 35.64
Granted	258	31.50
Vested	(134)	35.30
Forfeited	(53)	35.12
Unvested at December 31, 2015	<u>504</u>	<u>\$ 33.67</u>

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Employee Stock Purchase Plan

The Amended and Restated Employee Stock Purchase Plan (the “Stock Purchase Plan”) provides for the issuance of up to 0.7 million shares of common stock and as of December 31, 2015 approximately 0.2 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 generally 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, 2015	25	\$ 31.98
August 31, 2015	25	\$ 26.87
February 28, 2014	23	\$ 27.83
August 31, 2014	21	\$ 30.55

(8) 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 \$4.1 million, \$4.0 million and \$3.6 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(9) Reorganization

In the first quarter of 2015, the Company implemented a reduction in its workforce of approximately 4% of its employees across various geographies and functions, in order to reallocate investment in 2015 to planned sales expansion and to delivery areas seeing the greatest client demand. The Company recorded \$3.2 million of severance and related costs for this action. In addition, the Company incurred an additional \$0.3 million charge related to the action primarily for a non-cash charge for the liquidation of a small non-U.S. subsidiary.

In the third quarter of 2015 the Company implemented a reorganization of its Products Group and incurred \$0.7 million of severance and related benefits for the termination of the chief product officer and related administrative staff and the termination of a senior product leader with the intent to relocate this position to the U.S. The responsibilities of the former chief product officer have been assumed by the Company’s chief research officer. In addition, as a result of the change in leadership in the Products Group, the Company incurred \$0.2 million of expense to write off a software development project that was no longer deemed probable to be completed.

Approximately \$0.5 million of the severance and related benefit costs incurred during 2015 are expected to be paid in 2016.

During the year ended December 31, 2014 the Company terminated approximately 1% of its employees across various geographies and functions primarily to realign resources due to the Company’s new organizational structure implemented in late 2013. The Company incurred \$1.8 million of severance and related costs for this action.

During the year ended December 31, 2013 the Company incurred \$1.9 million of severance and related costs for the elimination of 31 jobs or approximately 2.5% of its workforce worldwide to streamline operations.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The activity related to the reorganization accrual during the years ended December 31, 2015 and 2014 is as follows (in thousands):

	Workforce Reduction	Subsidiary Liquidation	Products Group Reorganization	Total
Accrual at December 31, 2013	\$ 121	\$ —	\$ —	\$ 121
Additions	1,817	—	—	1,817
Cash payments	(1,820)	—	—	(1,820)
Accrual at December 31, 2014	118	—	—	118
Additions	3,173	334	926	4,433
Cash payments	(3,250)	(9)	(336)	(3,595)
Non-cash charge	—	(318)	(157)	(475)
Accrual at December 31, 2015	<u>\$ 41</u>	<u>\$ 7</u>	<u>\$ 433</u>	<u>\$ 481</u>

(10) Operating Segment and Enterprise Wide Reporting

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 the Company's Research and Connect products. In addition, the research personnel deliver advisory services (such as workshops, speeches and advisory days) and a portion of the Company's 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. During 2013, the Company began to transition the delivery of project consulting to a dedicated project consulting organization. The transition was essentially complete at the end of 2014 such that the vast majority of project consulting has been and will continue to be delivered by the project consulting organization in 2015 and beyond.

The Product segment includes the costs of the product management organization that is responsible for product pricing and packaging and the launch of new products. In addition, this segment includes the costs of the Company's Data, Connect and Events organizations. Revenue in this segment includes all revenue for the Company (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 Project Consulting segment includes the costs of the consultants that deliver the Company's project consulting services. During 2013 the Company began to hire dedicated consultants to transition the delivery of project consulting services from research personnel (included in the Research segment) to the new Project Consulting segment. 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, reorganization costs, other income and 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.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2015				
Research services revenues	\$ 210,268	\$ —	\$ —	\$ 210,268
Advisory services and events revenues	17,512	42,997	42,949	103,458
Total segment revenues	227,780	42,997	42,949	313,726
Segment expenses	38,615	51,510	27,320	117,445
Contribution margin (loss)	189,165	(8,513)	15,629	196,281
Selling, marketing, administrative and other expenses				(172,130)
Amortization of intangible assets				(891)
Reorganization costs				(4,433)
Other income and losses on investments				493
Income before income taxes				<u>\$ 19,320</u>

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2014				
Research services revenues	\$ 207,517	\$ —	\$ —	\$ 207,517
Advisory services and events revenues	20,759	48,658	35,128	104,545
Total segment revenues	228,276	48,658	35,128	312,062
Segment expenses	39,466	53,307	27,236	120,009
Contribution margin (loss)	188,810	(4,649)	7,892	192,053
Selling, marketing, administrative and other expenses				(169,852)
Amortization of intangible assets				(2,171)
Reorganization costs				(1,817)
Other income and losses on investments				176
Income before income taxes				<u>\$ 18,389</u>

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2013				
Research services revenues	\$ 202,843	\$ —	\$ —	\$ 202,843
Advisory services and events revenues	19,376	57,865	17,566	94,807
Total segment revenues	222,219	57,865	17,566	297,650
Segment expenses	36,384	58,685	15,700	110,769
Contribution margin (loss)	185,835	(820)	1,866	186,881
Selling, marketing, administrative and other expenses				(160,913)
Amortization of intangible assets				(2,230)
Reorganization costs				(1,905)
Other income and losses on investments				(1,841)
Income before income taxes				<u>\$ 19,992</u>

Net long-lived tangible assets by location as of December 31, 2015 and 2014 are as follows (in thousands):

	2015	2014
United States	\$ 24,914	\$ 28,558
United Kingdom	1,176	1,625
Europe (excluding United Kingdom)	381	329
Other	1,098	1,662
Total	<u>\$ 27,569</u>	<u>\$ 32,174</u>

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net revenues by geographic destination and as a percentage of total revenues for the years ended December 31, 2015, 2014, and 2013 are as follows (in thousands):

	2015	2014	2013
United States	\$ 241,025	\$ 232,440	\$ 218,900
Europe (excluding United Kingdom)	24,607	30,257	30,956
United Kingdom	16,815	16,804	16,293
Canada	14,424	17,089	16,995
Other	16,855	15,472	14,506
Total	<u>\$ 313,726</u>	<u>\$ 312,062</u>	<u>\$ 297,650</u>

	2015	2014	2013
United States	77%	74%	74%
Europe (excluding United Kingdom)	8%	10%	10%
United Kingdom	5%	5%	5%
Canada	5%	6%	6%
Other	5%	5%	5%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

(11) Certain Balance Sheet Accounts

Property and Equipment:

Property and equipment as of December 31, 2015 and 2014 is recorded at cost less accumulated depreciation and consists of the following (in thousands):

	2015	2014
Computers and equipment	\$ 18,177	\$ 17,785
Computer software	23,899	22,399
Furniture and fixtures	8,527	8,627
Leasehold improvements	25,560	25,815
Total property and equipment	76,163	74,626
Less accumulated depreciation	48,594	42,452
Total	<u>\$ 27,569</u>	<u>\$ 32,174</u>

Accrued Expenses and Other Current Liabilities:

Accrued expenses and other current liabilities as of December 31, 2015 and 2014 consist of the following (in thousands):

	2015	2014
Payroll and related benefits	\$ 29,902	\$ 24,038
Taxes	2,564	2,050
Other	8,786	10,129
Total	<u>\$ 41,252</u>	<u>\$ 36,217</u>

Non-current Liabilities

Non-current liabilities as of December 31, 2015 and 2014 consist of the following (in thousands):

	2015	2014
Deferred tax liability	\$ 204	\$ 97
Deferred rent	6,436	6,501
Other	2,596	2,810
Total	<u>\$ 9,236</u>	<u>\$ 9,408</u>

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Allowance for Doubtful Accounts:

A roll-forward of the allowance for doubtful accounts as of and for the years ended December 31, 2015, 2014, and 2013 is as follows (in thousands):

	2015	2014	2013
Balance, beginning of year	\$ 188	\$ 254	\$ 404
Provision for doubtful accounts	106	320	189
Write-offs	(141)	(386)	(339)
Balance, end of year	<u>\$ 153</u>	<u>\$ 188</u>	<u>\$ 254</u>

(12) Summary Selected Quarterly Financial Data (unaudited)

The following is a summary of selected unaudited consolidated quarterly financial data for the years ended December 31, 2015 and 2014 (in thousands, except per share data):

	Three Months Ended			
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Total revenues	\$ 75,187	\$ 82,811	\$ 74,753	\$ 80,975
Income from operations	\$ (715)	\$ 10,093	\$ 5,341	\$ 4,108
Net income (loss)	\$ (224)	\$ 5,750	\$ 4,450	\$ 2,020
Basic income (loss) per common share	\$ (0.01)	\$ 0.32	\$ 0.25	\$ 0.11
Diluted income (loss) per common share	\$ (0.01)	\$ 0.31	\$ 0.25	\$ 0.11

	Three Months Ended			
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Total revenues	\$ 73,071	\$ 82,947	\$ 75,363	\$ 80,681
Income from operations	\$ 20	\$ 7,080	\$ 4,925	\$ 6,188
Net income	\$ (66)	\$ 4,289	\$ 3,043	\$ 3,599
Basic income per common share	\$ —	\$ 0.23	\$ 0.17	\$ 0.20
Diluted income per common share	\$ —	\$ 0.23	\$ 0.16	\$ 0.19

(13) Subsequent Event

In March 2016 the Company implemented a reduction in its workforce of approximately 2% across various geographies and functions. The Company expects to incur pre-tax expenses of \$1.0 million to \$1.2 million in the first and second quarters of 2016 related principally to severance and related benefit costs for terminated employees. All costs under this plan are expected to be paid during 2016.

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, 2015.

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, 2015. 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, 2015, 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, 2015 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, as stated in their report, which appears on page F-1 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, 2015 which has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

The Company has determined to reduce its workforce by approximately 2% across various geographies and functions. Notification to affected persons commenced March 8, 2016 and is expected to be completed by March 31, 2016. The Company expects to incur pre-tax expenses of \$1.0 million to \$1.2 million in the first and second quarters of 2016 related principally to severance and related benefit costs for terminated employees.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Executive Officers

The following table sets forth information about our executive officers as of March 7, 2016.

Name	Age	Position
George F. Colony	62	Chairman of the Board, Chief Executive Officer
Clifford Condon	52	Chief Research and Product Officer
Michael A. Doyle	60	Chief Financial Officer and Treasurer
Gail S. Mann, Esq.	64	Chief Legal Officer and Secretary
Victor Milligan	52	Chief Marketing Officer
Michael Morhardt	52	Chief Sales Officer
Steven Peltzman	47	Chief Business Technology Officer
Lucia Luce Quinn	62	Chief People 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.

Clifford Condon became Forrester's Chief Research and Product Officer in August 2015. Previously, he served as Chief Research Officer from October 2013 until assuming his current role and as Vice President, Events, responsible for Forrester's global events business from August 2012 to September 2013, Vice President, Research Strategy and Innovation from January 2010 to July 2012, and Vice President, Marketing and Strategy Research from 2007-2009. Mr. Condon joined Forrester in 1997.

Michael A. Doyle began serving as the Company's Chief Financial Officer and Treasurer in September 2007. 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.

Gail S. Mann, Esq. became Forrester's Chief Legal Officer and Secretary in February 2004. Ms. Mann previously was of counsel to the law firm of Morse, Barnes-Brown & Pendleton, P.C. from 2002 until joining Forrester. Prior to 2002 Ms. Mann was Vice President and Associate General Counsel of Harcourt General, Inc., a global multimedia publishing company, and its affiliate, The Neiman Marcus Group, a high-end specialty retailer, from 1999-2001, and Vice President and Assistant General Counsel of Digital Equipment Corporation from 1994 to 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.

Michael Morhardt became Forrester's Chief Sales Officer in November 2012. From 2010 until joining our Company, he was Managing Director-Sales at Gerson Lehrman Group, and previously he served in various sales leadership roles at Gartner, Inc., most recently as Group Vice President Worldwide Event Sales and Group Vice President Americas Field Sales.

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.

Lucia Luce Quinn became Forrester's Chief People Officer in June 2013. Prior to joining Forrester, from August 2012 to May 2013 Ms. Quinn consulted with the Center for Higher Ambition Leadership. From 2010 until 2012, she was the Senior Vice President, Human Resources and Corporate Affairs for ConvaTec, a private equity spin-off from Bristol-Meyers Squibb, and from 2005-2009 she served as Executive Vice President, Global Human Resources at Boston Scientific Corporation. Ms. Quinn previously held senior management positions at Quest Diagnostics, Honeywell International, and Digital Equipment Corporation.

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.

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 . 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 .

The remainder of the response to this item is contained in our Proxy Statement for our 2016 Annual Meeting of Stockholders (the “2016 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 2016 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 2016 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, 2015, the number of options issued under our equity incentive plans and the number of shares available for future issuance under these plans:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Price of Outstanding options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)(1))
Equity compensation plans approved by stockholders	2,674,990(1)	\$ 33.84	996,510(2)
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
Total	<u>2,674,990</u>	<u>\$ 33.84</u>	<u>996,510</u>

- (1) Includes 504,287 restricted stock units that are not included in the calculation of the weighted average exercise price.
- (2) Includes, as of December 31, 2015, 773,407 shares available for issuance under our Amended and Restated 2006 Equity Incentive Plan and 223,103 shares that are available for issuance under our Amended and Restated Employee Stock Purchase Plan.

The shares available under our Amended and Restated 2006 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 2016 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 2016 Proxy Statement under the caption “Independent Auditors’ Fees and Other Matters” and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

a. Financial Statements. See Index on page 28.

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 33 hereof.

EXHIBIT INDEX

Exhibit No.	Description
3.1(2)	Restated Certificate of Incorporation of Forrester Research, Inc.
3.2(3)	Certificate of Amendment of the Certificate of Incorporation of Forrester Research, Inc.
3.3(14)	Amended and Restated By-Laws of Forrester Research, Inc.
4(2)	Specimen Certificate for Shares of Common Stock, \$.01 par value, of Forrester Research, Inc.
10.1+(16)	Registration Rights and Non-Competition Agreement
10.2+(5)	1996 Amended and Restated Equity Incentive Plan, as amended
10.3+(22)	Amended and Restated Employee Stock Purchase Plan
10.4+(6)	1996 Amended and Restated Stock Option Plan for Non-Employee Directors
10.5+(23)	Amended and Restated 2006 Equity Incentive Plan
10.6+(19)	Stock Option Plan for Directors, as amended
10.7+(8)	Form of Stock Option Certificate (1996 Amended and Restated Equity Incentive Plan)
10.8+(9)	Form of Performance-Based Option Certificate (1996 Amended and Restated Equity Incentive Plan)
10.9+(10)	Form of Director's Option Certificate (1996 Amended and Restated Stock Option Plan for Non-Employee Directors)
10.10+(11)	Form of Incentive Stock Option Certificate (2006 Equity Incentive Plan)
10.11+(11)	Form of Non-Qualified Stock Option Certificate (2006 Equity Incentive Plan)
10.12+(12)	Form of Performance-Based Option Certificate (2006 Equity Incentive Plan)
10.13+(17)	Form of Performance-Based Restricted Stock Unit Award Agreement (2006 Equity Incentive Plan)
10.14+(12)	Form of Director's Option Certificate (2006 Stock Option Plan for Directors)
10.15+(14)	Form of Restricted Stock Unit Award Agreement (Amended and Restated 2006 Equity Incentive Plan)
10.16+(13)	Form of Restricted Stock Unit Award Agreement for Directors (Amended and Restated 2006 Equity Incentive Plan)
10.17+(25)	Form of Stock Option Certificate with Non-Solicitation Covenant (Amended and Restated 2006 Equity Incentive Plan)
10.18+(25)	Form of Stock Option Certificate with Non-Solicitation and Non-Competition Covenant (Amended and Restated 2006 Equity Incentive Plan)
10.19+(25)	Form of Restricted Stock Unit Award Agreement with Non-Solicitation Covenant (Amended and Restated 2006 Equity Incentive Plan)
10.20+(25)	Form of Restricted Stock Unit Award Agreement with Non-Solicitation and Non-Competition Covenant (Amended and Restated 2006 Equity Incentive Plan)
10.21+(18)	Amended and Restated Executive Cash Incentive Plan
10.22+(12)	Employment Offer Letter from Company to Michael A. Doyle dated July 24, 2007
10.23+(24)	Amended and Restated Employment Agreement between Forrester Research B.V. and Dennis van Lingen effective as of October 1, 2013
10.24+(7)	Settlement Agreement between Forrester Research B.V. and Dennis van Lingen dated September 29, 2015
10.25+(26)	Employment Offer Letter from the Company to Michael Morhardt dated October 5, 2012
10.26+(27)	Forrester Research, Inc. Executive Severance Plan

10.27(20)	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
10.28(21)	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
10.29(20)	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
10.30(22)	Second Amendment of Lease dated as of February 8, 2012 by 200 Discovery Park, LLC and the Company
10.31(24)	Underlease dated July 15, 2010 among Covington & Burling LLP, Forrester Research Limited, and the Company
10.32(24)	Agreement of Lease dated as of April 30, 2010 between RFL 160 Fifth LLC and the Company
10.33(24)	Office Lease dated November 24, 2010 between 150 Spear Street, LLC and the Company
10.34(24)	First Amendment to Office Lease dated as of August 2012 between 150 Spear Street, LLC and the Company
10.35 (7)	Second Amendment to Office Lease dated as of September 25, 2015 between 150 Spear Street, LLC and the Company.
21(1)	Subsidiaries of the Registrant
23.1(1)	Consent of PricewaterhouseCoopers LLP
31.1(1)	Certification of the Principal Executive Officer
31.2(1)	Certification of the Principal Financial Officer
32.1(1)	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2(1)	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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

+ Denotes management contract or compensation arrangements.

- (1) Filed herewith.
- (2) Filed as an Exhibit to Forrester's Registration Statement on Form S-1A filed on November 5, 1996 (File No. 333-12761) and incorporated herein by reference.
- (3) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 000-21433) and incorporated herein by reference.
- (4) Intentionally omitted.
- (5) Filed as an Exhibit to Forrester's Annual Report on 10-K for the year ended December 31, 2004 (File No. 000-21433) and incorporated herein by reference.
- (6) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2002 (File No. 000-21433) and incorporated herein by reference.
- (7) Filed as an exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 (File No. 000-21433).

- (8) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 000-21433) and incorporated herein by reference.
- (9) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 000-21433) and incorporated herein by reference.
- (10) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 000-21433) and incorporated herein by reference.
- (11) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 000-21433) and incorporated herein by reference.
- (12) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 000-21433) and incorporated herein by reference.
- (13) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 000-21433) and incorporated herein by reference.
- (14) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 000-21433) and incorporated herein by reference.
- (15) Intentionally omitted.
- (16) Filed as an Exhibit to Forrester's Registration Statement on Form S-1 filed on September 26, 1996 (File No. 333-12761) and incorporated herein by reference.
- (17) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (File No. 000-21433) and incorporated herein by reference.
- (18) Filed as an Exhibit to Forrester's Current Report on Form 8-K filed on March 22, 2013 (File No. 000-21433) and incorporated herein by reference.
- (19) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No. 000-21433) and incorporated herein by reference.
- (20) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (File No. 000-21433) and incorporated herein by reference.
- (21) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 000-21433) and incorporated herein by reference.
- (22) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-21433) and incorporated herein by reference.
- (23) Filed as an Exhibit to Forrester's Proxy Statement on Schedule 14A filed March 26, 2012 (File No. 000-21433) and incorporated herein by reference.
- (24) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 000-21433) and incorporated herein by reference.
- (25) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 (File No. 000-21433) and incorporated herein by reference.
- (26) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (File No. 000-21433) and incorporated herein by reference.
- (27) Filed as an Exhibit to Forrester's Current Report on Form 8-K filed on May 5, 2014 (File No. 000-21433) and incorporated herein by reference.

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 11, 2016

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 11, 2016
<u>/s/ MICHAEL A. DOYLE</u> Michael A. Doyle	Chief Financial Officer (Principal Financial Officer)	March 11, 2016
<u>/s/ SCOTT R. CHOUINARD</u> Scott R. Chouinard	Chief Accounting Officer (Principal Accounting Officer)	March 11, 2016
<u>/s/ HENK W. BROEDERS</u> Henk W. Broeders	Member of the Board of Directors	March 11, 2016
<u>/s/ ROBERT M. GALFORD</u> Robert M. Galford	Member of the Board of Directors	March 11, 2016
<u>/s/ GEORGE R. HORNIG</u> George R. Hornig	Member of the Board of Directors	March 11, 2016
<u>/s/ GRETCHEN TEICHGRAEBER</u> Gretchen Teichgraeber	Member of the Board of Directors	March 11, 2016
<u>/s/ MICHAEL H. WELLES</u> Michael H. Welles	Member of the Board of Directors	March 11, 2016

Notice Of 2016 Annual Meeting Of Stockholders
And Proxy Statement

Forrester Research, Inc.
60 Acorn Park Drive
Cambridge, Massachusetts 02140

George F. Colony
Chairman of the Board
and Chief Executive Officer

April 4, 2016

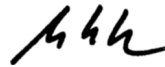
To Our Stockholders:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders of Forrester Research, Inc., which will be held on Tuesday, May 17, 2016, at the offices of the Company, 60 Acorn Park Drive, Cambridge, Massachusetts at 10:00 a.m. (local time).

On the following pages, you will find the formal notice of the Annual Meeting and our proxy statement. At the Annual Meeting you are being asked to elect two Class II Directors, to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016, to approve by non-binding vote our executive compensation, and to approve an amendment and restatement of our 2006 Equity Incentive Plan.

We hope that many of you will be able to attend in person. I look forward to seeing you there.

Sincerely yours,



GEORGE F. COLONY
Chairman of the Board
and Chief Executive Officer

Forrester Research, Inc.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 17, 2016

Notice is hereby given that the 2016 Annual Meeting of Stockholders of Forrester Research, Inc. will be held at the offices of the Company, 60 Acorn Park Drive, Cambridge, Massachusetts at 10:00 a.m. (local time) on Tuesday, May 17, 2016 for the following purposes:

1. To elect the two Class II directors named in the accompanying proxy statement to serve until the 2019 Annual Meeting of Stockholders;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
3. To approve by non-binding vote our executive compensation; and
4. To approve an amendment and restatement of the Forrester Research, Inc. 2006 Equity Incentive Plan.

The foregoing items of business are more fully described in the proxy statement accompanying this notice.

Stockholders of record at the close of business on April 1, 2016 are entitled to notice of and to vote at the meeting. A list of stockholders entitled to vote at the meeting will be open to examination by stockholders at the meeting and during normal business hours from May 6, 2016 to the date of the meeting at our offices, located at 60 Acorn Park Drive, Cambridge, Massachusetts 02140.

If you are unable to be present personally, please vote your shares as provided in this proxy statement.

By Order of the Board of Directors



GAIL S. MANN
Secretary

Cambridge, Massachusetts
April 4, 2016

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING. PLEASE VOTE YOUR SHARES OVER THE INTERNET OR BY TELEPHONE IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH ON THE PROXY CARD, OR COMPLETE, SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON.

FORRESTER RESEARCH, INC.

Annual Meeting of Stockholders May 17, 2016 PROXY STATEMENT

The Board of Directors of Forrester Research, Inc., a Delaware corporation, is soliciting proxies from our stockholders. The proxy will be used at our 2016 Annual Meeting of Stockholders and at any adjournments thereof. You are invited to attend the meeting to be held at 10:00 a.m. (local time) on Tuesday, May 17, 2016 at the offices of the Company, 60 Acorn Park Drive, Cambridge, Massachusetts. This proxy statement was first made available to stockholders on or about April 4, 2016.

This proxy statement contains important information regarding our annual meeting. Specifically, it identifies the proposals upon which you are being asked to vote, provides information that you may find useful in determining how to vote and describes voting procedures.

We use several abbreviations in this proxy statement. We call our Board of Directors the “Board”, refer to our fiscal year which began on January 1, 2015 and ended on December 31, 2015 as “fiscal 2015,” and refer to our fiscal year ending December 31, 2016 as “fiscal 2016”. We also refer to ourselves as “Forrester” or the “Company.”

Who May Attend and Vote?

Stockholders who owned our common stock at the close of business on April 1, 2016 are entitled to notice of and to vote at the annual meeting. We refer to this date in this proxy statement as the “record date.” As of the record date, we had 17,801,701 shares of common stock issued and outstanding. Each share of common stock is entitled to one vote on each matter to come before the meeting.

How Do I Vote?

If you are a stockholder of record of our common stock:

1. *You may vote over the internet.* If you have internet access, you may vote your shares from any location in the world by following the Vote by Internet instructions on the enclosed proxy card.
2. *You may vote by telephone.* You may vote your shares by following the “Vote by Telephone” instructions on the enclosed proxy card.
3. *You may vote by mail.* If you choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided.
4. *You may vote in person.* If you attend the meeting, you may deliver your completed proxy card in person or fill out and return a ballot that will be supplied to you at the meeting.

By voting over the internet or by telephone, or by signing and returning the proxy card according to the enclosed instructions, you are enabling the individuals named on the proxy card (known as “proxies”) to vote your shares at the meeting in the manner you indicate. We encourage you to vote in advance even if you plan to attend the meeting. In this way, your shares will be voted even if you are unable to attend the meeting. Your shares will be voted in accordance with your instructions. If a proxy card is signed and received by our Secretary, but no instructions are indicated, then the proxy will be voted “FOR” the election of the nominees for directors, “FOR” ratifying the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2016, “FOR” approval of the non-binding vote on our executive compensation, and “FOR” approval of the amendment and restatement of the Forrester Research, Inc. 2006 Equity Incentive Plan.

How Do I Vote if My Shares are Held in Street Name?

If you hold shares in “street name” (that is, through a bank, broker, or other nominee), the bank, broker, or other nominee, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions your brokerage firm provides you. Many brokers also offer the option of voting over the internet or by telephone, instructions for which would be provided by your brokerage firm on your voting instruction form. Please follow the instructions on that form to make sure your shares are properly voted. If you hold shares in “street name” and would like to attend the annual meeting and vote in person, you will need to bring an account statement or other acceptable evidence of ownership of our common stock. In addition, if you wish to vote your shares in person, you must contact the person in whose name your shares are registered and obtain a proxy card from that person and bring it to the annual meeting.

What Does the Board of Directors Recommend?

The Board recommends that you vote FOR the election of nominees for Class II directors identified in Proposal One, FOR ratifying the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm as described in Proposal Two, FOR approval by non-binding vote of our executive compensation as provided in Proposal Three, and FOR approval of the amendment and restatement of the Forrester Research, Inc. 2006 Equity Incentive Plan.

If you are a record holder and submit the proxy card but do not indicate your voting instructions, the persons named as proxies on your proxy card will vote in accordance with the recommendations of the Board of Directors. If you hold your shares in “street name”, and you do not indicate how you wish to have your shares voted, your nominee has discretion to instruct the proxies to vote on Proposal Two but does not have the authority, without your specific instructions, to vote on the election of directors or on Proposals Three and Four, and those votes will be counted as “broker non-votes”.

What Vote is Required for Each Proposal?

A majority of the shares entitled to vote on a particular matter, present in person or represented by proxy, constitutes a quorum as to any proposal. The nominees for election of the Class II directors at the meeting (Proposal One) who receive the greatest number of votes properly cast for the election of directors will be elected. As a result, shares that withhold authority as to the nominees recommended by the Board will have no effect on the outcome. The affirmative vote of the holders of a majority of the shares of common stock present in person or represented by proxy and voting is required to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm (Proposal Two), to approve the non-binding vote on our executive compensation (Proposal Three), and to approve an amendment and restatement of our 2006 Equity Incentive Plan (Proposal Four).

Shares represented by proxies that indicate an abstention or a “broker non-vote” (that is, shares represented at the annual meeting held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) will be counted as shares that are present and entitled to vote on the matter for purposes of determining the presence of a quorum, but are not considered to have been voted, and have the practical effect of reducing the number of affirmative votes required to achieve a majority for those matters requiring the affirmative vote of the holders of a majority of the shares present or represented by proxy and voting (Proposals Two, Three, and Four) by reducing the total number of shares from which the majority is calculated. However, because directors are elected by a plurality vote, abstentions and broker non-votes will have no effect on the outcome on Proposal One.

May I Change or Revoke My Vote After I Return My Proxy Card or After I Have Voted My Shares over the Internet or by Telephone?

Yes. If you are a stockholder of record, you may change or revoke a proxy any time before it is voted by:

- returning to us a newly signed proxy bearing a later date;
- delivering a written instrument to our Secretary revoking the proxy; or
- attending the annual meeting and voting in person.

If you hold shares in “street name”, you should follow the procedure in the instructions that your nominee has provided to you.

Who Will Bear the Cost of Proxy Solicitation?

We will bear the expense of soliciting proxies. Our officers and regular employees (who will receive no compensation in addition to their regular salaries) may solicit proxies. In addition to soliciting proxies through the mail, our officers and regular employees may solicit proxies personally, as well as by mail, telephone, and telegram from brokerage houses and other stockholders. We will reimburse brokers and other persons for reasonable charges and expenses incurred in forwarding soliciting materials to their clients.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 17, 2016

This proxy statement and our Annual Report to Stockholders are available on-line at www.edocumentview.com/forr. These materials will be mailed to stockholders who request them.

How Can I Obtain an Annual Report on Form 10-K?

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 is available on our website at www.forrester.com/aboutus. If you would like a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, we will send you one without charge. Please contact Investor Relations, Forrester Research, Inc., 60 Acorn Park Drive, Cambridge, MA 02140, Tel: (617) 613-6000.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table and notes provide information about the beneficial ownership of our outstanding common stock as of February 25, 2016 (except as otherwise noted) by:

- (i) each person who we know beneficially owns more than 5% of our common stock;
- (ii) each of the executive officers named below in the Summary Compensation Table;
- (iii) each member of our Board of Directors; and
- (iv) our directors and executive officers as a group.

Except as otherwise indicated, each of the stockholders named in the table below has sole voting and investment power with respect to the shares of our common stock beneficially owned. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (“SEC”) and includes voting or investment power with respect to the shares. Shares subject to exercisable options and vesting restricted stock units include options that are currently exercisable or exercisable within 60 days of February 25, 2016 and shares underlying restricted stock units scheduled to vest within 60 days of February 25, 2016.

Name of Beneficial Owner	Common Stock Beneficially Owned		
	Shares Beneficially Owned	Shares Subject to Exercisable Options and Vesting Restricted Stock Units	Percentage of Outstanding Shares
George F. Colony c/o Forrester Research, Inc. 60 Acorn Park Drive Cambridge, MA 02140(1)	7,934,198	—	44.6%
Wellington Management Group LLP c/o Wellington Management Company LLP 280 Congress Street Boston, MA 02210(2)	1,865,198	—	10.5%
BlackRock, Inc. 55 East 52nd Street New York, NY 10022(3)	982,404	—	5.5%
P2 Capital Partners, LLC 590 Madison Avenue, 25th Floor New York, NY 10022(4)	1,125,608	—	6.3%
Henk Broeders	6,203	74,000	*
Robert Galford(5)	11,825	39,625	*
George Hornig	1,657	24,000	*
Gretchen Teichgraeber	5,453	49,000	*
Michael Welles	14,519	61,500	*
Clifford Condon	2,918	25,374	*
Michael Doyle	10,103	93,625	*
Gail S. Mann	3,591	50,499	*
Michael Morhardt	5,666	35,000	*
Dennis van Lingen	—	38,313	*
Directors, named executive officers, and other executive officers as a group (14 persons)(1)(5)	7,999,893	540,497	46.6%

- (1) Includes 1,580 shares held by Mr. Colony’s wife as to which Mr. Colony disclaims beneficial ownership.
- (2) Beneficial ownership as of December 31, 2015, as reported in a Schedule 13G filed with the SEC on February 11, 2016, stating that Wellington Management Group LLP, Wellington Group Holdings LLP, and Wellington Investment Advisors Holdings LLP

each has shared voting power with respect to 1,428,649 shares and shared dispositive power with respect to 1,865,198 shares, and Wellington Management Company, LLP has shared voting power with respect to 1,419,849 shares and shared dispositive power with respect to 1,856,398 shares.

- (3) Beneficial ownership as of December 31, 2015, as reported in a Schedule 13G filed with the SEC on January 26, 2016, stating that BlackRock, Inc. has sole voting power with respect to 957,003 shares and sole dispositive power with respect to 982,404 shares.
- (4) Beneficial ownership as of September 14, 2015, as reported in a Schedule 13D/A filed with the SEC on September 18, 2015, stating that P2 Capital Master Fund I, L.P. has shared voting power and shared dispositive power with respect to 581,011 shares, P2 Capital Master Fund VI, L.P. has shared voting power and shared dispositive power with respect to 544,597 shares and P2 Capital Partners, LLC and Claus Moller have shared voting power and shared dispositive power with respect to 1,125,608 shares.
- (5) Includes 1,333 shares held in trust for Mr. Galford's adult children, as to which Mr. Galford disclaims beneficial ownership.
* Less than 1%

PROPOSAL ONE:

ELECTION OF DIRECTORS

Our Board of Directors is divided into three classes. The members of each class are elected to serve a three-year term with the term of office of each class ending in successive years. Henk W. Broeders and George R. Hornig are the Class II directors whose terms expire at this annual meeting. The Board of Directors has nominated them to serve as Class II directors until the 2019 annual meeting.

The proxies intend to vote each share for which a proper proxy card has been returned or voting instructions received and not revoked in favor of the Class II directors named above. If you wish to withhold the authority to vote for the election of any of the nominees, your voting instructions must so indicate or your returned proxy card must be marked to that effect.

It is expected that Messrs. Broeders and Hornig will be able to serve, but if either of them is unable to serve, the proxies reserve discretion to vote, or refrain from voting, for a substitute nominee or nominees.

The following section provides information about each nominee, including information provided by each nominee and sitting director about his or her principal occupation and business experience for the past five years and the names of other publicly-traded companies, if any, for which he or she currently serves as a director or has served as a director during the past five years. In addition to the information presented with respect to each nominee's and each sitting director's experience, qualifications and skills that led our Board to conclude that he or she should serve as a director, we also believe that all of our directors, including the two nominees for election at the 2016 annual meeting of stockholders, has demonstrated business acumen and a significant commitment to our company, and has a reputation for integrity and adherence to high ethical standards.

NOMINEES FOR CLASS II DIRECTORS — TERM EXPIRING 2019

Henk W. Broeders, age 63, a Class II director, became a director of Forrester in May 1998. Mr. Broeders has been serving as the chief executive officer of Jaarbeurs, an events and conferences company located in the Netherlands, since October 2013. Mr. Broeders was an independent consultant from February 2013 until October 2013, and previously, from October 2003 until February 2013, Mr. Broeders was a member of the Executive Committee of Cap Gemini S.A., a global management consulting firm headquartered in Paris, France operating under the name CapGemini. From 1998 to 2003, Mr. Broeders served as Chairman of the Executive Board of Cap Gemini N.V., a subsidiary of Cap Gemini S.A. located in the Netherlands. We believe Mr. Broeders' qualifications to serve on our Board of Directors include his many years of operational and management experience in the management consulting business, along with his experience with and perspective on European business as a Dutch national who worked for a firm headquartered in France.

George R. Hornig, age 61, a Class II director, became a director of Forrester in November 1996. Mr. Hornig is Senior Managing Director of PineBridge Investments, an independent investment advisor. From 2006 until November 2010, Mr. Hornig was Managing Director and Co-Chief Operating Officer of Asset Management and the head of Asset Management Americas at Credit Suisse, a global financial services firm, and from 1999-2006, he was the Managing Director and Chief Operating Officer of Alternative Investments at Credit Suisse. We believe Mr. Hornig's qualifications to serve on our Board of Directors include his three decades of finance and management experience in the investment banking and private equity business.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE NOMINEES NAMED ABOVE.

CLASS I DIRECTORS CONTINUING IN OFFICE UNTIL 2017

George F. Colony, age 62, a Class I director, is the founder of Forrester and since 1983, he has served as Chairman of the Board and Chief Executive Officer. He also has served as Forrester's President since September 2001, and he previously was Forrester's President from 1983 to 2000. We believe Mr. Colony's qualifications to serve on our Board of Directors and as its Chairman include his extensive experience in the research industry, including more than 30 years as our chief executive officer, and his significant ownership stake in the Company.

Michael H. Welles, age 61, a Class I director, became a director of Forrester in November 1996. Mr. Welles is chief operating officer, a founder, and director of S2 Security Corporation, an IP-based facility security systems company. Previously, he served as vice president and general manager of the platforms business with NMS Communications, an OEM infrastructure supplier to the telecom industry from 2000 to 2002. We believe Mr. Welles' qualifications to serve on our Board of Directors include his considerable knowledge of the information technology industry, his experience as the chief operating officer of a company he co-founded, and his many years of general management experience in global technology companies.

CLASS III DIRECTORS CONTINUING IN OFFICE UNTIL 2018

Robert M. Galford, age 63, a Class III director, became a director of Forrester in November 1996. Since November 2007, Mr. Galford has been the managing partner of the Center for Leading Organizations, an organizational development firm he founded in Concord, Massachusetts. From 2001 to 2007, Mr. Galford was a managing partner of the Center for Executive Development, an executive education provider in Boston, Massachusetts. We believe Mr. Galford's qualifications to serve on our Board of Directors include his many years of organizational development and executive education experience, along with his more recent corporate governance experience as an instructor for the National Association of Corporate Directors.

Gretchen G. Teichgraeber, age 62, a Class III director, became a director of Forrester in December 2005. Ms. Teichgraeber is the chief executive officer of Leadership Directories, Inc., a premier information services company that publishes biographical and contact data on leaders in the private and public sectors. Previously, Ms. Teichgraeber was an independent consultant to digital media companies and various non-profit organizations from 2007 to 2009. From 2000 to 2007, Ms. Teichgraeber was the chief executive officer of Scientific American, Inc., publisher of the science and technology magazine, Scientific American. Prior to joining Scientific American, Ms. Teichgraeber served as general manager, publishing, and vice president, marketing and information services at CMP Media, Inc., a leading provider of technology news and information. We believe Ms. Teichgraeber's qualifications to serve on our Board of Directors include her significant general management and marketing experience in the publishing and information services business, including on-line and print media, as well as the gender diversity she brings to our Board of Directors.

Corporate Governance

We believe that good corporate governance is important to ensure that Forrester is managed for the long-term benefit of its stockholders. Based on our continuing review of the provisions of the Sarbanes-Oxley Act of 2002, rules of the Securities and Exchange Commission and the listing standards of The NASDAQ Stock Market, our Board of Directors has adopted Corporate Governance Guidelines, an amended and restated charter for the Audit Committee of the Board of Directors, and a charter for the Compensation and Nominating Committee of the Board.

Our Corporate Governance Guidelines include stock retention guidelines applicable to executive officers and directors. The guidelines require executive officers and directors of the Company to retain at least 50% of the net shares of Forrester common stock delivered to them upon the exercise or vesting of stock-based awards granted on and after January 1, 2010. Net shares are the number of shares remaining after shares are sold or netted to pay the exercise price of stock-based awards and applicable withholding taxes. For directors, the applicable withholding tax is presumed to be the minimum withholding tax applicable to an employee. These guidelines may be waived, at the discretion of the Compensation and Nominating Committee of the Board of Directors, if compliance with the guidelines would create severe hardship or prevent an executive officer or director from complying with a court order.

We also have a written code of business conduct and ethics that applies to all of our officers, directors and employees, including our principal executive officer, principal financial officer, principal accounting officer, and persons performing similar functions. You can access our Code of Business Conduct and Ethics, Corporate Governance Guidelines and our current committee charters on our website, at www.forrester.com/aboutus.

Information With Respect to Board of Directors

Board Meetings and Committees

Our Board of Directors has determined that each of the current directors, with the exception of Mr. Colony, our Chairman and Chief Executive Officer, is independent under applicable NASDAQ standards as currently in effect.

Our Board of Directors held nine meetings during fiscal 2015. Each director attended at least 75 percent of the aggregate of the meetings of the Board of Directors and of each committee of which he or she is a member. Forrester does not require directors to attend the annual meeting of stockholders. Mr. Colony, who presided at the meeting, attended the 2015 annual meeting of stockholders. Historically, very few stockholders have attended our annual meeting and we have not found it to be a particularly useful forum for communicating with our stockholders. The Board of Directors currently has two standing committees, the Audit Committee and the Compensation and Nominating Committee, whose members consist solely of independent directors.

Our Audit Committee consists of three members: George R. Hornig, Chairman, Henk W. Broeders, and Michael H. Welles, each of whom, in addition to satisfying the NASDAQ independence standards, also satisfies the Sarbanes-Oxley independence requirements for audit committee membership. In addition, the Board has determined that Mr. Hornig is an “audit committee financial expert” under applicable rules of the Securities and Exchange Commission, and all of the members of the Audit Committee satisfy the financial literacy standards of NASDAQ. The Audit Committee held five meetings during fiscal 2015. The responsibilities of our Audit Committee and its activities during fiscal 2015 are described in the committee’s amended and restated charter, which is available on our website at www.forrester.com/aboutus. The charter will also be made available without charge to any stockholder who requests it by writing to Forrester Research, Inc., Attn: Chief Legal Officer and Secretary, 60 Acorn Park Drive, Cambridge, MA 02140.

Our Compensation and Nominating Committee consists of three members: Robert M. Galford, Chairman, Gretchen G. Teichgraber, and Michael H. Welles. The Compensation and Nominating Committee held seven meetings during fiscal 2015. The Compensation and Nominating Committee has authority, as specified in the committee’s charter, to, among other things, evaluate and approve the compensation of our Chief Executive Officer, review and approve the compensation of our other executive officers, administer our stock plans, and oversee the development of executive succession plans for the CEO and other executive officers. The committee also has the authority to identify and recommend to the Board qualified candidates for director. The Compensation and Nominating Committee charter is available on our website at www.forrester.com/aboutus. The charter will also be made available without charge to any stockholder who requests it by writing to Forrester Research, Inc., Attn: Chief Legal Officer and Secretary, 60 Acorn Park Drive, Cambridge, MA 02140.

Compensation Committee Interlocks and Insider Participation

No person who served during the past fiscal year as a member of our Compensation and Nominating Committee is or was an officer or employee of Forrester, or had any relationship with Forrester requiring disclosure in this proxy statement. During the past fiscal year, none of our executive officers served as a member of the board of directors of another entity, any of whose executive officers served as one of our directors.

Board Leadership Structure

At the present time, Mr. Colony serves as both Chairman of the Board and Chief Executive Officer. Mr. Colony is a significant stakeholder in Forrester, beneficially owning approximately 45% of our outstanding common stock. As such, we believe it is appropriate that he set the agenda for the Board of Directors in addition to serving as the Chief Executive Officer. We also do not believe that the size of the Company warrants the division of these responsibilities. We do not have a single lead director because our Board of Directors is small enough that the independent directors work effectively together as a group and the presiding director at meetings of the independent directors rotates among the chairmen of the committees.

The Board’s Role in Risk Oversight; Risk Considerations in our Compensation Programs

The Board’s role in the Company’s risk oversight process includes receiving regular reports from members of management on areas of material risk to the Company, including financial, strategic, operational, legal and regulatory risks. The full Board (or the appropriate Committee in the case of risks that are under the purview of a particular Committee) receives these reports from the appropriate manager within the Company. When a committee receives such a report, the Chairman of the relevant Committee reports on the discussion to the full Board during the Committee reports portion of the next Board meeting, enabling the full Board to coordinate the risk oversight role, particularly with respect to risk interrelationships.

Our Compensation and Nominating Committee does not believe that our compensation programs encourage excessive or inappropriate risk taking. We structure our pay programs to consist of both fixed and variable compensation, with the fixed base salary portion providing steady income regardless of our stock price performance. The variable components, consisting of cash bonus and stock-based awards, and for our chief sales officer, sales commissions, are designed to reward both short and long-term performance. Targets under our bonus plans are a function of bookings and profit (described in greater detail in the Compensation Discussion and Analysis below), important financial metrics for our business. For long-term performance, we generally award a combination of time-based stock options and restricted stock units generally vesting over four years. We believe that the variable elements of compensation are a sufficient percentage of overall compensation to motivate executives to produce excellent short and long-term results for the Company, while fixed base salary is also sufficiently high such that the executives are not encouraged to take unnecessary or excessive risks. In addition, our bonus plan funding metrics apply company-wide, regardless of function or client group, which we believe encourages relatively consistent behavior across the organization. While sales commissions are not capped, we cap our bonus at 1.75 times target company performance. Therefore, even if Company performance dramatically exceeds target performance, bonus payouts are limited. Conversely, we have a minimum threshold on Company performance under our executive bonus plan approved by the Compensation and Nominating Committee so that the bonus plan is not funded at performance below a certain level. We also believe that our Executive Severance Plan adopted in 2014 and described in detail below, which provides severance compensation in the event of involuntary termination of employment without cause and in connection with a change in control, promotes stability and continuity of operations.

Director Candidates

As noted above, the Compensation and Nominating Committee has responsibility for recommending nominees for election as directors of Forrester. Our stockholders may recommend individuals for this committee to consider as potential director candidates by submitting their names and background to the “Forrester Research Compensation and Nominating Committee”, c/o Chief Legal Officer and Secretary, 60 Acorn Park Drive, Cambridge, MA 02140. The Compensation and Nominating Committee will consider a recommended candidate for the next annual meeting of stockholders only if biographical information and background material are provided no later than the date specified below under “Stockholder Proposals” for receipt of director nominations.

The process that the Compensation and Nominating Committee will follow to identify and evaluate candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by members of the Compensation and Nominating Committee. Assuming that biographical and background material is provided for candidates recommended by the stockholders, the Compensation and Nominating Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members.

In considering whether to recommend any candidate for inclusion in the Board’s slate of recommended director nominees, including candidates recommended by stockholders, the Compensation and Nominating Committee will apply the criteria set forth in the committee’s charter and in the Corporate Governance Guidelines. These criteria include, among others, the candidate’s integrity, age, experience, commitment, diligence, conflicts of interest and the ability to act in the interests of all stockholders. Although the Compensation and Nominating Committee considers as one of many factors in the director identification and nomination process diversity of race, gender and ethnicity, as well as geography and business experience, it has no specific diversity policy. The Compensation and Nominating Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a composite mix of experience, knowledge and abilities, including direct operating experience, that will allow the Board to fulfill its responsibilities.

In addition, our by-laws permit stockholders to nominate directors for election at an annual meeting of stockholders, other than as part of the Board’s slate. To nominate a director, in addition to providing certain information about the nominee and the nominating stockholder, the stockholder must give timely notice to Forrester, which, in general, requires that the notice be received by us no less than 90 nor more than 120 days prior to the anniversary date of the preceding annual meeting of stockholders. In accordance with our by-laws, the 2017 Annual Meeting will be held on May 9, 2017.

Communications from Stockholders

The Board will give appropriate attention to communications on issues that are submitted by stockholders, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by committee charters, the Compensation and Nominating Committee, with the assistance of the Chief Legal Officer and Secretary, will be primarily responsible for monitoring communications from stockholders and will provide copies of summaries of such communications to the other directors as deemed appropriate.

Stockholders who wish to send communications on any topic to the Board should address such communications to the Forrester Research Compensation and Nominating Committee, c/o Chief Legal Officer and Secretary, Forrester Research, Inc., 60 Acorn Park Drive, Cambridge, MA 02140.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

We have implemented an executive compensation program that rewards performance. Our executive compensation program is designed to attract, retain and motivate the key individuals who are most capable of contributing to the success of our Company and building long-term value for our stockholders. The elements of our executives' total compensation are base salary, cash incentive awards, equity incentive awards and other employee benefits. We have designed a compensation program that makes a substantial portion of executive pay variable, subject to increase when performance targets are exceeded, and subject to reduction when performance targets are not achieved.

2015 Business Results

In 2015, we made further progress on our strategic shift to capitalize on the opportunity presented by the Age of the Customer. The Company met or exceeded its revenue, operating income and earnings per share guidance for the year, with revenues increasing by 1% to \$313.7 million and net income increasing by 10% to \$12.0 million.

Compensation for Performance

A substantial amount of the total compensation of our executive officers is linked to our performance, both through short-term cash incentive compensation and long-term equity incentive compensation. We believe this aligns our executives' incentives with our objective of enhancing stockholder value over the longer term.

Cash Compensation. A significant portion of the current cash compensation opportunity for our executive officers is made through our Amended and Restated Executive Cash Incentive Plan (the "Executive Cash Incentive Plan"). As described in more detail below, payments under the plan are based on company financial performance metrics (for 2015, booked sales accounts or "bookings" and adjusted operating profit). By design, our plan pays more when we perform well and less, or nothing, when we do not. For example, our 2013 operating results were consistent with our targeted levels, resulting in a full payout under the Executive Cash Incentive Plan, while in 2014, because our adjusted operating profit was below the target we set when establishing our 2014 plan, no payout with respect to 2014 performance was made under the Executive Cash Incentive Plan (though the Committee did make discretionary cash awards to our named executive officers at a payout level corresponding to 40% of target cash incentive compensation to recognize the progress made in our strategic shift and sales growth). In 2015, while our adjusted operating profit exceeded our targeted level, our bookings were approximately 96% of our targeted level, resulting in a 90% payout under the Executive Cash Incentive Plan.

Equity Awards. Another key component of compensation for our executive officers consists of long-term equity incentives, in the form of both restricted stock units (RSUs) and stock options. In 2015, all RSUs and stock options granted to executive officers vest over time, with 25% to vest annually over four years. We believe these awards have retention value and reflect a balance between short-term financial performance and long-term shareholder return, supporting our performance-based compensation. Consistent with past years, we did not grant equity awards in 2015 to George Colony, our Chairman and Chief Executive Officer, who is the beneficial owner of approximately 45% of our common stock.

Compensation Program Changes in 2015

Base Salary and Short-Term Cash Incentive Compensation. Based on a review of market data, and taking into account the contributions of the named executive officers and our financial performance in 2014, during its annual executive compensation review our Compensation and Nominating Committee (the "Committee") increased the base salaries of the named executive officers by an average of 4.4% over 2014, while increasing the target cash incentive bonus amount of five of the named executive officers by an average of 7.6% over 2014, as discussed further below. In addition, the Committee changed the structure of Mr. Colony's cash incentive bonus so that it was determined solely by the financial performance metrics applicable to the other named executive officers and was not subject to individual performance modifiers.

Say on Pay Stockholder Vote. As we have done each year since 2011, in 2015 we submitted our executive compensation program to an advisory vote of our stockholders and, consistent with the results of our previous say on pay votes, it received the support of 99% of the total votes cast at our annual meeting. We pay careful attention to any feedback we receive from our stockholders about our executive compensation program, including the say on pay vote. The Committee considered such feedback when setting our executive cash compensation program and granting equity awards to executives in 2015, and will continue to consider stockholder feedback in its subsequent executive compensation decision making.

Compensation Objectives and Strategy

The primary purpose of our executive compensation program is to attract, retain and motivate the key individuals who are most capable of contributing to the success of our Company and building long-term value for our stockholders. Our principal objectives and strategy concerning our executive compensation program are as follows:

- encourage achievement of key Company values — including client service, quality, collaboration, courage and integrity — that we believe are critical to our continued growth;
- base cash compensation on individual achievement and responsibility, teamwork, and our short-term financial performance;
- align employees' incentives with our objective of enhancing stockholder value over the longer term through long-term incentives, principally in the form of stock options and RSUs; and
- emphasize individual excellence and encourage employees at all levels, as well as executive officers, to take initiative and lead individual projects that enhance our performance.

These objectives and strategy are reviewed each year by the Committee, which oversees our executive compensation program. In furtherance of these objectives, the Committee takes the following actions each year:

- reviews the performance of George Colony, our Chairman and Chief Executive Officer, including his demonstration of leadership and his overall contribution to the financial performance of the Company;
- reviews the assessment by Mr. Colony of the performance of the other executive officers against their individual and team goals;
- reviews the company-wide financial goals that are used in the calculation of the cash incentive compensation for our executives;
- reviews all components of compensation for each executive officer: base salary, short-term cash incentive compensation, and long-term equity incentive compensation;
- assesses relevant market data; and
- holds executive sessions (without our management present) as appropriate to accomplish the above actions.

Mr. Colony also plays a substantial role in the compensation process for the other executive officers, primarily by recommending annual goals for the executives reporting directly to him, evaluating their performance against those goals, and providing recommendations on their compensation to the Committee.

The Committee did not engage an independent compensation consultant in 2015 for its general executive compensation analysis because the members were comfortable relying on their independent review of the market data, surveys and other supporting information provided by management, taking into account that the Company does not offer special perquisites, deferred compensation plans, or other special executive compensation arrangements. The Committee believes it is adequately experienced to address relevant issues and discharge its responsibilities consistent with the Company's compensation objectives and philosophy.

The Committee has not historically used formal benchmarking data to establish compensation levels, but has relied instead on relevant market data and surveys to design compensation packages that it believes are competitive with other similarly situated companies or those with whom we compete for talent. While compensation surveys provide useful data for comparative purposes, the Committee believes that successful compensation programs also require the application of sound judgment and subjective determinations of individual and Company performance.

The Committee believes it is helpful to utilize data compiled from a wide array of companies and believes it important to consider comparative data from companies of comparable size and revenue, operating within a comparable industry, and located or operating within our principal geographic markets. In setting executive compensation for 2015, the Committee primarily considered data from the Radford Global High Technology Survey and Salary.com’s IPAS Global High Technology Survey, which included companies with annual revenues from \$200 million to \$500 million, as well as comparable companies in the geographies applicable to our executives. For each of the Company’s executive officers, the data the Committee reviewed included comparative market percentiles for base salary and total annual cash compensation opportunity (or “on-target earnings”). The Committee determined that the base salaries and on-target earnings of the named executive officers, other than Mr. Colony, were generally at or substantially near the 50th percentile of the comparative market data and, accordingly, made its decisions regarding 2015 executive compensation with the goal of maintaining that status.

Since Mr. Colony owns such a substantial percentage of our common stock, the Committee generally does not deem the available market data on chief executive officer compensation as comparable and does not place substantial weight on such data when setting his executive compensation.

Elements of Compensation

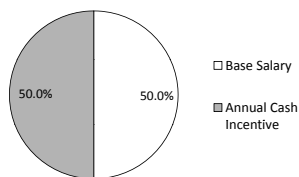
Compensation for our named executive officers consists of the following principal components:

- base salary;
- short-term cash incentive compensation;
- long-term equity incentive compensation, in the form of stock options and RSUs;
- severance and change-of-control benefits; and
- other benefits available generally to all full-time employees.

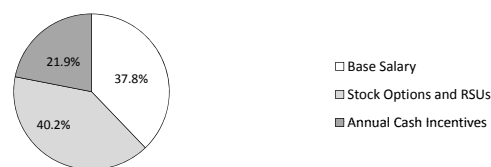
We do not have an express policy for weighting different elements of compensation or for allocating between long-term and short-term compensation, but we do attempt to maintain compensation packages that will advance our overall compensation objectives. In reviewing and setting the compensation of each executive officer, we consider the individual’s position with the Company and his or her ability to contribute to achievement of strategic and financial objectives.

In 2015, as illustrated below, base salaries for our named executive officers other than Mr. Colony represented an average of approximately 37.8% of total target compensation for these individuals, while the base salary for Mr. Colony represented 50% of his total target compensation. Because of Mr. Colony’s significant ownership of our common stock, the Committee generally does not grant stock options or RSUs to him, resulting in a higher ratio of base salary to total target compensation than that of the other named executive officers.

CEO Pay Mix - Fiscal Year 2015 (Target)



All Other NEOs Pay Mix-Fiscal Year 2015 (Target)



Base Salary. The Committee approves the base salaries of our named executive officers annually by evaluating the responsibilities of their position, the experience and performance of the individual, and as necessary or appropriate, survey and market data. The base salary of a named executive officer is also considered together with the other components of his or her compensation to ensure that both the executive’s total cash compensation opportunity (or “on-target earnings”) and the allocation between base salary and variable compensation for the executive are in line with our overall compensation philosophy and business strategy. Additionally, the Committee may adjust base salary more frequently than annually to address retention issues or to reflect promotions or other changes in the scope or breadth of an executive’s role or responsibilities.

Our goal is to pay base salaries to our named executive officers that are competitive with the base salaries of companies that are similarly situated or with which we compete to attract and retain executives, while taking into account total on-target earnings, and remaining consistent with our overall compensation objectives with respect to variable compensation. In March 2015, taking into account the market data discussed above, the respective tenures, experience and performance of the named executive officers and our financial performance in 2014, the Committee decided to increase the base salaries of the named executive officers by an average of 4.4% over 2014.

Effective upon Mr. Condon's promotion to Chief Research and Product Officer as of August 24, 2015, the Committee approved an additional 14.3% increase in Mr. Condon's base salary.

Short-Term Cash Incentive Compensation. A significant portion of each of our named executive officers' total annual cash compensation is dependent on our achievement of annual financial objectives set forth under our Executive Cash Incentive Plan. Payouts under the plan are made annually in arrears.

An individual named executive officer's annual bonus payout under the Executive Cash Incentive Plan is based on the following factors, which are discussed in more detail below:

- the named executive officer's target award;
- the Company's financial performance; and
- if applicable, the named executive officer's individual and/or team performance.

Effective January 1, 2015, as part of its executive compensation reviews, the Committee increased the target cash incentive bonus amounts for each of the named executive officers other than Mr. Morhardt by an average of approximately 7.6%, taking into account the Company's financial performance in 2014, the market data discussed above, and the respective tenures, experience and performance of our named executive officers. After giving effect to these increases, the average annual target cash incentive bonus amount for our named executive officers, other than Mr. Morhardt, was approximately 58.5% of that person's base salary. Mr. Morhardt's 2015 target cash incentive bonus amount under our Executive Cash Incentive Plan was \$100,000, or 31.8% of his base salary, because as Chief Sales Officer, a significant portion of his target cash incentive amount was tied to sales commissions. Mr. Morhardt's 2015 commission-based target cash incentive amount was set at \$200,000, or 63.5% of his base salary.

Effective upon Mr. Condon's promotion to Chief Research and Product Officer as of August 24, 2015, the Committee approved an additional 37.9% increase in Mr. Condon's annualized target cash incentive bonus amount.

For purposes of the Executive Cash Incentive Plan, the financial performance of our Company for 2015 was measured based on booked sales accounts (referred to as "bookings") and adjusted operating profit, the same measures used by the Committee in connection with the Executive Cash Incentive Plan in 2014. The Committee selected bookings as one of the metrics because we believe that bookings provide an important measure of our current business activity and estimated future revenues. The Committee selected adjusted operating profit ("operating profit"), meaning the Company's pro forma operating profit assuming cash incentive compensation payouts under the Executive Cash Incentive Plan and the Forrester Employee Bonus Plan at target levels, as the other key metric because we believe operating profit provides a comprehensive measure of our financial performance that takes into account the importance of both revenue growth and expense management. In addition, by linking payouts under the plan to the Company's profitability, we provide our employees with the opportunity to share in our profits while assuring that payouts are only made if we achieve a satisfactory, pre-approved level of profitability, taking into account the nature of our business, planned investments to support growth of the business, and the economic environment. Our pro forma operating profit excludes amortization of acquisition-related intangible assets, reorganization costs, costs associated with acquisition activities, stock-based compensation and net gains or losses from investments. The Committee may also adjust the operating profit metric, as it deems appropriate, to include or exclude particular non-recurring items to avoid unanticipated results and to promote, and provide appropriate incentives for, actions and decisions that are in the best interests of the Company and its stockholders. With respect to payments under the Executive Cash Incentive Plan in 2015, the Committee exercised its discretion to adjust our actual operating profit by approximately \$2.4 million to exclude the effects of higher than anticipated foreign exchange movements, while leaving the minimum, target and maximum operating profit levels under the Executive Cash Incentive Plan unchanged. An identical adjustment was also made to the Forrester Employee Bonus Plan applicable to non-executive employees.

The Executive Cash Incentive Plan was structured as follows in 2015:

- A matrix for 2015 containing bookings on the x axis and operating profit on the y axis was approved by the Committee under the plan based on the Company's 2015 operating plan approved by the Board of Directors. Minimum bookings and operating profit levels were set taking into account the Company's recent levels of bookings and operating profit and planned investments to support growth of the business. Failure of our Company to meet either of these minimum levels would result in each executive officer being ineligible to receive any bonus payout. The minimum, target and maximum levels of bookings and operating profit under the Executive Cash Incentive Plan approved by the Committee were as follows (all dollars in thousands):

	Bookings	Operating Profit
Minimum	\$ 299,304	\$ 27,782
Target	\$ 332,560	\$ 34,727
Maximum	\$ 365,816	\$ 41,673

- If the Company's target bookings and operating profit were both exactly achieved, the Executive Cash Incentive Plan allowed for the payment of 100% of a named executive officer's target award.
- If both bookings and operating profit were above the minimum thresholds but neither exceeded the target, the bonus payout would be between 25% and 100% of the target award.
- If one or both of the applicable target bookings and operating profit were exceeded, the plan allowed for the payment of up to 175% of a named executive officer's target award.

In 2014, the Committee implemented individual performance modifiers for Mr. Colony that could reduce his bonus, as determined under the Executive Cash Incentive Plan based on the Company's performance, to as little as zero. In 2015, in part to better align the goals of Mr. Colony with the other named executive officers, the Committee determined not to implement individual performance modifiers for Mr. Colony.

The Company's actual bookings and operating profit for 2015 were \$324.8 million and \$35.2 million (after giving effect to the \$2.4 million foreign exchange upward adjustment previously discussed), respectively, resulting in 90% of each named executive officer's target award being payable, as is set forth in the Summary Compensation Table under the heading "Non-Equity Incentive Plan Compensation." This illustrates the pay for performance structure of the compensation awarded to our named executive officers, as our 2015 operating profit exceeded our target level and our 2015 bookings were approximately 96% of our target level. In addition, the total cash incentive plan compensation paid to Mr. Morhardt for 2015 included commissions of \$147,879.64, or 74.0% of his targeted commissions for 2015.

Long-term Equity Incentive Compensation. Our equity awards generally consist of stock options and RSUs granted under our equity incentive plan. All stock-based compensation awards granted to our executive officers are granted by the Committee. We believe that stock-based awards help to motivate and retain executives and also align management's incentives with long-term stock price appreciation. In general, we believe that the combination of RSUs and stock options serves to encourage retention while further aligning the interests of executives and stockholders, as the stock options have value only if our stock price increases from that at grant date, and both the RSUs and stock options have value only if the recipient continues to provide service to the Company through the vesting date. In addition, in structuring the awards, the Committee considered that if and when an RSU award vests, it provides immediate compensatory value to the executive. Neither the Company nor our board of directors, including the Committee, has any plan, program or practice of timing equity incentive awards in coordination with the release or withholding of material non-public information.

In determining the size and nature of stock-based awards for 2015, the Committee considered the aggregate number of stock-based awards outstanding relative to the Company's total shares outstanding, the average aggregate size of stock-based awards made to executive officers of companies that are similarly situated or with which we compete to attract and retain executives, and the individuals that they believed were most likely to contribute to or influence a return to the Company's historical growth levels and continued improvement in the Company's operating margin. On June 19, 2015, the Committee reviewed and approved the grant of time-based RSUs and stock options to each of Ms. Mann and Messrs. Condon, Doyle, Morhardt and van Lingen, effective August 3, 2015, as part of a grant of equity-based compensation to key employees across the Company. With respect to both the stock options and the RSUs, the Committee determined that the awards would vest 25% annually over four years. The stock options were granted at an exercise price of \$33.16, which was equal to the closing market price of our common stock on the grant date of August 3, 2015.

On August 26, 2015, in connection with his promotion to Chief Research and Product Officer, the Committee reviewed and approved the award of an additional 5,000 RSUs to Mr. Condon, effective September 1, 2015, that would vest 25% annually over four years.

Given Mr. Colony's significant ownership of our common stock, the Committee did not grant stock options or RSUs to Mr. Colony in 2015.

Severance and Change in Control Agreements. Effective May 15, 2014, we adopted the Forrester Research, Inc. Executive Severance Plan (the "Severance Plan"), applicable to all of our executive officers, including the named executive officers. Similar to plans maintained by many other companies, our Severance Plan provides for payments and benefits to our executive officers upon a qualifying termination of employment, including in connection with a change in control. Further detail on the Severance Plan is contained below under the heading "Severance and Change-of-Control Benefits." We believe that the Severance Plan functions as a retention tool for our executive officers to remain with the Company and enable the executive officers to focus on the continuing business operations and, as applicable, the success of a potential business combination that the Board of Directors has determined to be in the best interests of the shareholders. We believe this results in stability and continuity of operations.

Other Benefits

As employees of our Company, our executive officers are eligible to participate in all Company-sponsored benefit programs on the same basis as other full-time employees, including health and dental insurance and life and disability insurance. In addition, our executive officers are eligible to receive the same employer match under our 401(k) plan (or applicable foreign plan) as is applicable for all participating employees and to participate in our employee stock purchase plan, pursuant to which participants may elect to purchase shares of our stock on a semi-annual basis at a 15% discount based on the lower of the price of our stock at the beginning and end of each period. We do not offer any supplemental executive health and welfare or retirement programs, or provide any other supplemental benefits or perquisites, to our executives.

Until June 30, 2015, we had a cash bonus plan adopted in 2000 to pay bonuses measured by a portion of the share of our net profits from two technology-related private equity investment funds. Certain of our key employees, including certain of our executive officers who were employees of the Company at the time of the adoption of this plan, participated in this plan. The principal purpose of this cash bonus plan was to retain key employees by allowing them to participate in a portion of the potential return from our technology-related investments if they remained employed by the Company. The plan was established at a time when technology and internet companies were growing significantly, and providing incentives to retain key employees during that time was important. To date, although we have invested \$19.6 million of a \$20.0 million commitment in these funds, we have not paid any bonuses under this plan. On June 30, 2015, this cash bonus plan expired and is no longer in effect.

Stock Retention Guidelines

In April 2010, we introduced stock retention guidelines as part of our Corporate Governance Guidelines to further align the interests of our directors and executive officers with those of our stockholders. Members of our executive team and Board of Directors are subject to these stock retention guidelines for so long as they remain an executive officer, or serve as a director, of the Company. The guidelines require executive officers and directors of the Company to retain at least 50% of the net shares of Forrester common stock delivered to them upon the exercise or vesting of stock awards granted on and after January 1, 2010. Net shares are the number of shares remaining after shares are sold or netted to pay the exercise price of equity awards and applicable withholding taxes. For directors, the applicable withholding tax is presumed to be the minimum withholding tax applicable to an employee. These guidelines may be waived, at the discretion of the Committee, if compliance with the guidelines would create severe hardship or prevent an executive officer or director from complying with a court order. Our directors and executive officers have complied in full with these guidelines since their initial adoption.

Impact of Tax and Accounting on Compensation Decisions

Section 162(m) of the Internal Revenue Code limits the deductibility of compensation paid to certain executive officers in excess of \$1 million per year unless the compensation is performance-based. Because the compensation amounts paid to our executive officers have largely been below this threshold, in many cases we have not structured compensation arrangements with our executive officers to preserve the deductibility of that compensation in light of Section 162(m).

When determining amounts of equity awards to executives and employees under our equity incentive program, the Committee considers the compensation charges associated with the awards. We recognize compensation expense for stock-based awards based upon the fair value of the award. Grants of stock options result in compensation expense equal to the fair value of the options, which is calculated using a Black-Scholes option pricing model. Restricted stock unit awards result in compensation expense equal to the fair

value of the award on the award date, which is calculated using the closing stock price of the underlying shares on the date of the award, as adjusted to reflect the absence of dividend credits prior to vesting of the restricted stock units. Stock-based compensation is recognized as an expense over the vesting period of the award.

Compensation Committee Report

The Compensation and Nominating Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with management and, based on this review and discussion, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation and Nominating Committee

Robert M. Galford, Chair
Michael H. Welles
Gretchen G. Teichgraeber

The information contained in the report above shall not be deemed to be “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate it by reference in any such filing.

SUMMARY COMPENSATION TABLE

The following table shows the compensation earned by our Chief Executive Officer, our Chief Financial Officer, each of our three other most highly compensated executive officers as of December 31, 2015, and one of our other highly compensated officers who ceased serving as an executive officer in August 2015. We refer to these officers as the “named executive officers.”

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)(2)	Non-Equity	All Other Compensation (\$)(3)	Total (\$)
						Incentive Plan Compensation (\$)		
George F. Colony Chairman of the Board and Chief Executive Officer	2015	375,000	—	—	—	337,500	12,702	725,202
	2014	367,500	147,000	—	—	—	12,552	527,052
	2013	367,500	—	—	—	238,140	12,402	618,042
Cliff Condon(4) Chief Research and Product Officer	2015	331,023	—	380,525	134,980	147,000	9,536	1,003,064
	2014	286,340	49,440	214,888	134,263	—	9,243	694,174
	2013	237,665	10,000	101,628	179,320	96,002	8,823	633,438
Michael A. Doyle Chief Financial Officer and Treasurer	2015	370,000	—	236,025	134,980	180,000	11,046	932,051
	2014	361,125	75,970	276,300	172,623	—	10,896	896,914
	2013	361,125	—	203,257	162,455	173,875	10,875	911,587
Gail S. Mann Chief Legal Officer and Secretary	2015	305,000	—	157,350	89,987	135,000	12,361	699,698
Michael Morhardt Chief Sales Officer	2015	315,000	—	236,025	134,980	237,880	9,534	933,418
	2014	300,000	40,000	245,612	153,443	200,364	9,318	948,737
	2013	300,000	—	185,604	—	245,599	9,168	740,371
Dennis van Lingen(5) Former Chief Product Officer	2015	314,136	—	157,350	89,987	79,976	428,500	1,069,949
	2014	348,928	59,816	214,888	134,263	—	27,723	785,618
	2013	314,952	—	116,157	190,922	134,979	26,105	783,115

- (1) Amounts for 2014 represent a discretionary bonus approved by the Committee for each of the named executive officers. Amount for 2013 represents a one-time bonus for Mr. Condon in connection with his promotion to the position of Chief Research Officer.
- (2) These amounts represent the aggregate grant date fair value of restricted stock unit and option awards. Assumptions used in the calculation of grant date fair value of stock options are included in footnote 1 to the Company’s consolidated financial statements included in our 2015 Annual Report on Form 10-K. The grant date fair value of restricted stock units is based upon the closing price of the Company’s common stock on the date of grant, as adjusted to reflect the absence of dividend credits prior to vesting of the restricted stock units. The amounts set forth may be more or less than the value ultimately realized by the named executive officer based upon, among other things, the value of the Company’s common stock at the time of exercise of the options or vesting of the restricted stock units and whether such options or restricted stock units actually vest.
- (3) 2015 amounts include the following amounts of Company matching contributions under our 401(k) plan or, for Mr. van Lingen, our Netherlands-based defined contribution pension plan: Mr. Colony, \$7,950; Mr. Condon, \$7,950; Mr. Doyle, \$7,950; Ms. Mann, \$7,950; Mr. Morhardt, \$7,950; and Mr. van Lingen, \$ 5,271. Other amounts consist of group term life insurance premiums and miscellaneous other items. Amount shown for Mr. van Lingen also includes various items related to Mr. van Lingen’s departure from the Company, payable pursuant to a settlement agreement dated September 29, 2015, including a severance payment of \$362,114, accrued salary and benefits for January 2016 of \$28,723, outplacement services of \$16,714 and an unused vacation payout of \$9,783.
- (4) Effective August 24, 2015, Mr. Condon, formerly our Chief Research Officer, became our Chief Research and Product Officer.
- (5) Mr. van Lingen ceased serving as our Chief Product Officer effective August 24, 2015. Because of his total compensation received during 2015, Mr. Van Lingen is listed as a named executive officer of the Company in the above table, but he was no longer an executive officer of the Company at December 31, 2015. All elements of Mr. van Lingen’s 2015 compensation, other than stock compensation-related expenses, reflect a translation from euros into U.S. dollars based on an exchange rate of 0.9003 euros per dollar, which was the average exchange rate during 2015. Mr. van Lingen’s compensation for 2014 and 2013 similarly reflect the average exchange rates for each of those years.

GRANTS OF PLAN-BASED AWARDS FOR 2015

The following table sets forth information with respect to plan-based awards granted to named executive officers in 2015.

Name	Grant Date	Committee Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan			All Other Stock Awards:	All Other Option Awards:	Exercise or Base Price of	Grant Date Fair Value of Stock and
			Threshold (\$)	Awards(1)		Number of Shares of Stock (#)	Number of Securities Underlying Options (#)	Option Awards (\$/Sh)	Option Awards (\$)(2)
				Target (\$)	Maximum (\$)				
George F. Colony	—	—	93,750	375,000	656,250	—	—	—	—
Cliff Condon	—	—	41,147	164,589	288,031	—	—	—	—
	08/03/15	06/19/15	—	—	—	—	22,500	33.16	134,980
	08/03/15	06/19/15	—	—	—	7,500	—	—	236,025
	09/01/15	08/26/15	—	—	—	5,000	—	—	144,500
Michael A. Doyle	—	—	50,000	200,000	350,000	—	—	—	—
	08/03/15	06/19/15	—	—	—	—	22,500	33.16	134,980
	08/03/15	06/19/15	—	—	—	7,500	—	—	236,025
Gail S. Mann	—	—	37,500	150,000	262,500	—	—	—	—
	08/03/15	06/19/15	—	—	—	—	15,000	33.16	89,987
	08/03/15	06/19/15	—	—	—	5,000	—	—	157,350
Michael Morhardt	—	—	25,000	300,000	N/A	—	—	—	—
	08/03/15	06/19/15	—	—	—	—	22,500	33.16	134,980
	08/03/15	06/19/15	—	—	—	7,500	—	—	236,025
Dennis van Lingen(3)	—	—	35,670	142,680	249,690	—	—	—	—
	08/03/15	06/19/15	—	—	—	—	15,000	33.16	89,987
	08/03/15	06/19/15	—	—	—	5,000	—	—	157,350

- (1) Except with respect to Mr. Morhardt, consists of awards under our Executive Cash Incentive Plan, a non-equity incentive plan, with payouts thereunder made annually in arrears. Our Executive Cash Incentive Plan is described in detail, including calculation of threshold, target and maximum awards under the plan, in the Compensation Discussion and Analysis above. Actual amounts awarded are set forth in the Summary Compensation Table above. Mr. Morhardt's "Target" amount includes the target amount he was eligible to receive under our Executive Cash Incentive Plan of \$100,000 and target sales commissions of \$200,000. There is no cap on Mr. Morhardt's "Maximum" amount because there is no cap on possible commission payments.
- (2) Assumptions used in the calculation of option awards are included in footnote 1 to the Company's consolidated financial statements included in our 2015 Annual Report on Form 10-K. The grant date fair value of restricted stock units is based upon the closing price of the Company's common stock on the date of grant, as adjusted to reflect the absence of dividend credits prior to vesting of the restricted stock units.
- (3) Threshold, target and maximum awards under our Executive Cash Incentive Plan for Mr. van Lingen reflect a translation from euros into U.S. dollars based on an exchange rate of 0.8410 euros per dollar, which was the exchange rate that the Company used for all financial planning purposes for 2015. The applicable amounts expressed in euros would be: threshold, €30,000; target, €120,000; and maximum, €210,000. Applying the average exchange rate during 2015 of 0.9003 euros per dollar, which was used to calculate the actual amounts paid in the Summary Compensation Table, the same amounts expressed in U.S. dollars would be: threshold, \$33,322, target, \$133,289; and maximum, \$233,256.

OUTSTANDING EQUITY AWARDS AT 2015 FISCAL YEAR-END

The following table sets forth information for the named executive officers regarding outstanding option awards and stock awards held as of December 31, 2015.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan	Equity Incentive Plan
					Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(1)
George F. Colony	—	—	—	—	—	—
Cliff Condon	—	—	—	—	625(2)	17,800
	—	—	—	—	1,458(3)	41,524
	—	—	—	—	4,374(4)	124,572
	—	—	—	—	7,500(5)	213,600
	—	—	—	—	5,000(6)	142,400
	3,000	—	29.86	3/31/2020	—	—
	3,000	—	33.03	6/30/2021	—	—
	5,625	1,875(7)	33.81	5/13/2022	—	—
	4,374	4,376(8)	36.18	6/2/2023	—	—
	5,000	5,000(9)	36.84	9/30/2023	—	—
	4,375	13,125(10)	38.43	7/31/2024	—	—
	—	22,500(11)	33.16	8/2/2025	—	—
Michael A. Doyle	—	—	—	—	1,250(2)	35,600
	—	—	—	—	2,916(3)	83,048
	—	—	—	—	5,625(4)	160,200
	—	—	—	—	7,500(5)	213,600
	30,000	—	25.20	9/30/2017	—	—
	10,000	—	25.25	6/30/2019	—	—
	14,000	—	29.86	3/31/2020	—	—
	14,000	—	33.03	6/30/2021	—	—
	11,250	3,750(7)	33.81	5/13/2022	—	—
	8,750	8,750(12)	36.18	6/2/2023	—	—
	5,625	16,875(13)	38.43	7/31/2024	—	—
	—	22,500(11)	33.16	8/2/2025	—	—
Gail S. Mann	—	—	—	—	541(2)	15,408
	—	—	—	—	1,458(3)	41,524
	—	—	—	—	3,750(4)	106,800
	—	—	—	—	5,000(5)	142,400
	7,500	—	28.62	4/1/2017	—	—
	9,500	—	27.11	3/31/2018	—	—
	7,500	—	25.25	6/30/2019	—	—
	6,500	—	29.86	3/31/2020	—	—
	6,500	—	33.03	6/30/2021	—	—
	4,875	1,625(7)	33.81	5/13/2022	—	—
	4,374	4,376(8)	36.18	6/2/2023	—	—
	3,750	11,250(14)	38.43	7/31/2024	—	—
	—	15,000(15)	33.16	8/2/2025	—	—
Michael Morhardt	—	—	—	—	5,000(4)	142,400
	—	—	—	—	7,500(5)	213,600
	30,000	10,000(16)	27.89	12/2/2022	—	—
	5,000	15,000(17)	38.43	7/31/2024	—	—
	—	22,500(11)	33.16	8/2/2025	—	—
Dennis van Lingen	—	—	—	—	750(2)	21,360
	—	—	—	—	1,666(3)	47,448
	—	—	—	—	4,374(4)	124,572
	—	—	—	—	5,000(5)	142,400

7,688	—	29.86	3/31/2020	—	—
9,500	—	33.03	6/30/2021	—	—
6,750	2,250(7)	33.81	5/13/2022	—	—
5,000	5,000(18)	36.18	6/2/2023	—	—
5,000	5,000(9)	36.84	9/30/2023	—	—
4,375	13,125(10)	38.43	7/31/2024	—	—
—	15,000(17)	33.16	8/2/2025	—	—

- (1) The market value was calculated based on \$28.48, the closing price per share of our common stock on December 31, 2015.
- (2) Consists of time-based restricted stock units that vest on May 14, 2016.
- (3) Consists of time-based restricted stock units that vest as to 50% of the shares subject to the award on each of June 3, 2016 and June 3, 2017.
- (4) Consists of time-based restricted stock units that vest as to one third of the shares subject to the award on each of August 1, 2016, August 1, 2017 and August 1, 2018.
- (5) Consists of time-based restricted stock units that vest as to 25% of the shares subject to the award on each of August 3, 2016, August 3, 2017, August 3, 2018 and August 3, 2019.
- (6) Consists of time-based restricted stock units that vest as to 25% of the shares subject to the award on each of September 1, 2016, September 1, 2017, September 1, 2018 and September 1, 2019.
- (7) Stock options become exercisable on May 14, 2016.
- (8) Stock options become exercisable as to 2,188 shares on June 3, 2016 and 2,188 shares on June 3, 2017.
- (9) Stock options become exercisable as to 2,500 shares on October 1, 2016 and 2,500 shares on October 1, 2017.
- (10) Stock options become exercisable as to 4,375 shares on August 1, 2016, 4,375 shares on August 1, 2017 and 4,375 shares on August 1, 2018.
- (11) Stock options become exercisable as to 5,625 shares on August 3, 2016, 5,625 shares on August 3, 2017, 5,625 shares on August 3, 2018 and 5,625 shares on August 3, 2019.
- (12) Stock options become exercisable as to 4,375 shares on June 3, 2016 and 4,375 shares on June 3, 2017.
- (13) Stock options become exercisable as to 5,625 shares on August 1, 2016, 5,625 shares on August 1, 2017 and 5,625 shares on August 1, 2018.
- (14) Stock options become exercisable as to 3,750 shares on August 1, 2016, 3,750 shares on August 1, 2017 and 3,750 shares on August 1, 2018.
- (15) Stock options become exercisable as to 3,750 shares on August 3, 2016, 3,750 shares on August 3, 2017, 3,750 shares on August 3, 2018 and 3,750 shares on August 3, 2019.
- (16) Stock options become exercisable on December 3, 2016.
- (17) Stock options become exercisable as to 5,000 shares on August 1, 2016, 5,000 shares on August 1, 2017 and 5,000 shares on August 1, 2018.
- (18) Stock options become exercisable as to 2,500 shares on June 3, 2016 and 2,500 shares on June 3, 2017.

OPTION EXERCISES AND STOCK VESTED TABLE FOR 2015

The following table sets forth information for the named executive officers regarding the value realized during 2015 by such executives pursuant to option exercises and the vesting of RSUs.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
George F. Colony	—	—	—	—
Cliff Condon	—	—	2,813	95,768
Michael A. Doyle	—	—	4,584	156,986
Gail S. Mann	—	—	2,521	85,995
Michael Morhardt	—	—	1,667	55,278
Dennis van Lingen	14,812	78,516	3,043	103,792

Pension Benefits

We have no defined benefit pension plans or long-term incentive plans applicable to the named executive officers.

Nonqualified Deferred Compensation

We have no nonqualified defined contribution or deferred compensation plans.

Severance and Change-of-Control Benefits

Effective May 15, 2014, our Board of Directors adopted and approved the Forrester Research, Inc. Executive Severance Plan (the "Severance Plan"), which is applicable to all of the Company's executive officers, including the named executive officers. The Severance Plan provides for the payment of severance and other benefits to each executive officer in the event of a termination of employment with the Company without cause and also, in the case of a change in control, by an executive officer for good reason, each as defined in the Severance Plan (each, a "Qualifying Termination"). In the event of a Qualifying Termination and subject to the executive's execution of a general release of claims against the Company, in addition to any accrued obligations such as unpaid base salary, vacation and earned bonuses, the Severance Plan provides for the following severance payments and benefits:

- In the event of a Qualifying Termination other than following a change in control:
 - continued payment of the executive officer's base salary in installments for one year, and in the case of Mr. Colony (or any successor CEO), for 18 months, after the Qualifying Termination;
 - payment in a lump sum of an amount equal to the lesser of the executive officer's (x) annual target bonus and, if applicable, sales commissions, as in effect on the date of the Qualifying Termination, or (y) the average of the actual bonus and, if applicable, sales commissions, earned by the executive officer under the applicable plans for the two fiscal years preceding the year of the Qualifying Termination (or for such shorter period that the executive officer was employed by the Company); and in the case of the chief executive officer, payment in a lump sum of an amount equal to one and one-half times the lesser of the chief executive officer's (x) annual target bonus and, if applicable, sales commissions, as in effect on the date of the Qualifying Termination, or (y) the average of the actual bonus and, if applicable, sales commissions earned by the chief executive officer under the applicable plans for the two fiscal years preceding the year of the Qualifying Termination;
 - payment in cash during the 12-month period following a Qualifying Termination for executive officers other than the chief executive officer, and during the 18-month period following a Qualifying Termination for the chief executive officer, of an amount equal to the Company's portion of the cost for medical and dental coverage under applicable Company plans; and
 - 6 months of outplacement assistance, subject to extension for an additional 6 months upon request of the executive officer and at the discretion of the Company.
- In the event of a Qualifying Termination during the 18-month period following a change in control (as defined in the Severance Plan):
 - payment in a lump sum of the executive officer's annual base salary, and in the case of the chief executive officer, two times annual base salary;
 - payment in a lump sum of an amount equal to the excess, if any, of (x) the executive officer's annual target bonus amount and/or annual target sales commission amount pro-rated as of the Qualifying Termination, over (y) the amount paid or payable for the actual bonus and/or sales commissions earned through the Qualifying Termination;
 - payment of the higher of the executive officer's (x) target annual incentive opportunity, including target bonus opportunity and, if applicable, target sales commissions, or (y) the average of the actual bonus and, if applicable, sales commissions, earned by the executive under the applicable plans for the two fiscal years preceding the year of the Qualifying Termination (or such shorter period that the executive officer was employed by the Company); and in the case of the chief executive officer, the higher of two times his or her (x) target annual incentive opportunity, including target bonus opportunity and, if applicable, target sales commissions, or (y) the average of the actual bonus and, if applicable, sales commissions, earned by the chief executive officer under applicable plans for the two fiscal years preceding the year of the Qualifying Termination;
 - payment in cash in a lump sum of an amount equal to 12 months for executive officers other than the chief executive officer, and 24 months for the chief executive officer, of the Company's portion of the cost for medical and dental coverage under applicable Company plans;
 - 12 months of outplacement assistance; and

- without limiting an executive officer's rights under any equity plans or agreements, accelerated vesting of, or cancellation and payment of merger consideration for (net of exercise price, if any), all unvested equity and equity-based awards, with performance-based awards, if any, vesting at target level of performance.

The Severance Plan shall also reimburse each executive officer whose termination of employment results from a change of control all reasonable legal fees and expenses incurred to obtain or enforce rights or benefits under the Severance Plan if the executive officer prevails in substantial part on the material issues of the proceeding.

The Severance Plan does not provide for a gross-up payment to any of the executive officers to offset any excise taxes that may be imposed on excess parachute payments under Section 4999 ("Excise Tax") of the Internal Revenue Code of 1986, as amended. Instead, the Severance Plan provides that in the event that the severance payments and benefits described above, and any other parachute payments, would, if paid, be subject to the Excise Tax, then the severance payments and benefits under the Severance Plan will be reduced to the extent necessary so that no portion of the payments or benefits under the Severance Plan are subject to the Excise Tax, provided that there shall be no such reduction if the net amount of the payments received by the executive officer after giving effect to all applicable taxes is greater than the net amount of the payments received by the executive officer after giving effect to the reduction.

We entered into an employment offer letter on July 24, 2007 with Mr. Doyle that provides for severance benefits following a termination of his employment by the Company without Cause (as defined in the offer letter). In the event of such a termination, we must continue to pay Mr. Doyle his base salary for the 6 months following his termination, subject to his signing a separation agreement in a form acceptable to us that includes a general release of all claims. On October 5, 2012 we entered into an employment offer letter with Mr. Morhardt that provides for severance benefits following a termination of his employment by the Company without Cause (as defined in the offer letter). In the event of such a termination, we must continue to pay Mr. Morhardt his base salary for the 6 months following his termination, subject to his signing a separation agreement in a form acceptable to us that includes a general release of all claims. In connection with Mr. van Lingen ceasing to be our Chief Product Officer, we entered into a settlement agreement with Mr. van Lingen, effective as of September 29, 2015 and on terms substantially consistent with our prior employment agreement with Mr. van Lingen, that provides for a lump sum end of service payment of €326,000 to be paid as soon as practicable after the end of the applicable notice period under local law, as well as payment of up to €15,000 for outplacement services. The Severance Plan provides that there will be no duplication of benefits between the Severance Plan and any of Mr. Doyle's or Mr. Morhardt's employment offer letters or Mr. van Lingen's settlement agreement. We have not entered into agreements providing for severance benefits with any of the other named executive officers. Each of our named executive officers other than Mr. Colony has entered into stock option and restricted stock unit grant agreements that provide for full acceleration of vesting upon a change of control of the Company, unless there is an assumption, substitution or cash-out of such options or restricted stock units in connection with the change of control.

The following table provides the details of payments that would have been paid to, or value that would have been received by, the named executive officers in connection with either a change of control, a termination of employment without cause or for good reason in connection with a change of control, or a termination of employment without cause in the absence of a change of control, in each case effective as of December 31, 2015.

Name	Event (1)	Salary	Annual	Payment in	Outplacement	Value of	Total
		Continuation	Incentive	Lieu of	Assistance	Accelerated	
		(\$)	Compensation	Medical and	(\$)(2)	Unvested	(\$)
			(\$)	Dental (\$)		Equity \$(3)	
George F. Colony	Change in Control	—	—	—	—	—	—
	Termination Upon Change in Control	750,000	787,500	34,159	20,000	—	1,591,659
	Not for Cause Termination	562,500	178,605	25,619	10,000	—	776,724
Cliff Condon	Change in Control	—	—	—	—	539,896	539,896
	Termination Upon Change in Control	360,000	216,459	10,570	20,000	539,896	1,146,925
	Not for Cause Termination	360,000	48,001	10,570	10,000	—	428,571
Michael A. Doyle	Change in Control	—	—	—	—	492,448	492,448
	Termination Upon Change in Control	370,000	220,000	10,570	20,000	492,448	1,113,018
	Not for Cause Termination	370,000	86,938	10,570	10,000	—	477,508
Gail S. Mann	Change in Control	—	—	—	—	306,132	306,132
	Termination Upon Change in Control	305,000	165,000	10,570	20,000	306,132	806,702
	Not for Cause Termination	305,000	63,750	10,570	10,000	—	389,320
Michael Morhardt	Change in Control	—	—	—	—	361,900	361,900
	Termination Upon Change in Control	315,000	362,121	17,079	20,000	361,900	1,076,100
	Not for Cause Termination	315,000	222,982	17,079	10,000	—	565,061
Dennis van Lingen(4)	Change in Control	—	—	—	—	335,780	335,780
	Termination Upon Change in Control	—	—	—	—	335,780	335,780
	Not for Cause Termination	—	—	—	—	—	-

- (1) None of the named executive officers has an agreement to receive any salary continuation, variable cash compensation, benefits continuation, acceleration of equity or gross-up in the event such named executive officer dies, becomes disabled, voluntarily terminates his or her employment with Forrester without “Good Reason” or if that named executive officer is terminated by Forrester for cause.
- (2) Estimated cost of 12 months of outplacement service in the event of a change in control and 6 months of outplacement service in the event of termination without a change in control.
- (3) Calculated using \$28.48, the closing price per share of our common stock on December 31, 2015. In the case of unvested options, calculated using the difference between \$28.48 and the exercise price of the applicable option, multiplied by the

number of unvested shares. In the case of unvested restricted stock units (RSUs), calculated using \$28.48 multiplied by the number of shares underlying such unvested RSU.

- (4) Mr. van Lingen was no longer serving as an executive officer as of December 31, 2015, and was thus no longer eligible for any payments under the Severance Plan described above. The settlement agreement effective as of September 29, 2015 between the Company and Mr. van Lingen provides for a lump sum end of service payment to Mr. van Lingen of €326,000 to be paid as soon as practicable after the end of the applicable notice period under local law, as well as payment of up to €15,000 for outplacement services.

Director Compensation

DIRECTOR COMPENSATION TABLE FOR 2015

The following table shows the compensation that we paid during the year ended December 31, 2015 to each of our directors, other than Mr. Colony, who was not paid additional compensation for his service as a director and whose compensation is reflected in “Executive Compensation” above.

Name	Fees Earned or Paid in	Stock	Total
	Cash (\$)	Awards \$(1)(2)(3)	
Henk W. Broeders	25,000	118,718	143,718
Robert M. Galford	30,000	118,718	148,718
George R. Hornig	30,000	118,718	148,718
Gretchen G. Teichgraeber	25,000	118,718	143,718
Michael H. Welles	30,000	118,718	148,718

- (1) The amounts in this column reflect the aggregate grant date fair value of restricted stock unit awards for 2015. The grant date fair value of restricted stock units is based upon the closing price of the Company’s common stock on the date of grant, as adjusted to reflect the absence of dividend credits prior to vesting of the restricted stock units. The amounts set forth may be more or less than the value ultimately realized by the named director based upon, among other things, the value of the Company’s Common Stock at the time of vesting of the restricted stock units and whether such restricted stock units actually vest.
- (2) On May 12, 2015, each of the directors, other than Mr. Colony, received 3,703 restricted stock units.
- (3) At December 31, 2015, the non-employee directors held options to purchase, and restricted stock units for, the number of shares listed next to their names below:

Name	Number of Shares	
	Options	RSUs
Henk W. Broeders	74,000	8,877
Robert M. Galford	39,625	8,877
George R. Hornig	24,000	8,877
Gretchen G. Teichgraeber	49,000	8,877
Michael H. Welles	61,500	8,877

Our non-employee directors receive an annual retainer of \$20,000 and members of each Board committee receive an additional annual retainer of \$5,000 for each committee on which they serve, with the Chairman of each committee receiving an additional \$5,000 per year. Each of these annual fees is payable quarterly in arrears. Members of our Board of Directors are reimbursed for their expenses incurred in connection with attending any meeting.

The Compensation and Nominating Committee of the Board of Directors has the authority under the Forrester Research, Inc. Amended and Restated 2006 Equity Incentive Plan (“Equity Incentive Plan”) to grant stock options and RSUs to non-employee directors in such amounts and on such terms as it shall determine at the time of grant. After our 2015 annual meeting, our five non-employee directors at that time each received 3,703 restricted stock units, which equals the number of whole shares calculated by dividing \$125,000 by \$33.75, the closing price of the Company’s common stock on the date of award. These RSUs vest in four equal annual installments. RSUs granted under the Equity Incentive Plan become vested in full upon a change of control of the Company, unless there is an assumption, substitution or cash-out of such RSUs in connection with the change of control.

Options granted to our non-employee directors prior to our 2012 annual meeting and currently outstanding were made pursuant to our 2006 Stock Option Plan for Directors, as amended.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Board of Directors has appointed an Audit Committee composed of three non-employee directors: Messrs. Hornig (Chairman), Broeders, and Welles. Each of the members of the Audit Committee is “independent” as defined under the NASDAQ Stock Market listing standards. The Board has determined that Mr. Hornig is an “audit committee financial expert” under applicable rules of the Securities and Exchange Commission (“SEC”), and the members of the Audit Committee satisfy the NASDAQ financial literacy standards.

The Audit Committee is responsible for providing independent oversight of Forrester’s accounting functions and internal controls. The Audit Committee oversees Forrester’s financial reporting process on behalf of the Board of Directors, reviews financial disclosures, and meets privately, outside of the presence of management, with Forrester’s internal auditor and with representatives of the independent registered public accounting firm. The Audit Committee also selects and appoints the independent registered public accounting firm, reviews the performance of the independent registered public accounting firm, and reviews the independent registered public accounting firm’s fees. The Audit Committee operates under a written charter adopted by the Board of Directors.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed Forrester’s audited financial statements for the fiscal year ended December 31, 2015 with Forrester’s management and with PricewaterhouseCoopers LLP (“PricewaterhouseCoopers”), Forrester’s independent registered public accounting firm. The Audit Committee also reviewed the report of management contained in Forrester’s Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC, as well as PricewaterhouseCoopers’ report included in Forrester’s Annual Report on Form 10-K related to its audit of (i) the consolidated financial statements and (ii) the effectiveness of internal control over financial reporting.

The Audit Committee has discussed with PricewaterhouseCoopers the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board (“PCAOB”). The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers required by the PCAOB regarding PricewaterhouseCoopers’ communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers their independence.

Based on the Audit Committee’s review and discussions noted above, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, the inclusion of the audited financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for filing with the SEC.

AUDIT COMMITTEE OF THE BOARD OF
DIRECTORS

George R. Hornig, Chairman
Henk W. Broeders
Michael H. Welles

The information contained in the report above shall not be deemed to be “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate it by reference in any such filing.

OTHER INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended requires our officers and directors, and persons who own more than 10% of our common stock to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission (“SEC”). Officers, directors and greater than 10% beneficial stockholders are required by SEC regulation to furnish to us copies of all Forms 3, 4 and 5 they file. Based solely on our review of copies of such forms which we received, we believe that all of our officers, directors, and greater than 10% beneficial owners complied on a timely basis with all filing requirements with respect to transactions during 2015. On February 11, 2016, Wellington Management Group LLP filed an amendment to its previously filed Schedule 13G disclosing that, effective January 1, 2016, its beneficial ownership as of December 31, 2015 had changed from its beneficial ownership as of December 31, 2014, though remained in excess of 10%. Wellington Management Group LLP has not made any filing on Form 4 with respect to this change in beneficial ownership.

Certain Relationships and Related Transactions

Registration Rights and Non-Competition Agreement. At the time of our initial public offering, we entered into a registration rights and non-competition agreement with Mr. Colony which provides that if Mr. Colony’s employment with us is terminated he will not compete with us for the one year period after the date of such termination. The agreement also provides that in the event we propose to file a registration statement under the Securities Act of 1933, as amended, with respect to an offering by us for our own account or the account of another person, or both, Mr. Colony shall be entitled to include shares held by him in such a registration, subject to the right of the managing underwriter of any such offering to exclude some or all of such shares from such registration if and to the extent the inclusion of the shares would adversely affect the marketing of the shares to be sold by us. The agreement also provides that Mr. Colony may require us to register shares under the Securities Act with a fair market value of at least \$5 million, except that we are not required to effect such registration more than twice or at certain times described in the agreement. The agreement also provides that we will pay all expenses incurred in connection with such registration.

Related Person Transactions

Pursuant to its amended and restated charter, our Audit Committee has responsibility for the review and approval of all transactions between the Company and any related parties or affiliates of the Company, its officers, and directors.

Related persons can include any of our directors or executive officers, certain of our stockholders, and any of their immediate family members. In evaluating related person transactions, the committee members apply the same standards they apply to their general responsibilities as members of a committee of the board of directors and as individual directors. The committee will approve a related person transaction when, in its good faith judgment, the transaction is in the best interest of the Company. To identify related person transactions, each year we require our directors and officers to complete a questionnaire identifying any transactions with the Company in which the officer or director or their family members have an interest. In addition, our Code of Business Conduct and Ethics includes our expectation that all directors, officers and employees who may have a potential or apparent conflict of interest will notify our legal department.

PROPOSAL TWO:

RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016

PricewaterhouseCoopers LLP audited our financial statements for the fiscal year ended December 31, 2015. Our Audit Committee has selected PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. Although stockholder approval of the selection of PricewaterhouseCoopers LLP is not required by law, our Board of Directors believes that it is advisable to give stockholders an opportunity to ratify this selection.

If stockholders do not approve this proposal at the 2016 annual meeting, our Audit Committee will reconsider its selection of PricewaterhouseCoopers LLP. If stockholders do ratify this appointment, the Audit Committee, which has direct authority to engage our independent registered public accounting firm, may appoint a different independent registered public accounting firm at any time during the year if it determines that the change would be in the best interests of Forrester and our stockholders.

The Audit Committee has approved all services provided to Forrester by PricewaterhouseCoopers LLP during 2015. Representatives of PricewaterhouseCoopers LLP are expected to be present at the 2016 annual meeting. They will have the opportunity to make a statement if they desire to do so and will also be available to respond to appropriate questions from stockholders.

Independent Auditors' Fees and Other Matters

The following table presents the aggregate fees billed or expected to be billed by PricewaterhouseCoopers LLP ("PwC") and its affiliates for fiscal 2015 and fiscal 2014.

	<u>Fiscal 2015</u>	<u>Fiscal 2014</u>
Audit Fees(1)	\$ 1,082,000	\$ 1,154,719
Audit-Related Fees(2)	—	—
Tax Fees(3)	237,604	117,696
All Other Fees(4)	1,800	1,800
Total Fees	\$ 1,321,404	\$ 1,274,215

- (1) Audit fees are fees related to professional services rendered by PwC and its affiliates in connection with the audit of our financial statements and our internal controls over financial reporting, the reviews of our interim financial statements included in each of our quarterly reports on Form 10-Q, international statutory audits, and review of other SEC filings.
- (2) Audit-related fees are for assurance and related services by PwC and its affiliates that are reasonably related to the performance of the audit or review of our financial statements.
- (3) Tax fees are fees billed for professional services related to tax compliance and tax consulting services.
- (4) All other fees include licenses to web-based accounting and finance reference materials.

Audit Committee's Pre-Approval Policy and Procedures

The Audit Committee approves the engagement of our independent registered public accounting firm to render any audit or non-audit services. At a regularly scheduled Audit Committee meeting, management or a representative of the Company's independent registered public accounting firm summarizes the services to be provided by the firm and the fees that will be charged for the services. Thereafter, if new services or dollar amounts in excess of those pre-approved at the meeting are proposed, they are either presented for pre-approval at the next meeting of the Audit Committee or approved by the Chairman of the Audit Committee pursuant to delegated authority. At subsequent meetings, the Audit Committee is provided a listing of any newly pre-approved services since the last meeting, and an updated projection for the current year of the estimated annual fees to be paid to the firm for all pre-approved audit and permissible non-audit services.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT
THE STOCKHOLDERS VOTE FOR RATIFICATION OF THE APPOINTMENT OF
PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016.**

PROPOSAL THREE:

NON-BINDING VOTE ON EXECUTIVE COMPENSATION

We have implemented an executive compensation program that rewards performance. Our executive compensation program is designed to attract, retain and motivate the key individuals who are most capable of contributing to the success of our Company and building long-term value for our stockholders. The elements of our executives' total compensation are base salary, cash incentive awards, equity incentive awards, severance and change of control benefits, and other employee benefits. We have designed a compensation program that makes a substantial portion of executive pay variable, subject to increase when performance targets are exceeded, and subject to reduction when performance targets are not achieved.

We believe our executive compensation program strikes the appropriate balance between utilizing responsible, measured pay practices and providing incentives to our executives to create value for our stockholders. We believe this is evidenced by the following:

- The mix of compensation among base salary and cash incentives.
- Generally our compensation policies and practices are uniform across each of our business units and geographic regions.
- Our bonus plan for executive officers provides for multiple payout levels based on targets established and approved by our Compensation and Nominating Committee during the first quarter of the applicable plan year.
- We require that minimum threshold performance targets be achieved before any bonuses under our executive cash incentive plan are paid, and bonus payouts under our executive cash incentive plan are capped.
- We use multiple performance measures under our executive cash incentive plan, including bookings and operating profit.
- We currently grant equity-based awards to executives under our equity incentive plan subject to multi-year vesting criteria, and require that the executive remain employed through the vesting date to realize the value of these awards.

The Board endorses the Company's executive compensation program and recommends that stockholders vote in favor of the following resolution:

RESOLVED, that the stockholders approve the compensation of the Company's named executive officers as described in this proxy statement under "Executive Compensation", including the Compensation Discussion and Analysis and the tabular and narrative disclosure contained in this proxy statement.

Because the vote is non-binding, neither the Board of Directors nor the Compensation and Nominating Committee of the Board will be required to take any action as a result of the outcome of the vote on this proposal. The Compensation and Nominating Committee will carefully consider the outcome of the vote when evaluating future executive compensation arrangements.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION.

PROPOSAL FOUR:

APPROVAL OF AN AMENDMENT AND RESTATEMENT OF THE FORRESTER RESEARCH, INC. 2006 EQUITY INCENTIVE PLAN

On March 24, 2016, the Compensation and Nominating Committee of the Board of Directors approved an amendment and restatement of the Forrester Research, Inc. 2006 Equity Incentive Plan, which is subject to stockholder approval (the “Plan”). The Board has ratified and approved the Plan and recommends the stockholders approve an amendment and restatement of the Plan that will (1) extend the term of the Plan for ten years to May 16, 2026; (2) increase the number of shares issuable under the plan by two million (2,000,000) shares; (3) re-approve the material performance criteria in the Plan for purposes of Section 162(m) of the Internal Revenue Code; (4) establish a maximum annual amount of awards issuable under the Plan to our non-employee directors; and (5) change the name of the Plan to the Forrester Research, Inc. Amended and Restated Equity Incentive Plan.

The closing price of our common stock on March 30, 2016 was \$33.83.

Summary of the Plan

The Board believes that the success of Forrester depends, in large part, on the ability of Forrester to attract, retain and motivate key personnel. Accordingly, the Board firmly believes that a broad-based equity compensation plan is a necessary retention tool that is in the best interests of Forrester and its stockholders.

The following summary and Plan description are qualified in their entirety by reference to the full text of the Plan attached to this proxy statement as Exhibit A.

The amendment and restatement of the Plan will become effective, subject to stockholder approval, on May 17, 2016. If the amendment and restatement is not approved by the stockholders, subsequent to the annual meeting we will not have a stockholder approved equity plan pursuant to which we may continue to grant equity awards. Assuming approval of the amendment and restatement by the stockholders, no awards may be made under the Plan after May 16, 2026. The maximum number of shares of our common stock that may be delivered in satisfaction of Awards made under the Plan is 2,000,000 newly authorized shares plus the number of shares currently authorized and available for issuance under the Plan. As of March 14, 2016, there were 2,383,915 awards outstanding under the Plan, consisting of 1,879,582 options and 504,333 restricted stock units, and there remained available for future awards to be made under the Plan a total number of shares equal to 737,407.

Shares delivered under the Plan may consist of either authorized but unissued shares or treasury shares. For purposes of calculating the maximum number of shares that may be delivered in satisfaction of Awards made under the Plan, such maximum will be determined net of any shares (i) awarded as restricted stock but subsequently forfeited, or (ii) subject to an Award that is exercised or satisfied, or terminates or expires, without the delivery of such shares. In the event of a stock dividend, stock split or other change in our capital structure, the Administrator will make appropriate adjustments to the limits described above and to the number and kind of shares of stock or securities subject to Awards, any exercise prices relating to Awards, any other provisions of Awards effected by the change, or similar adjustments deemed appropriate to preserve the value of Awards and avoid distortion in the operation of the Plan.

The maximum number of shares of common stock for which stock options may be granted to any person in any calendar year and the maximum number of shares of common stock subject to stock appreciation rights (“SARs”) granted to any person in any calendar year is each 1,000,000. The maximum number of shares that may be paid to any person under other awards in any calendar year is 1,000,000.

Administration. The Compensation and Nominating Committee of the Board of Directors (“Administrator”) administers the Plan. The Administrator has authority to determine who will receive Awards and to determine the types of Awards to be granted, as well as the amounts, terms, and conditions of any Awards. The types of Awards that may be granted under the Plan are described below (collectively, the “Awards”). The Administrator has the right to determine any questions that may arise regarding the interpretation and application of the provisions of the Plan, and to make, administer, and interpret such rules and regulations as it deems necessary or advisable. To the extent permitted by law and the terms of the Plan, the Administrator may, in its discretion, delegate its duties, powers, and rights under the Plan to one or more of its members or officers of the Company. Determinations of the Administrator and its delegates under the Plan are conclusive and binding on all parties.

Eligibility. Key employees, our independent directors, and consultants and advisors to, the Company are eligible to be granted Awards under the Plan, except that incentive stock options may only be granted to employees of the Company and its subsidiaries. As

of March 14, 2016, the group of persons from whom the Administrator may select participants consists of approximately 1,300 individuals.

Non-Employee Director Limit. The Plan provides that the maximum number of shares that may be delivered in satisfaction of Awards granted during a single fiscal year under the Plan, or under any other equity plan maintained by the Company, to any non-employee director, taken together with any cash fees paid to the non-employee director during the fiscal year, may not exceed \$200,000.

Clawback. The Plan provides that Awards and shares of stock (and proceeds therefrom) obtained pursuant to or on exercise of Awards are subject to forfeiture, setoff, recoupment or other recovery if the Administrator determines in good faith that such action is required by applicable law or Company policy.

Types of Awards.

Stock Options. The Administrator may award options to any participant, subject to the limitations described above. Stock options give the holder the right to purchase shares of Forrester common stock within a specified period of time at a specified price. The Plan provides for the grant of incentive stock options (“ISOs”), which are subject to special tax treatment described below, and non-statutory stock options (“NSOs”). The Plan provides that the maximum number of shares that may be delivered in satisfaction of ISOs under the Plan is 2,000,000.

The exercise price of both an ISO and NSO granted under the Plan may not be less than the fair market value of our common stock on the date the option is granted. The expiration date of an ISO may not be more than ten years after the original grant date. The Administrator determines all other terms relating to the exercise of the option, including the consideration to be paid, if any, for the grant of the option and the time at which options may be exercised. The option exercise price is payable in cash or check, and the Administrator may, in its discretion, also permit optionees to make payment in our common stock having a fair market value equal to the option exercise price, through withholding by the Company of shares of stock otherwise issuable upon exercise of the Award, or subject to certain conditions, using a broker-assisted “cashless exercise” program.

All unexercised options terminate not later than after a certain number of years as determined by the Administrator, but the maximum term of an ISO may not be longer than ten years. Except as otherwise provided in the Plan and the applicable Award agreement, vested options generally must be exercised within three months of the cessation of the holder’s employment with the Company.

Stock Appreciation Rights. The Plan permits the Administrator to grant SARs. A SAR entitles the holder, upon exercise, to receive an amount in our common stock, or cash, or a combination thereof, determined by reference to appreciation from and after the date of grant in the base price of a share of our common stock, which may not be less than such share’s fair market value on the date of grant. No SARs have been granted under the Plan.

Restricted and Unrestricted Stock; Stock Unit Awards. Under the Plan the Administrator may grant non-transferable shares of restricted or unrestricted common stock and restricted or unrestricted stock unit awards. A stock award is an award of shares of our common stock, while a stock unit award entitles the recipient to the future delivery of shares of common stock or an amount of equivalent value. Stock unit awards may be settled in shares, cash, or a combination thereof. Awards of restricted and unrestricted stock may be made in exchange for past services or other lawful consideration. Generally, awards of restricted stock and restricted stock unit awards are subject to the requirement that the shares or Award be forfeited or resold to the Company unless specified conditions, such as continued employment and/or achievement of performance goals, are met. Subject to these restrictions, any recipient of an award of restricted stock will have the rights of a stockholder, including the right to vote the shares and receive dividends. Other Awards under the Plan may also be settled in restricted stock. To date, while the Administrator has approved awards of restricted stock units under the Plan, there have been no awards of restricted or unrestricted stock to any eligible Plan participant.

Performance Awards. The Administrator may also make Awards subject to the satisfaction of specified performance criteria (“Performance Awards”). Performance Awards may consist of stock options, SARs, restricted stock, or restricted stock units. The performance criteria applicable to a particular Performance Award will be determined by the Administrator. As part of the amendment, we are seeking stockholder reapproval of the material performance criteria in the Plan to maintain future flexibility with respect to Section 162(m) compliance. In the case of Performance Awards intended to qualify for exemption under Section 162(m) of the Internal Revenue Code, the Administrator will use objectively determinable performance measures in accordance with Section 162(m) that are based on any or any combination of the following (determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project, or geographical basis or in combinations thereof): bookings; sales; revenues; operating income or operating margin; assets; expenses; earnings before or after deduction for all or any portion of interest,

taxes, depreciation, or amortization, whether or not on a continuing operations or on an aggregate or per share basis; return on equity, investment, capital or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations, recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings; or strategic business criteria, consisting of one or more objectives based on meeting specified revenue, market penetration, geographic business expansion goals, cost targets, or objective goals relating to reorganizations, acquisitions or divestitures. Any of the foregoing performance criteria and any targets set by the Administrator with respect to those criteria need not be based upon an increase, a positive or improved result, or avoidance of loss. For Awards intended to comply with Section 162(m), the measures used in setting performance criteria under the Plan will be determined without regard to a specified list of factors, though the Administrator may exercise discretion to cause one or more of these factors to be included in the determination of the performance criteria. In addition, the Administrator may reduce (but not increase) the number of shares that may be received under an Award that are otherwise earned upon satisfaction of the applicable performance criteria. Such adjustments will be made only to the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m). The Administrator will determine whether the performance targets or goals that have been chosen for a particular Performance Award have been met.

General Provisions Applicable to All Awards. Neither ISOs, nor, except as the Administrator may otherwise determine or provide in any Award, any other Award may be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom it is granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution. During the life of a participant an ISO is exercisable only by the recipient. Other Awards may be transferred during the recipient's lifetime, but only on a gratuitous basis and only to the extent, if any, permitted by the Administrator.

Treatment of Awards in Connection with Certain Transactions. The Plan provides that, in the event of (i) a consolidation, merger, or similar transaction or series of transactions in which Forrester is not the surviving corporation or which results in the acquisition by a person or entity or by a group of persons or entities acting together of substantially all of our common stock, (ii) a sale of all or substantially all the assets of Forrester, or (iii) a complete liquidation or dissolution of the Company, the following rules will apply unless otherwise provided in an Award:

- If there is a surviving or acquiring entity, the Administrator may arrange to have that entity (or an affiliate) assume some or all outstanding Awards or grant substitute Awards. Any such assumption or substitution of a stock option or SAR exempt from the requirements of Section 409A of the Internal Revenue Code will be accomplished in a manner that preserves such exemption.
- If the transaction involves a payment to Forrester stockholders (whether cash, non-cash, or some combination of the two), the Administrator may provide for a "cash-out" payment with respect to some or all Awards or portions thereof. With respect to each affected Award, the "cash-out" payment will be equal to the excess, if any, of the fair market value of one share of our common stock multiplied by the number of shares of stock subject to the Award or portion thereof over the aggregate exercise or purchase price (if any) of the Award or portion thereof.
- Regardless of whether there is a surviving or acquiring entity, if the transaction does not involve an assumption or substitution of Awards or a "cash-out" payment, all Awards requiring exercise will become fully exercisable and the delivery of shares deliverable under a stock unit award will be accelerated prior to the completion of the transaction on a basis that gives participants a reasonable opportunity, as determined by the Administrator, to participate in the transaction as a stockholder.
- Existing Awards, unless assumed, will terminate upon completion of the transaction.

The Administrator may require that any amounts delivered, exchanged or otherwise paid with respect to a "cash-out" or acceleration of an outstanding Award contain restrictions as it deems appropriate to reflect any performance or other vesting conditions to which the Award was subject. In the case of restricted stock, the Administrator may require that any amounts delivered, exchanged or otherwise paid in respect of such stock be placed in escrow or otherwise made subject to restrictions.

Amendment and Termination. The Administrator may amend the Plan or any outstanding Award at any time or times for any purpose which may at the time be permitted by law, and may at any time terminate the Plan as to any future grants of Awards. The Administrator may not, however, alter the terms of an Award so as to affect adversely the participant's rights under an Award without the participant's consent, unless the Administrator expressly reserved the right to do so at the time of an Award.

Plan Benefits

The future benefits or amounts that would be received under the Plan by executive officers, non-executive officer employees, and independent directors are discretionary and are therefore not determinable at this time. However, the following table sets forth the number of shares (excluding shares covered by awards that were canceled or forfeited) subject to options and restricted stock units as of March 14, 2016 that were granted under the Plan from January 1, 2015 to December 31, 2015 to our named executive officers, all current executive officers as a group, all current directors who are not executive officers and were not executive officers at the time of grant, as a group, and all employees, excluding executive officers.

Name and Position	Number of Shares Subject to Awards Granted Under the Plan from January 1, 2015 to December 31, 2015	
	Stock Options	Restricted Stock Units
George F. Colony Chairman of the Board and Chief Executive Officer	0	0
Michael A. Doyle Chief Financial Officer and Treasurer	22,500	7,500
Clifford Condon Chief Research and Product Officer	22,500	12,500
Gail S. Mann, Chief Legal Officer and Secretary	15,000	5,000
Michael Morhardt Chief Sales Officer	22,500	7,500
Dennis van Lingen Former Chief Product Officer (1)	15,000	5,000
All current executive officers as a group (including the 6 officers above)	125,000	46,667
All current directors who were not executive officers at the time of grant, as a group	0	18,515
All employees and officers, excluding current executive officers and directors, as a group	336,925	192,976

(1) Mr. van Lingen ceased serving as our Chief Product Officer effective August 24, 2015. Because of his total compensation received during 2015, Mr. Van Lingen is listed as a named executive officer of the Company in this proxy statement. He was no longer an executive officer of the Company at December 31, 2015.

U.S. Federal Tax Consequences

The following discussion summarizes certain United States federal income tax consequences of the issuance and receipt of options and restricted stock awards under the Plan under the law as in effect on the date of this proxy statement. The Plan provides for the grant of ISOs and NSOs, as well as other Awards. This summary does not purport to cover federal employment law tax or other federal tax consequences that may be associated with the Plan, nor does it address the tax laws of any state, municipality, or foreign country where a participant may reside.

ISOs. An optionee realizes no taxable income upon the grant or, for regular tax purposes, upon the exercise of an ISO. However, the exercise of an ISO may result in an alternative minimum tax liability to the optionee. With certain exceptions, a disposition of shares purchased under an ISO within two years from the date of grant or within one year after exercise produces ordinary income to the optionee (and a deduction to Forrester) equal to the value of the shares at the time of exercise less the exercise price. Any additional gain recognized in the disposition is treated as a capital gain for which Forrester is not entitled to a deduction. If the optionee does not dispose of the shares until after the expiration of these one- and two-year holding periods, any gain or loss recognized upon a subsequent sale is treated as a long-term capital gain or loss for which Forrester is not entitled to a deduction.

NSOs. In general, in the case of an NSO, the optionee has no taxable income at the time of grant but realizes income in connection with exercise of the option in an amount equal to the excess (at the time of exercise) of the fair market value of the shares acquired upon exercise over the exercise price; a corresponding deduction is available to Forrester; and upon a subsequent sale or exchange of

the shares, any recognized gain or loss after the date of exercise is treated as capital gain or loss for which Forrester is not entitled to a deduction.

In general, an ISO that is exercised by the optionee more than three months after termination of employment is treated as an NSO. ISOS are also treated as NSOs to the extent they first become exercisable by an individual in any calendar year for shares having a market value (determined as of the date of grant) in excess of \$100,000.

The Administrator may award stock options that are exercisable for restricted stock, or may award shares of restricted stock. Generally, taxes are not due when an award of restricted stock is initially made, or when restricted stock is received upon exercise of a stock option, but the award becomes taxable when it is no longer subject to a “substantial risk of forfeiture” (it becomes vested or transferable). Income tax is paid on the value of the stock at ordinary rates when the restrictions lapse, and then at capital gain rates when the shares are sold. However, no later than 30 days after a participant receives an award of restricted stock or a stock option exercisable for restricted stock, pursuant to Section 83(b) of the Internal Revenue Code, the participant may elect to recognize taxable ordinary income in an amount equal to the fair market value of the stock subject to the award at the time of exercise of the option or receipt of the award of restricted stock. Provided that the election is made in a timely manner, the participant will not recognize any additional income when the restrictions on the stock lapse. Assuming no other applicable limitations, the amount and timing of the deduction available to Forrester will correspond to the income recognized by the participant.

The Administrator may also award restricted stock units. The recipient of restricted stock units will not recognize taxable income at the time of grant of a restricted stock unit, and we are not entitled to a tax deduction at that time. The recipient will recognize compensation taxable as ordinary income, however, at the time of settlement of the Award, equal to the fair market value of any shares delivered and the amount of cash paid. We will generally be entitled to a corresponding deduction, except to the extent that the deduction limits of Section 162(m) apply.

Under the so-called “golden parachute” provisions of the Internal Revenue Code, the accelerated vesting of Awards in connection with a change of control of Forrester may be required to be valued and taken into account in determining whether participants have received compensatory payments, contingent on the change in control, in excess of certain limits. If these limits are exceeded, a substantial portion of amounts payable to the participant, including income recognized by reason of the grant, vesting or exercise of Awards under the Plan may be subject to an additional 20% federal tax and may be nondeductible to Forrester.

It is the intention of Forrester that Awards will comply with Section 409A of the Internal Revenue Code regarding nonqualified deferred compensation arrangements or will satisfy the conditions of applicable exemptions. However, if an Award is subject to and fails to comply with the requirements of Section 409A, the participant may recognize ordinary income on the amounts deferred under the Award, to the extent vested, prior to the time when the compensation is received. In addition, Section 409A imposes a 20% penalty tax, as well as interest, on the participant with respect to such amounts.

The foregoing general tax discussion is intended for the information of Forrester’s stockholders in considering how to vote with respect to this proposal, and not as tax guidance to participants in the Plan.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE PROPOSAL TO APPROVE AN AMENDMENT AND RESTATEMENT OF THE FORRESTER RESEARCH, INC. 2006 EQUITY INCENTIVE PLAN.

STOCKHOLDER PROPOSALS

Stockholder proposals to be considered at the Annual Meeting of Stockholders in 2017 must be received by December 5, 2016 to be considered for inclusion in our proxy materials for that meeting.

Stockholders who wish to make a proposal at the 2017 annual meeting, other than proposals included in our proxy materials, or who wish to nominate individuals for election as directors, must notify us between January 17, 2017 and February 16, 2017. If the stockholder does not notify us by February 16, 2017, the proxies will have discretionary authority to vote on a stockholder's proposal brought before the meeting.

OTHER BUSINESS

The Board of Directors has no knowledge of any other matter that may come before the annual meeting and does not, itself, currently intend to present any other such matter.

FORM 10-K

A copy of our annual report on Form 10-K for the fiscal year ended December 31, 2015 filed with the Securities and Exchange Commission will be sent to stockholders without charge by writing to Forrester Research, Inc., Investor Relations, 60 Acorn Park Drive, Cambridge, Massachusetts 02140.

FORRESTER RESEARCH, INC.

AMENDED AND RESTATED EQUITY INCENTIVE PLAN

(as amended through May 17, 2016)

1. DEFINED TERMS

Exhibit A, which is incorporated by reference, defines the terms used in the Plan and sets forth certain operational rules related to those terms.

2. PURPOSE

The Plan has been established to advance the interests of the Company by providing for the grant to Participants of Stock-based Awards.

3. ADMINISTRATION

The Administrator has discretionary authority, subject only to the express provisions of the Plan, to interpret the Plan; determine eligibility for and grant Awards; determine, modify or waive the terms and conditions of any Award; prescribe forms, rules and procedures; and otherwise do all things necessary to carry out the purposes of the Plan. In the case of any Award intended to be eligible for the performance-based compensation exception under Section 162(m), the Administrator will exercise its discretion consistent with qualifying the Award for that exception. Determinations of the Administrator made under the Plan will be conclusive and will bind all parties.

4. LIMITS ON AWARDS UNDER THE PLAN

(a) Number of Shares. The number of shares of Stock available for delivery in satisfaction of Awards under the Plan shall be determined in accordance with this Section 4(a).

(1) Subject to Section 7(b), the maximum number of shares of Stock that may be delivered in satisfaction of Awards under the Plan shall be six million four hundred thirty thousand (6,430,000) plus the number (not to exceed two and one-half million (2,500,000)) of unused Prior Plan shares. For purposes of the preceding sentence, shares of Stock shall be unused Prior Plan shares (i) if they were subject to awards under the Prior Plan, other than restricted stock awards, that were outstanding on the day preceding the Original 2006 Plan Effective Date to the extent such Prior Plan awards are exercised or are satisfied, or terminate or expire, on or after the Original 2006 Plan Effective Date without the delivery of such shares, or (ii) if they were outstanding on the day preceding the Original 2006 Plan Effective Date as restricted stock awards under the Prior Plan and are thereafter forfeited. The number of shares of Stock delivered in satisfaction of an Award shall be, for purposes of the first sentence of this Section 4(a)(1), the number of shares of Stock subject to the Award reduced by the number of shares of Stock (a) awarded under the Plan as Restricted Stock but thereafter forfeited, or (b) made subject to an Award that is exercised or satisfied, or that terminates or expires, without the delivery of such shares.

(2) To the extent consistent with the requirements of Section 422 and with other applicable legal requirements (including applicable stock exchange or Nasdaq requirements), Stock issued under awards of an acquired company that are converted, replaced, or adjusted in connection with the acquisition shall not reduce the number of shares available for Awards under the Plan.

(b) Type of Shares. Stock delivered by the Company under the Plan may be authorized but unissued Stock or previously issued Stock acquired by the Company. No fractional shares of Stock will be delivered under the Plan.

(c) Section 162(m) Limits. The maximum number of shares of Stock for which Stock Options may be granted to any person in any calendar year and the maximum number of shares of Stock subject to SARs granted to any person in any calendar year will each be one million (1,000,000). The maximum number of shares subject to other Awards granted to any person in any calendar year will be one million (1,000,000) shares. The foregoing provisions will be construed in a manner consistent with Section 162(m).

(d) ISO Limit. The maximum number of shares of Stock that may be delivered in satisfaction of ISOs under the Plan shall be two million (2,000,000) shares.

(e) Non-Employee Director Limits. The maximum number of shares of Stock that may be delivered in satisfaction of Awards granted during a single fiscal year under the Plan, or under any other equity plan maintained by the Company, to any Outside Director, taken together with any cash fees payable to such Outside Director during the fiscal year, may not exceed two hundred thousand dollars (\$200,000) in total value. The value of any Award for purposes of this Section 4(e) shall be determined by reference to the grant date fair value of such Award used by the Company for financial reporting purposes and shall exclude the value of any dividends or dividend equivalents paid pursuant to an Award granted in a prior fiscal year.

5. ELIGIBILITY AND PARTICIPATION

The Administrator will select Participants from among those key Employees, Outside Directors, and consultants and advisors to, the Company or its Affiliates who, in the opinion of the Administrator, are in a position to make a significant contribution to the success of the Company and its Affiliates. Eligibility for ISOs is limited to employees of the Company or of a “parent corporation” or “subsidiary corporation” of the Company as those terms are defined in Section 424 of the Code.

6. RULES APPLICABLE TO AWARDS

(a) All Awards

(1) Award Provisions. The Administrator will determine the terms of all Awards, subject to the limitations provided herein. By accepting any Award granted hereunder, the Participant agrees to the terms of the Award and the Plan. Notwithstanding any provision of this Plan to the contrary, awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition may contain terms and conditions that are inconsistent with the terms and conditions specified herein, as determined by the Administrator.

(2) Term of Plan. No Awards may be made after May 16, 2026, but previously granted Awards may continue beyond that date in accordance with their terms.

(3) Transferability. ISOs may not be transferred other than by will or the laws of descent and distribution and may be exercised, during the lifetime of the Participant to whom they were awarded, only by that Participant. Other Awards may be transferred during a Participant’s lifetime only on a gratuitous basis and then only to the extent, if any, determined by the Administrator.

(4) Vesting, Etc. The Administrator may determine the time or times at which an Award will vest or become exercisable and the terms on which an Award requiring exercise will remain exercisable. Without limiting the foregoing, the Administrator may at any time accelerate the vesting or exercisability of an Award, regardless of any adverse or potentially adverse tax consequences resulting from such acceleration. Unless the Administrator expressly provides otherwise, however, the following rules will apply: immediately upon the cessation of the Participant’s Employment, each Award requiring exercise that is then held by the Participant or by the Participant’s permitted transferees, if any, will cease to be exercisable and will terminate, and all other Awards that are then held by the Participant or by the Participant’s permitted transferees, if any, to the extent not already vested will be forfeited, except that:

(A) subject to (B) and (C) below, all Stock Options and SARs held by the Participant or the Participant’s permitted transferees, if any, immediately prior to the cessation of the Participant’s Employment, to the extent then exercisable, will remain exercisable for the lesser of (i) a period of three months or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 6(a)(4), and will thereupon terminate;

(B) all Stock Options and SARs held by a Participant or the Participant’s permitted transferees, if any, immediately prior to the Participant’s death, to the extent then exercisable, will remain exercisable for the lesser of (i) the one year period ending with the first anniversary of the Participant’s death or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 6(a)(4), and will thereupon terminate; and

(C) all Stock Options and SARs held by a Participant or the Participant’s permitted transferees, if any, immediately prior to the cessation of the Participant’s Employment will immediately terminate upon such cessation

if the Administrator in its sole discretion determines that such cessation of Employment has resulted for reasons which cast such discredit on the Participant as to justify immediate termination of the Award.

(5) Taxes. The Administrator will make such provision for the withholding of taxes as it deems necessary. The Administrator may, but need not, hold back shares of Stock from an Award or permit a Participant to tender previously owned shares of Stock in satisfaction of tax withholding requirements (but not in excess of the minimum withholding required by law).

(6) Dividend Equivalents, Etc. The Administrator may provide for the payment of amounts in lieu of cash dividends or other cash distributions with respect to Stock subject to an Award. Any entitlement to dividend equivalents or similar entitlements shall be established and administered consistent either with exemption from, or compliance with, the requirements of Section 409A to the extent applicable.

(7) Rights Limited. Nothing in the Plan will be construed as giving any person the right to continued employment or service with the Company or its Affiliates, or any rights as a stockholder except as to shares of Stock actually issued under the Plan. The loss of existing or potential profit in Awards will not constitute an element of damages in the event of termination of Employment for any reason, even if the termination is in violation of an obligation of the Company or Affiliate to the Participant.

(8) Section 162(m). This Section 6(a)(8) applies to any Performance Award intended to qualify as performance-based for the purposes of Section 162(m) other than a Stock Option or SAR. In the case of any Performance Award to which this Section 6(a)(8) applies, the Plan and such Award will be construed to the maximum extent permitted by law in a manner consistent with qualifying the Award for such exception. With respect to such Performance Awards, the Administrator will preestablish, in writing, one or more specific Performance Criteria no later than 90 days after the commencement of the period of service to which the performance relates (or at such earlier time as is required to qualify the Award as performance-based under Section 162(m) (the "Applicable Period"). Notwithstanding satisfaction of applicable Performance Criteria, and without limiting the provisions of Section 7(b)(1), the number of shares of Stock received under an Award that are otherwise earned upon satisfaction of such Performance Criteria may be reduced by the Administrator (but not increased) on the basis of such further considerations that the Administrator in its sole discretion shall determine. Prior to grant, vesting or payment of the Performance Award, as the case may be, the Administrator will certify whether the applicable Performance Criteria have been attained and such determination will be final and conclusive. No Performance Award to which this Section 6(a)(8) applies may be granted more than five years after the Plan shall have been last approved by stockholders of the Company until the listed performance measures set forth in the definition of "Performance Criteria" (as originally approved or as subsequently amended) have been resubmitted to and reapproved by the stockholders of the Company in accordance with the requirements of Section 162(m) of the Code, unless such grant is made contingent upon such approval.

(b) Awards Requiring Exercise

(1) 409A Exemption. Except as the Administrator otherwise determines, no Award requiring exercise shall have deferral features, or shall be administered in a manner, that would cause such Award to fail to qualify for exemption from Section 409A.

(2) Time And Manner Of Exercise. Unless the Administrator expressly provides otherwise, an Award requiring exercise by the holder will not be deemed to have been exercised until the Administrator receives a notice of exercise (in form acceptable to the Administrator) signed by the appropriate person and accompanied by any payment required under the Award. If the Award is exercised by any person other than the Participant, the Administrator may require satisfactory evidence that the person exercising the Award has the right to do so.

(3) Exercise Price. The exercise price (or the base value from which appreciation is to be measured) of each Award requiring exercise shall be not less than 100% of the fair market value of the Stock subject to the Award, determined as of the date of grant, or such higher amount as the Administrator may determine in connection with the grant. Fair market value shall be determined by the Administrator consistent with the requirements of Section 422 and Section 409A, as applicable. No such Award, once granted, may be repriced other than in accordance with the applicable stockholder approval requirements of Nasdaq.

(4) Payment Of Exercise Price. Where the exercise of an Award is to be accompanied by payment, the Administrator may determine the required or permitted forms of payment, subject to the requirements of this paragraph. All payments will be by cash or check acceptable to the Administrator, or, if so permitted by the Administrator and if legally

permissible, (i) through the delivery of shares of Stock that have been outstanding for at least six months (unless the Administrator approves a shorter period) and that have a fair market value equal to the exercise price, (ii) by delivery to the Company of a promissory note of the person exercising the Award, payable on such terms as are specified by the Administrator, (iii) through a broker-assisted exercise program acceptable to the Administrator, (iv) through withholding by the Company of shares of Stock otherwise issuable upon exercise of the Award, with such withheld shares to be applied to the applicable exercise price based on the then-existing fair market value of the shares, (v) by other means acceptable to the Administrator, or (vi) by any combination of the foregoing permissible forms of payment. The delivery of shares in payment of the exercise price under clause (i) above may be accomplished either by actual delivery or by constructive delivery through attestation of ownership, subject to such rules as the Administrator may prescribe.

(5) In the case of an ISO granted to an owner of stock (as determined by Section 424(d) of the Code) possessing more than ten percent (10%) of the voting power of all classes of stock of the Company or of a “parent corporation or “subsidiary corporation” of the Company (as those terms are defined in Section 424(d) of the Code), the exercise price shall be no less than 110% of the fair market value of the Stock subject to the ISO, determined as of the date of grant, and the term of the ISO shall be no more than five (5) years from the date of grant.

(c) Awards Not Requiring Exercise

Restricted Stock and Unrestricted Stock, whether delivered outright or under Awards of Stock Units or other Awards that do not require exercise, may be made in exchange for such lawful consideration, including services, as the Administrator determines. Any Award resulting in a deferral of compensation subject to Section 409A shall be construed to the maximum extent possible, as determined by the Administrator, consistent with the requirements of Section 409A.

7. EFFECT OF CERTAIN TRANSACTIONS

(a) Mergers, etc. Except as otherwise provided in an Award, the following provisions shall apply in the event of a Covered Transaction:

(1) Assumption or Substitution. If the Covered Transaction is one in which there is an acquiring or surviving entity, the Administrator may provide for the assumption of some or all outstanding Awards or for the grant of new awards in substitution therefor by the acquiror or survivor or an affiliate of the acquiror or survivor. Any substitution or assumption of a Stock Option or SAR exempt from the requirements of Section 409A shall be accomplished on a basis that preserves such exemption.

(2) Cash-Out of Awards. If the Covered Transaction is one in which holders of Stock will receive upon consummation a payment (whether cash, non-cash or a combination of the foregoing), the Administrator may provide for payment (a “cash-out”), with respect to some or all Awards or portions thereof, equal in the case of each affected Award or portion thereof to the excess, if any, of (A) the fair market value of one share of Stock (as determined by the Administrator in its reasonable discretion) times the number of shares of Stock subject to the Award or such portion, over (B) the aggregate exercise or purchase price, if any, under the Award or such portion (in the case of a SAR, the aggregate base price above which appreciation is measured), in each case on such payment terms (which need not be the same as the terms of payment to holders of Stock) and other terms, and subject to such conditions, as the Administrator determines.

(3) Acceleration of Certain Awards. If the Covered Transaction (whether or not there is an acquiring or surviving entity) is one in which there is no assumption, substitution or cash-out, each Award requiring exercise will become fully exercisable, and the delivery of shares of Stock deliverable under each outstanding Award of Stock Units (including Restricted Stock Units and Performance Awards to the extent consisting of Stock Units) will be accelerated and such shares will be delivered, prior to the Covered Transaction, in each case on a basis that gives the holder of the Award a reasonable opportunity, as determined by the Administrator, following exercise of the Award or the delivery of the shares, as the case may be, to participate as a stockholder in the Covered Transaction.

(4) Termination of Awards Upon Consummation of Covered Transaction. Each Award (unless assumed pursuant to Section 7(a)(1) above), other than outstanding shares of Restricted Stock (which shall be treated in the same manner as other shares of Stock, subject to Section 7(a)(5) below), will terminate upon consummation of the Covered Transaction.

(5) Additional Limitations. Any share of Stock delivered pursuant to Section 7(a)(2) or Section 7(a)(3) above with respect to an Award may, in the discretion of the Administrator, contain such restrictions, if any, as the Administrator deems appropriate to reflect any performance or other vesting conditions to which the Award was subject. In the case of

Restricted Stock, the Administrator may require that any amounts delivered, exchanged or otherwise paid in respect of such Stock in connection with the Covered Transaction be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan.

(b) Change in and Distributions With Respect to Stock

(1) Basic Adjustment Provisions. In the event of a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization or other change in the Company's capital structure, the Administrator will make appropriate adjustments to the maximum number of shares specified in Section 4(a) that may be delivered under the Plan, to the maximum share limits described in Section 4(c), and to the maximum ISO limit in Section 4(d), and will also make appropriate adjustments to the number and kind of shares of stock or securities subject to Awards then outstanding or subsequently granted, any exercise prices relating to Awards and any other provision of Awards affected by such change.

(2) Certain Other Adjustments. The Administrator may also make adjustments of the type described in Section 7(b)(1) above to take into account distributions to stockholders other than those provided for in Section 7(a) and 7(b)(1), or any other event, if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Plan and to preserve the value of Awards made hereunder, having due regard for the qualification of ISOs under Section 422, the requirements of Section 409A, and the performance-based compensation rules of Section 162(m), where applicable.

(3) Continuing Application of Plan Terms. References in the Plan to shares of Stock will be construed to include any stock or securities resulting from an adjustment pursuant to this Section 7.

8. LEGAL CONDITIONS ON DELIVERY OF STOCK

The Company will not be obligated to deliver any shares of Stock pursuant to the Plan or to remove any restriction from shares of Stock previously delivered under the Plan until: (i) the Company is satisfied that all legal matters in connection with the issuance and delivery of such shares have been addressed and resolved; (ii) if the outstanding Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been listed or authorized to be listed on such exchange or system upon official notice of issuance; and (iii) all conditions of the Award have been satisfied or waived. If the sale of Stock has not been registered under the Securities Act of 1933, as amended, the Company may require, as a condition to exercise of the Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of such Act. The Company may require that certificates evidencing Stock issued under the Plan bear an appropriate legend reflecting any restriction on transfer applicable to such Stock, and the Company may hold the certificates pending lapse of the applicable restrictions.

9. AMENDMENT AND TERMINATION

The Administrator may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by law, and may at any time terminate the Plan as to any future grants of Awards; *provided*, that except as otherwise expressly provided in the Plan the Administrator may not, without the Participant's consent, alter the terms of an Award so as to affect adversely the Participant's rights under the Award, unless the Administrator expressly reserved the right to do so at the time of the Award. Any amendments to the Plan shall be conditioned upon stockholder approval only to the extent, if any, such approval is required by law (including the Code and applicable stock exchange or Nasdaq requirements), as determined by the Administrator.

10. OTHER COMPENSATION ARRANGEMENTS

The existence of the Plan or the grant of any Award will not in any way affect the Company's right to award a person bonuses or other compensation in addition to Awards under the Plan.

11. MISCELLANEOUS

(a) Waiver of Jury Trial. By accepting an Award under the Plan, each Participant waives any right to a trial by jury in any action, proceeding or counterclaim concerning any rights under the Plan and any Award, or under any amendment, waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in connection therewith, and agrees that any such action, proceedings or counterclaim shall be tried before a court and not before a jury. By accepting an Award under the Plan, each Participant certifies that no officer, representative, or attorney of the Company has represented, expressly or otherwise, that the Company would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers.

(b) Limitation of Liability. Notwithstanding anything to the contrary in the Plan, neither the Company, any Affiliate, nor the Administrator, nor any person acting on behalf of any of them, shall be liable to any Participant or to the estate or beneficiary

of any Participant or to any other holder of an Award by reason of any acceleration of income, or any additional tax, asserted by reason of the failure of an Award to satisfy the requirements of Section 422 or Section 409A or by reason of Section 4999 of the Code; provided, that nothing in this Section 11(b) shall limit the ability of the Administrator or the Company to provide by separate express written agreement with a Participant for a gross-up payment or other payment in connection with any such tax or additional tax.

(c) Clawback. Notwithstanding any provision herein to the contrary, Awards and shares of Stock (and proceeds therefrom) obtained pursuant to or on exercise of such Awards hereunder are subject to forfeiture, setoff, recoupment or other recovery if the Administrator determines in good faith that such action is required by applicable law or Company policy.

EXHIBIT A

Definition of Terms

The following terms, when used in the Plan, will have the meanings and be subject to the provisions set forth below:

“Administrator”: The Compensation Committee, except that the Compensation Committee may delegate (i) to one or more of its members such of its duties, powers and responsibilities as it may determine; (ii) to one or more officers of the Company the power to grant rights or options to the extent permitted by Section 157(c) of the Delaware General Corporation Law; (iii) to one or more officers of the Company the authority to allocate other Awards among such persons (other than officers of the Company) eligible to receive Awards under the Plan as such delegated officer or officers determine consistent with such delegation; *provided*, that with respect to any delegation described in this clause (iii) the Compensation Committee (or a properly delegated member or members of such Committee) shall have authorized the issuance of a specified number of shares of Stock under such Awards and shall have specified the consideration, if any, to be paid therefor; and (iv) to such Employees or other persons as it determines such ministerial tasks as it deems appropriate. Unless the Board shall determine otherwise, and to the extent necessary to comply with applicable law, each member of the Compensation Committee shall also satisfy the requirements of (i) “non-employee director” for purposes of Rule 16b-3 of the Securities Exchange Act of 1934, and (ii) an “outside director” for purposes of Section 162(m) of the Code. The Board may designate one or more directors as a subcommittee who may act for the Compensation Committee if necessary to satisfy the requirements of the prior sentence. In the event of any delegation described in the preceding sentence, the term “Administrator” shall include the person or persons so delegated to the extent of such delegation.

“Affiliate”: Any corporation or other entity that stands in a relationship to the Company that would result in the Company and such corporation or other entity being treated as one employer under Section 414(b) or Section 414(c) of the Code, except that in determining eligibility for the grant of a Stock Option or SAR by reason of service for an Affiliate, Sections 414(b) and 414(c) of the Code shall be applied by substituting “at least 50%” for “at least 80%” under Section 1563(a)(1), (2) and (3) of the Code and Treas. Regs. § 1.414(c)-2; *provided*, that to the extent permitted under Section 409A, “at least 20%” shall be used in lieu of “at least 50%”; *and further provided*, that the lower ownership threshold described in this definition (50% or 20% as the case may be) shall apply only if the same definition of affiliation is used consistently with respect to all compensatory stock options or stock awards (whether under the Plan or another plan). The Company may at any time by amendment provide that different ownership thresholds (consistent with Section 409A) apply. Notwithstanding the foregoing provisions of this definition, except as otherwise determined by the Administrator, a corporation or other entity shall be treated as an Affiliate only if its employees would be treated as employees of the Company for purposes of the rules promulgated under the Securities Act of 1933, as amended, with respect to the use of Form S-8.

“Award”: Any or a combination of the following:

- (i) Stock Options.
- (ii) SARs.
- (iii) Restricted Stock.
- (iv) Unrestricted Stock.
- (v) Stock Units, including Restricted Stock Units.
- (vi) Performance Awards.
- (vii) Awards (other than Awards described in (i) through (vi) above) that are convertible into or otherwise based on Stock.

“Board”: The Board of Directors of the Company.

“Code”: The U.S. Internal Revenue Code of 1986 as from time to time amended and in effect, or any successor statute as from time to time in effect.

“Compensation Committee”: The Compensation and Nominating Committee of the Board.

“Company”: Forrester Research, Inc.

“Covered Transaction”: Any of (i) a consolidation, merger, or similar transaction or series of related transactions, including a sale or other disposition of stock, in which the Company is not the surviving corporation or which results in the acquisition of all or substantially all of the Company’s then outstanding common stock by a single person or entity or by a group of persons and/or entities acting in concert, (ii) a sale or transfer of all or substantially all the Company’s assets, or (iii) a dissolution or liquidation of the Company. Where a Covered Transaction involves a tender offer that is reasonably expected to be followed by a merger described in clause (i) (as determined by the Administrator), the Covered Transaction shall be deemed to have occurred upon consummation of the tender offer.

“Employee”: Any person who is employed by the Company or an Affiliate.

“Employment”: A Participant’s employment or other service relationship with the Company and its Affiliates. Employment will be deemed to continue, unless the Administrator expressly provides otherwise, so long as the Participant is employed by, or otherwise is providing services in a capacity described in Section 5 to the Company or its Affiliates. If a Participant’s employment or other service relationship is with an Affiliate and that entity ceases to be an Affiliate, the Participant’s Employment will be deemed to have terminated when the entity ceases to be an Affiliate unless the Participant transfers Employment to the Company or its remaining Affiliates.

“ISO”: A Stock Option intended to be an “incentive stock option” within the meaning of Section 422. Each option granted pursuant to the Plan will be treated as providing by its terms that it is to be a non-incentive stock option unless, as of the date of grant, it is expressly designated as an ISO.

“Original 2006 Plan Effective Date”: May 9, 2006, the date of the Company’s annual meeting of stockholders at which the Plan was first presented to the stockholders for approval.

“Outside Director”: A member of the Board who is not otherwise an Employee of the Company.

“Participant”: A person who is granted an Award under the Plan.

“Performance Award”: An Award subject to Performance Criteria. The Committee in its discretion may grant Performance Awards that are intended to qualify for the performance-based compensation exception under Section 162(m) and Performance Awards that are not intended so to qualify.

“Performance Criteria”: Specified criteria, other than the mere continuation of Employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Award. For purposes of Awards that are intended to qualify for the performance-based compensation exception under Section 162(m), a Performance Criterion will mean an objectively determinable measure of performance relating to any or any combination of the following (measured either absolutely or by reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): bookings; sales; revenues; operating income or operating margin; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, or amortization, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations, recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings; or strategic business criteria, consisting of one or more objectives based on meeting specified revenue, market penetration, geographic business expansion goals, cost targets, or objective goals relating to reorganizations, acquisitions or divestitures. A Performance Criterion and any targets with respect thereto determined by the Administrator need not be based upon an increase, a positive or improved result or avoidance of loss. For Awards intended to comply with Section 162(m), the measures used in setting Performance Criteria under the Plan for any given Award will, to the extent applicable, be determined either in accordance with generally accepted accounting principles (“GAAP”) or not in accordance with GAAP, without regard to (1)unusual or infrequent events, (2) the impact of any change in accounting principles that occurs during the Performance Period (or that occurred during any period that the Performance Period is being compared to) and the cumulative effect thereof (provided that the Administrator may (as specified by the Administrator within the Applicable Period) either apply the changed accounting principle to all periods referenced in the Award, or exclude the changed accounting principle from all periods referenced in the Award), (3) goodwill and other intangible impairment and/or amortization charges, (4) gains or charges associated with discontinued operations or with the obtaining or losing control of a business, (5) gains or charges related to the sale or impairment of assets, (6)(i) all transaction costs directly related to reorganizations, acquisitions and/or divestitures, (ii) all restructuring charges directly related to reorganizations, acquisitions and/or divestitures, (iii) all charges and gains arising from the resolution of contingent liabilities related to a reorganization, acquisition and/or divestiture, and (iv) all other charges directly related to acquisitions, (7) the impact of any discrete income tax charges or benefits identified during the Performance Period (or during any

period that the Performance Period is being compared to), (8) stock based compensation, (9) gains or losses on investments, (10) duplicate lease costs, (11) other objective income, expense, asset, and/or cash flow adjustments as may be consistent with the purposes of the Performance Criteria set for the given Performance Period and specified by the Administrator within the Applicable Period, and (12) the tax effects of the foregoing; and provided further that the Administrator in its sole discretion and within the Applicable Period may determine that any or all of the carve-outs described in subsections (1) through (12) shall not be excluded from the measures used to determine the Performance Criteria for a particular Performance Period or shall be modified, and/or may determine to exclude other items from such measures for such Performance Period.

“**Performance Period**” means a period for which Performance Criteria are set and during which performance is to be measured to determine whether a participant is entitled to payment of an Award under the Plan. A Performance Period may coincide with one or more complete or partial calendar or fiscal years or quarters of the Company. Unless otherwise designated by the Administrator, the Performance Period will be based on the calendar year.

“**Plan**”: Forrester Research, Inc. Amended and Restated Equity Incentive Plan as from time to time amended and in effect.

“**Prior Plan**”: Forrester Research, Inc. 1996 Amended and Restated Equity Incentive Plan, as amended and in effect prior to the Original 2006 Plan Effective Date.

“**Restricted Stock**”: Stock subject to restrictions requiring that it be redelivered or offered for sale to the Company if specified conditions are not satisfied.

“**Restricted Stock Unit**”: A Stock Unit that is, or as to which the delivery of Stock or cash in lieu of Stock is, subject to the satisfaction of specified performance or other vesting conditions.

“**SAR**”: A right entitling the holder upon exercise to receive an amount (payable in shares of Stock of equivalent value) equal to the excess of the fair market value of the shares of Stock subject to the right over the fair market value of such shares at the date of grant.

“**Section 409A**”: Section 409A of the Code.

“**Section 422**”: Section 422 of the Code.

“**Section 162(m)**”: Section 162(m) of the Code.

“**Stock**”: Common Stock of the Company, par value \$.01 per share.

“**Stock Option**”: An option entitling the holder to acquire shares of Stock upon payment of the exercise price.

“**Stock Unit**”: An unfunded and unsecured promise, denominated in shares of Stock, to deliver Stock or cash measured by the value of Stock in the future.

“**Unrestricted Stock**”: Stock not subject to any restrictions under the terms of the Award.

COMPANY INFORMATION

Board Of Directors

George F. Colony

*Chairman of the Board and
Chief Executive Officer*

Henk W. Broeders

*Chief Executive Officer, Jaarbeurs; former
member of the Executive Committee,
Cap Gemini S.A.*

Robert M. Galford

*Managing Partner, Center for
Leading Organizations*

George R. Hornig

*Senior Managing Director,
Pinebridge Investments*

Gretchen G. Teichgraber

*Chief Executive Officer,
Leadership Directories, Inc.*

Michael H. Welles

*Chief Operating Officer and Director,
S2 Security Corporation*

Executive Officers

George F. Colony

*Chairman of the Board and
Chief Executive Officer*

Cliff Condon

Chief Research and Product Officer

Michael A. Doyle

Chief Financial Officer and Treasurer

Gail S. Mann

Chief Legal Officer and Secretary

Victor Milligan

Chief Marketing Officer

Michael Morhardt

Chief Sales Officer

Steven Peltzman

Chief Business Technology Officer

Lucia Luce Quinn

Chief People Officer

Annual Meeting

Forrester's annual meeting of stockholders will be held at 10 a.m. local time on May 17, 2016, at the offices of the Company, 60 Acorn Park Drive, Cambridge, MA 02140.

Investor Relations

Requests for financial information should be sent to:

Investor Relations
Forrester Research, Inc.
60 Acorn Park Drive
Cambridge, MA 02140

USA

Tel: +1 617.613.6000

Fax: +1 617.613.5000

Email: investor@forrester.com

Transfer Agent

Computershare Investor Services
P.O. Box 30170
College Station, TX 77842-3170
www.computershare.com/investor

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
Boston, MA

Legal Counsel

Choate Hall & Stewart LLP
Boston, MA

Stock Listing And Trading Symbol

Forrester's common stock is listed on the Nasdaq Global Select Market under the trading symbol "FORR."

Corporate Headquarters

Forrester Research, Inc.
60 Acorn Park Drive
Cambridge, MA 02140
USA

Tel: +1 617.613.6000

Fax: +1 617.613.5000

www.forrester.com

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