

FORRESTER RESEARCH INC

Form DEF 14A

April 03, 2009

Table of Contents

**SCHEDULE 14(A)
(Rule 14a-101)
Information Required in Proxy Statement**

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

FORRESTER RESEARCH, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

**Forrester Research, Inc.
400 Technology Square
Cambridge, Massachusetts 02139**

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

April 2, 2009

To Our Stockholders:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Forrester Research, Inc., which will be held on Tuesday, May 12, 2009, at the offices of the Company, 400 Technology Square, 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. When you have finished reading the proxy statement, please promptly mark, sign, date and return the enclosed proxy card to ensure that your shares will be represented.

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*

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS May 12, 2009

Annual Meeting of Stockholders May 12, 2009 PROXY STATEMENT

PROPOSAL ONE: ELECTION OF DIRECTORS

NOMINEES FOR CLASS III DIRECTORS -- TERM EXPIRING 2012

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

CLASS I DIRECTORS CONTINUING IN OFFICE UNTIL 2011

CLASS II DIRECTORS CONTINUING IN OFFICE UNTIL 2010

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

EXECUTIVE COMPENSATION Compensation Discussion and Analysis

SUMMARY COMPENSATION TABLE

GRANTS OF PLAN-BASED AWARDS FOR 2008

OUTSTANDING EQUITY AWARDS AT 2008 YEAR-END TABLE

OPTION EXERCISES AND STOCK VESTED TABLE FOR 2008

DIRECTOR COMPENSATION TABLE FOR 2008

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

OTHER INFORMATION

APPROVAL OF THE AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN

PROPOSAL THREE: RATIFICATION OF THE APPOINTMENT OF BDO SEIDMAN, LLP AS OUR
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING
DECEMBER 31, 2009

STOCKHOLDER PROPOSALS

OTHER BUSINESS

FORM 10-K

FORRESTER RESEARCH, INC. AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE
PLAN

Table of Contents

Forrester Research, Inc.

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
May 12, 2009**

Notice is hereby given that the 2009 Annual Meeting of Stockholders of Forrester Research, Inc. will be held at the offices of the Company, 400 Technology Square, Cambridge, Massachusetts at 10:00 a.m. (local time) on Tuesday, May 12, 2009 for the following purposes:

1. To elect two Class III directors to serve until the 2012 Annual Meeting of Stockholders;
2. To approve an amendment and restatement of the Forrester Research, Inc. Employee Stock Purchase Plan, including an increase in the number of shares available for purchase under the plan;
3. To ratify the appointment of BDO Seidman, LLP as our independent registered public accounting firm; and
4. To transact such other business as may properly come before the meeting and any adjournments thereof.

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, 2009 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 2, 2009 to the date of the meeting at our offices, located at 400 Technology Square, Cambridge, Massachusetts 02139.

If you are unable to be present personally, please sign and date the enclosed proxy and return it promptly in the enclosed envelope.

By Order of the Board of Directors

Gail S. Mann, Esq.
Secretary

Cambridge, Massachusetts
April 2, 2009

**IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING. PLEASE
SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE WHETHER OR
NOT YOU PLAN TO ATTEND THE MEETING IN PERSON.**

Table of Contents

FORRESTER RESEARCH, INC.

Annual Meeting of Stockholders

May 12, 2009

PROXY STATEMENT

The Board of Directors of Forrester Research, Inc., a Delaware corporation, is soliciting the enclosed proxy card from our stockholders. The proxy will be used at our 2009 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 12, 2009 at the offices of the Company, 400 Technology Square, Cambridge, Massachusetts. This proxy statement was first mailed to stockholders on or about April 7, 2009.

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** and refer to our fiscal year which began on January 1, 2008 and ended on December 31, 2008 as **fiscal 2008**. 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, 2009 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 23,053,711 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, 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 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.

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 sign and return the proxy card 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 as you direct on the proxy card. 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** the approval of the Forrester Research, Inc. Amended and Restated Employee Stock Purchase Plan, and **FOR** ratifying the appointment of BDO Seidman, LLP as our independent registered public accounting firm.

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

Edgar Filing: FORRESTER RESEARCH INC - Form DEF 14A

If you hold shares in street name (that is, through a bank, broker, or other nominee), the bank, broker, or other nominee has provided you with a voting instruction form along with this proxy statement. 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. However, 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.

Table of Contents

What Does the Board of Directors Recommend?

The Board recommends that you vote FOR the election of nominees for Class III directors identified in Proposal One, FOR approval of the Amended and Restated Employee Stock Purchase Plan described in Proposal Two, and FOR ratifying the appointment of BDO Seidman, LLP as our independent registered public accounting firm as described in Proposal Three.

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 the election of directors but does not have the authority, without your specific instructions, on Proposal Two and Proposal Three.

What Vote is Required for Each Proposal?

A majority of the shares entitled to be cast 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 III 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 approve the Forrester Research, Inc. Amended and Restated Employee Stock Purchase Plan (Proposal Two) and to ratify the appointment of BDO Seidman, LLP as our independent registered public accounting firm (Proposal Three).

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. An abstention therefore has no effect on the outcome of Proposal Two or Proposal Three. A broker or nominee holding shares in street name has discretionary authority to vote on Proposal One, but does not have discretionary voting authority with respect to Proposal Two or Proposal Three. The broker or nominee therefore may not vote shares on Proposal Two or Proposal Three unless the nominee receives voting instructions from the beneficial owner. Accordingly, a broker non-vote will have no effect on the outcome of Proposal Two or Proposal Three.

May I Change My Vote After I Return My Proxy Card?

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

returning to us a newly signed proxy card bearing a later date;

delivering a written instrument to our Secretary revoking the proxy card; 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.

Table of Contents

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

Our annual report has been mailed to all stockholders from whom proxies are being solicited in connection with our 2009 Annual Meeting of Stockholders. If you would like a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, we will send you one without charge. Please contact Investor Relations, Forrester Research, Inc., 400 Technology Square, Cambridge, MA 02139, Tel: (617) 613-6000.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 12, 2009

This proxy statement and our Annual Report to Stockholders are also available online at www.edocumentview.com.

Table of Contents

PROPOSAL ONE:

ELECTION OF DIRECTORS

Our Board of Directors is divided into three classes of equal size. 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. Robert M. Galford and Gretchen Teichgraeber are the Class III directors whose terms expire at this annual meeting. The Board of Directors has nominated them to serve as Class III directors until the 2012 annual meeting.

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

It is expected that Mr. Galford and Ms. Teichgraeber 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.

NOMINEES FOR CLASS III DIRECTORS TERM EXPIRING 2012

Robert M. Galford, age 56, 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.

Gretchen G. Teichgraeber, age 55, a Class III director, became a director of Forrester in December 2005. Ms. Teichgraeber is an independent consultant to digital media companies and various non-profit organizations. 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.

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

CLASS I DIRECTORS CONTINUING IN OFFICE UNTIL 2011

George F. Colony, age 55, 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.

Michael H. Welles, age 54, 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 security systems start-up. 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 2003.

CLASS II DIRECTORS CONTINUING IN OFFICE UNTIL 2010

Henk W. Broeders, age 56, a Class II director, became a director of Forrester in May 1998. Since October 2003, Mr. Broeders has been 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. Mr. Broeders is also a director of Jaarbeurs (Holding) B.V., a Dutch company in the business of managing a large exhibition and trade fair center.

George R. Hornig, age 54, a Class II director, became a director of Forrester in November 1996. Mr. Hornig is the 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

Table of Contents

Chief Operating Officer of alternative investments at Credit Suisse. He is also a director of Unity Mutual Life Insurance Company.

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. 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.

Information With Respect to Board of Directors

Board Meetings and Committees

Our Board of Directors has determined that each of the directors, with the exception of Mr. Colony, our Chairman and Chief Executive Officer, is independent under applicable NASDAQ standards as currently in effect. In reaching this conclusion, the Board considered that Mr. Hornig is a managing director of Credit Suisse, which provides cash management services to Forrester that were procured on an arm's length, competitive basis.

Our Board of Directors held five meetings during fiscal 2008. 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. Although all directors are encouraged to attend, only Mr. Colony, who presided at the meeting, and Mr. Welles attended the 2008 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 six meetings during fiscal 2008. The responsibilities of our Audit Committee and its activities during fiscal 2008 are described in the committee's amended and restated charter, which is available at the [about Forrester /investor information/corporate governance](#) section of our website at www.forrester.com. 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, 400 Technology Square, Cambridge, MA 02139.

Our Compensation and Nominating Committee consists of three members: Robert M. Galford, Chairman, Gretchen G. Teichgraeber, and Michael H. Welles. The Compensation and Nominating Committee held eight meetings during fiscal 2008. 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 at the [about Forrester /investor information/corporate governance](#) section of our website at www.forrester.com. 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, 400 Technology Square, Cambridge, MA 02139.

Table of Contents

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, 400 Technology Square, Cambridge, MA 02139. The Compensation and Nominating Committee will consider a recommended candidate for the next annual meeting of stockholders only if biographical information and background material is 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. 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 that will allow the Board to fulfill its responsibilities.

In addition, our bylaws 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 60 nor more than 90 days prior to the applicable annual meeting of stockholders. In accordance with our by-laws, the 2010 Annual Meeting will be held on May 11, 2010.

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, will be primarily responsible for monitoring communications from stockholders and will provide copies of summaries of such communications to the other directors as he or she considers 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., 400 Technology Square, Cambridge, MA 02139.

Table of Contents**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 17, 2009 (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 and includes voting or investment power with respect to the shares. Shares subject to exercisable options include options that are currently exercisable or exercisable within 60 days of February 17, 2009.

Name of Beneficial Owner	Common Stock Beneficially Owned		
	Shares Beneficially Owned	Shares Subject to Exercisable Options	Percentage of Outstanding Shares
George F. Colony, c/o Forrester Research, Inc. 400 Technology Square, Cambridge, MA 02139(1)	7,934,208		34.4%
Bank of America Corporation 100 North Tryon Street, Floor 25 Bank of America Corporate Center Charlotte, NC 28255(2)	1,340,358		5.99%
Morgan Stanley 1585 Broadway New York, N.Y. 10036(3)	2,047,468		8.8%
BlackRock, Inc. 40 East 52 nd Street New York, N.Y. 10022(4)	2,211,159		9.55%
Henk Broeders		86,584	*
Robert Galford(5)	2,400	81,250	*
George Hornig		34,375	*
Gretchen Teichgraeber		15,375	*
Michael Welles	2,016	89,250	*
Michael Doyle	1,000	12,500	*

Edgar Filing: FORRESTER RESEARCH INC - Form DEF 14A

Julie Meringer		60,309	*
Charles Rutstein	760	105,146	*
Dennis Van Lingen		52,750	*
Directors and executive officers as a group (15 persons)(1)(5)	7,942,949	681,621	36.3%

(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, 2008, as reported in a Schedule 13G filed with the Securities and Exchange Commission on February 13, 2009. The reporting person has shared voting power with respect to 1,340,358 shares, and shared dispositive power with respect to 1,331,159 shares. The Schedule 13G was filed on behalf of Bank of America Corporation, a parent holding company, and various affiliated entities.

Table of Contents

- (3) Beneficial ownership as of December 31, 2008, as reported in a Schedule 13G/A filed with the Securities and Exchange Commission on February 17, 2009. The shares being reported upon by Morgan Stanley, a parent holding company, are owned, or may be deemed to be beneficially owned, by Morgan Stanley Investment Management Inc., an investment adviser and a wholly-owned subsidiary of Morgan Stanley. Morgan Stanley has sole voting power with respect to 1,871,227 shares and sole dispositive power with respect to 2,047,468 shares.
- (4) Beneficial ownership as of December 31, 2008, as reported in a Schedule 13G filed with the Securities and Exchange Commission on February 10, 2009. The shares are being reported by BlackRock, Inc. on behalf of its investment advisory subsidiaries, who may own, or may be deemed to beneficially own, the shares. The reporting person has shared voting and dispositive power with respect to all of the reported shares.
- (5) The 2,400 shares are held in trust for Mr. Galford's children, and Mr. Galford disclaims beneficial ownership of these shares.

* Less than 1%

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

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 certain key values including client service, quality, and creativity that we believe are critical to our continued growth;

emphasize individual excellence and encourage employees at all levels, as well as executive officers, to take initiative and lead individual projects that enhance our effectiveness;

base cash compensation on individual achievement, 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, which historically have been principally in the form of stock options vesting over time and/or subject to performance conditions; and

design compensation packages that will attract, retain, and motivate key employees who are critical to the long-term success of our Company.

These objectives and strategy are reviewed each year by the Compensation and Nominating Committee of our Board of Directors, which we refer to as 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 Mr. Colony, including his demonstration of leadership and his overall contribution to the financial performance of the Company;

reviews Mr. Colony's assessment of the performance of all other executive officers against their individual and, if applicable, team goals;

holds executive sessions (without our management present); and

reviews all components of compensation for each executive officer: base salary, short-term cash incentive compensation, and long-term equity incentive compensation.

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

Table of Contents

The Committee has not historically used formal benchmarking data to establish compensation levels, but has relied instead on general 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. In July 2007, the Committee retained Pearl Meyer & Partners to prepare a peer group analysis of executive compensation and help the Committee evaluate and design executive compensation packages consistent with our compensation objectives and strategy. In December 2007, Pearl Meyer & Partners presented an executive compensation assessment to the Committee comparing the compensation of the Company's executives against those of peer group companies in order to inform and assist the Committee in its decision-making with respect to the compensation of executive officers for 2008 and beyond. The Committee considered this assessment along with its other available market data and surveys in connection with setting 2008 compensation. Pearl Meyer & Partners continued to work with the Committee throughout 2008 in assessing our long-term incentive compensation programs and discussing potential alternatives.

Elements of Compensation

Compensation for our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers, to whom we refer collectively as the 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

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 are consistent with our overall compensation objectives. As part of its regular executive compensation reviews in December 2007 and June 2008, the Committee reviewed survey and market data, including data from Radford and Culpepper compensation surveys and the Pearl Meyer & Partners peer group analysis, for positions similar to those of our named executive officers, taking into account size, location and type of company, as well as years of experience. Based on this data, the Committee determined that our executive compensation continued to be, on average, weighted too heavily towards base salary as compared to the market data, and the Committee approved compensation increases that were in the aggregate more heavily allocated to annual cash incentive compensation targets to increase the variable component of our executive compensation.

In 2008, as illustrated in our Summary Compensation Table below, base salaries for our named executive officers other than Mr. Colony represented an average of approximately 50% of total compensation (including base salary, cash incentive compensation and 2008 stock options expense) for these individuals, while the base salary for Mr. Colony represented approximately 68% of his total compensation. Because of Mr. Colony's significant ownership of our common stock, the Committee generally does not grant stock options to him, resulting in a lower variable compensation percentage than that of the other named executive officers.

Base Salary. The Committee determines the base salaries of our named executive officers annually by evaluating the responsibilities of their position, the experience and performance of the individual, and survey and market data. The base salary of a named executive officer is also evaluated together with the other components of his or her compensation to ensure that the executive's total compensation is in line with our overall compensation philosophy, including total targeted cash compensation (or on-target earnings), as well as the allocation between base salary and

variable compensation. 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. The annual compensation evaluation for each of our executive officers has traditionally taken place in December or June, depending on when that officer was hired or promoted. Effective in 2009, the Committee has decided that all executive compensation evaluations will take place in April of each year.

Table of Contents

Our goal is to pay base salaries to our named executive officers that are competitive with the base salaries of companies with which we compete to attract and retain executives, while taking into account total target cash compensation and remaining consistent with our overall compensation objectives with respect to variable compensation. In 2008, the Committee increased the base salary for Mr. Colony by approximately 7% from the salary paid to him in 2007, taking into account market rates, the increasing compensation levels of our other highly compensated executive officers, and the fact that Mr. Colony's compensation had not been increased since 2005. The base salaries of Messrs. Doyle, Rutstein and van Lingen and Ms. Meringer were increased by an average of approximately 5.5% over 2007, reflecting the Committee's consideration of market data and the respective tenures, experience and 2007 performance of these executives.

Short-Term Cash Incentive Compensation. As noted above, a significant portion of each of our named executive officers' total annual cash compensation is dependent on our achievement of financial objectives set forth in our 2008 Matrix Bonus Plan. All of our employees, other than temporary employees and employees who were covered by a sales compensation or commission-based plan, were eligible to participate in the 2008 Matrix Bonus Plan, including all of the named executive officers. Payouts under the plan are payable quarterly in arrears. We believe that setting and evaluating performance goals quarterly, rather than annually, allows us to more effectively align our employees' performance with the changing business needs and financial performance of the Company, thus improving our ability to meet our annual financial goals.

An individual named executive officer's quarterly bonus payout under the 2008 Matrix Bonus Plan is based on the following three factors, which are discussed in more detail below:

the named executive officer's target award;

the Company's financial performance; and

the named executive officer's individual and, if applicable, team performance.

Effective July 1, 2008, the Committee increased the annual cash bonus target for Mr. Colony by approximately 33%. This increase was significantly higher than the associated increase made to Mr. Colony's base salary, reflecting the Committee's view that Mr. Colony's compensation should be more heavily weighted towards variable compensation in order to align a significant portion of Mr. Colony's compensation with achievement of our Company's performance goals. Because of Mr. Colony's significant ownership of our common stock, the Committee generally does not grant stock options to him. Accordingly, an increase in Mr. Colony's target annual cash bonus was determined to be the most appropriate means of increasing the variable component of his compensation. During 2008, as part of its executive compensation reviews, the Committee increased the annual cash bonus targets for Messrs. Doyle, Rutstein and van Lingen and Ms. Meringer by an average of approximately 9%. These increases were proportionately greater than the associated base salary increases, primarily because the Committee wished to increase the variable component of our executive compensation, consistent with the survey and market data reviewed by the Committee. After giving effect to these increases, the annual cash bonus targets for our named executive officers ranged from approximately 35% to 63% of each named executive officer's base salary.

For purposes of the 2008 Matrix Bonus Plan, the financial performance of our Company for 2008 was measured quarterly based on booked sales accounts (referred to as "bookings") and operating profit goals, and was evaluated as follows:

A matrix for each quarter containing bookings on the x axis and operating profit on the y axis was established under the plan. Quarterly minimum bookings and operating profit levels for our Company were set. Failure of our Company to meet either of these minimum levels would result in each executive officer being ineligible to

receive any quarterly bonus payout.

If the Company's target bookings and operating profit were achieved, the plan allowed for the payment of 100% of a named executive officer's target award for the applicable quarter, subject in some cases to adjustment upward or downward for individual performance and team performance, as described in more detail below. If the bookings and operating profit were above the minimum thresholds but below the target, the bonus payout would be between 10% and 100% of the target award, subject to any applicable adjustment upward or downward for individual and team performance. The Committee believed that the minimum and

Table of Contents

target bookings and operating profit under the plan were reasonable and consistent with overall growth targets for the Company.

If the applicable target bookings and operating profit were exceeded, the plan allowed for the payment of up to 160% of a named executive officer's target award for the applicable quarter, subject to any applicable adjustment upward or downward for individual performance and team performance. The Committee believed that it would be very challenging for the Company to achieve the bookings and operating profit levels necessary to achieve the maximum bonus potential under the plan.

The 2008 quarterly bonus payouts of each named executive officer other than Mr. Colony, as determined under the plan based on the Company's performance, could be increased by as much as an additional 50% or reduced to as little as zero, depending on Mr. Colony's evaluation of the overall performance of such individual against specific quarterly goals and the achievement of an executive team goal. With respect to the quarters ended March 31, 2008 and June 30, 2008, 20% of each payout was evaluated against an executive team goal of achieving targeted percentages of our bookings from research services and advisory services, and the remaining 80% of each payout was evaluated against individual goals. The applicable team goal percentage increased to 30% in the quarter ended September 30, 2008 and 40% in the quarter ended December 31, 2008. The individual goals for each executive officer were set quarterly by Mr. Colony, and were designed to promote achievement of our Company's annual performance targets approved by the Committee. These individual goals included goals with respect to particular financial metrics, as well as more subjective items such as management style and strategic direction.

Actual bonus payments for 2008 are set forth in the Summary Compensation Table under the heading "Non-Equity Incentive Plan Compensation" and reflect that, in the aggregate, actual awards paid to our named executive officers for 2008 were on average equal to approximately 84% of the aggregate cash incentive compensation targets that the Committee established for 2008, based on Company, individual and team performance relative to the applicable goals for each executive or, in the case of Mr. Colony, based solely on the Company's performance.

Long-term Equity Incentive Compensation. The principal equity component of our executive compensation historically has been in the form of stock options granted under our equity incentive plans. All stock option awards to our executive officers are granted by the Committee. Stock options generally will be granted when an executive joins Forrester or in connection with a promotion, with additional options granted from time to time, typically as part of an annual grant of stock options to a larger group of key employees. We believe that stock option participation helps to motivate and retain executives and also aligns management's incentives with long-term stock price appreciation. In determining the size and nature of stock-based awards for 2008, the Committee considered the aggregate number of options outstanding relative to the Company's total shares outstanding and the individuals that they believed were most likely to contribute to or influence an improvement in the Company's operating margin. In order to better align management's stock-based compensation with the interests of stockholders, all stock options granted to executive officers in 2008 (other than those issued in connection with promotions) were performance-based, with vesting and the vesting schedule keyed to achievement of pro forma operating profit targets, as further described below. Grants to new executives and grants made in connection with promotions are typically tenure-based, with vesting occurring with the passage of time. We believe that the combination of tenure-based and performance-based options serves to encourage retention while further aligning the interests of executives and stockholders. 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.

On March 28, 2008, the Committee reviewed and approved the grant of performance-based stock options to each of Ms. Meringer, Mr. Rutstein and Mr. van Lingen, effective April 1, 2008. These stock options were granted at an exercise price of \$27.11, which was equal to the closing market price of the common stock on the grant date. The vesting of each of these options was determined based upon achievement of defined performance objectives relating to

pro forma operating profit. The options could vest over two, three or four years, depending on performance, or the option shares could be forfeited if the defined performance objectives were not met. The threshold performance for vesting of the options over four years was achievement of pro forma operating profit for 2008 of at least \$42.9 million, the threshold for vesting of the options over three years was achievement of pro forma operating profit for 2008 of \$44.4 million, and the threshold for vesting of the options over two years was achievement of pro

Table of Contents

forma operating profit for 2008 of \$46.1 million. Based on our actual 2008 pro forma operating profit of \$46.8 million (excluding the operations of JupiterResearch, acquired in July 2008), one-half of the option shares became exercisable on April 1, 2009, and the remaining balance become exercisable on April 1, 2010.

Given Mr. Colony's significant ownership of our common stock, the Committee did not grant stock options to Mr. Colony in 2008.

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. We do not offer any supplemental executive health and welfare or retirement programs, or provide any other supplemental benefits or perquisites, to our executives.

We have 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 a number of our executive officers who were employees of the Company at the time of the adoption of this plan, participate 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 million commitment in these funds, we have not paid any bonuses under this plan.

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 unless the compensation is performance based. Because the compensation amounts paid to our executive officers are substantially below this threshold, to date we have not needed to structure compensation arrangements with our executive officers to preserve the deductibility of that compensation in light of Section 162(m).

When determining amounts of equity grants to executives and employees under our equity incentive program, the Committee considers the compensation charges associated with the grants. We account for stock-based compensation in accordance with the requirements of Financial Accounting Standards Board Statement No. 123R. Under SFAS No. 123R, 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. This expense is recognized over the option vesting period.

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

Gretchen G. Teichgraeber
Michael H. Welles

Table of Contents**SUMMARY COMPENSATION TABLE**

The following table shows the compensation earned during 2007 and 2008 by our Chief Executive Officer, our Chief Financial Officer and each of our three most highly compensated executives as of December 31, 2008. We refer to these officers as the named executive officers. The table also shows the compensation earned during 2006 by Messrs. Colony and Rutstein, who were named executive officers as of December 31, 2006.

Name and Principal Position	Year	Salary (\$)	Bonus \$(1)	Option Awards \$(2)	Non-Equity Incentive Plan	All Other	Total (\$)
					Compensation (\$)	Compensation \$(3)	
George F. Colony Chairman of the Board and Chief Executive Officer	2008	310,000			142,500	6,135	458,635
Michael A. Doyle(4) Chief Financial Officer and Treasurer	2007	300,000		56	116,250	4,668	420,974
Julie Meringer Managing Director, Information Technology Client Group	2006	300,000		301	153,750	4,780	458,831
Charles Rutstein Chief Operating Officer	2008	304,000	37,500	137,579	83,326	8,440	570,844
Dennis van Lingen(5) Managing Director, Marketing & Strategy Client Group; Chief Europe, Middle East, & Africa (EMEA) Officer	2007	80,747	37,500	45,254	17,675	443	181,619
George F. Colony Chairman of the Board and Chief Executive Officer	2008	230,000		98,048	77,188	6,405	411,641
Michael A. Doyle(4) Chief Financial Officer and Treasurer	2007	215,000		149,323	70,529	9,996	444,848
Julie Meringer Managing Director, Information Technology Client Group	2008	290,000		236,826	111,173	8,420	646,418
Charles Rutstein Chief Operating Officer	2007	275,000		230,757	97,750	11,330	614,837
Dennis van Lingen(5) Managing Director, Marketing & Strategy Client Group; Chief Europe, Middle East, & Africa (EMEA) Officer	2006	243,939		157,694	93,128	7,024	501,785
George F. Colony Chairman of the Board and Chief Executive Officer	2008	267,620		176,682	94,310	28,690	567,302
Michael A. Doyle(4) Chief Financial Officer and Treasurer	2007	234,174		158,779	77,033	40,530	510,516

(1) Amounts represent a sign-on bonus paid to Mr. Doyle in two installments.

(2) The amounts in this column reflect the dollar amount recognized for financial statement reporting purposes for 2008 in accordance with SFAS 123R and thus include amounts from awards granted in and prior to 2008. Assumptions used in the calculation of these amounts are included in footnote 12 to the Company's consolidated financial statements included in our 2008 Annual Report on Form 10-K, except that the amounts set forth in this column exclude the impact of estimated forfeitures of equity awards. 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 and whether such options actually vest.

(3) 2008 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, \$3,194; Ms. Meringer, \$5,917; Mr. Rutstein, \$4,758; and Mr. van Lingen, \$18,960. Other amounts consist of group term life insurance

premiums and miscellaneous other items.

- (4) Mr. Doyle joined the Company as Chief Financial Officer on September 24, 2007.
- (5) All elements of Mr. van Lingen's compensation, other than option-related expenses, reflect a translation from Euros into U.S. dollars based on an exchange rate of 1.47134 Euros per dollar, which was the average exchange rate during 2008.

Table of Contents**GRANTS OF PLAN-BASED AWARDS FOR 2008**

The following table sets forth information with respect to plan-based awards granted to named executive officers in 2008.

Name	Grant Date	Committee Approval Date	Estimated Possible Payouts Under			Estimated Future Payouts Under			All Other Option Awards Exercise Price of Securities Underlying Option Awards (\$/Sh)	Grant Date	Fair Value of Option Awards (\$)(3)
			Threshold	Target	Maximum	Threshold	Target	Maximum			
George F. Colony			0	175,000	280,000						
Michael A. Boyle			0	104,000	249,600						
Julie Meringer	04/01/08	03/28/08	0	95,000	228,000	20,000	20,000	27.11	154,994		
Charles Rutstein	04/01/08	03/28/08	0	135,000	324,000	30,000	30,000	27.11	232,490		
Dennis van Ingen	04/01/08	03/28/08	0	96,220	230,928	20,000	20,000	27.11	154,994		

(1) Consists of awards under our 2008 Matrix Bonus Plan, an annual non-equity incentive plan, with payouts thereunder made quarterly in arrears. Our 2008 Matrix Bonus 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.

(2) Consists of performance-based options granted pursuant to our 2006 Equity Incentive Plan (2006 Plan). The vesting of such options was determined based upon achievement of defined performance objectives relating to pro forma operating profit. The options could vest over two, three or four years, depending on performance, or the option shares could be forfeited if the defined performance objectives are not met. Based on actual results for 2008, one-half of the option shares became exercisable on the first anniversary of the option grant date, and the remaining one-half become exercisable on the second anniversary of the option grant date. Pursuant to the terms of the 2006 Plan, the options become exercisable in full upon a change of control, unless there is an assumption, substitution or cash-out of such options in connection with the change of control.

(3)

Assumptions used in the calculation of these amounts are included in footnote 12 to the Company's consolidated financial statements included in our 2008 Annual Report on Form 10-K.

Table of Contents**OUTSTANDING EQUITY AWARDS AT 2008 YEAR-END TABLE**

The following table sets forth information for the named executive officers regarding outstanding option awards held as of December 31, 2008. None of the named executive officers held any stock awards as of December 31, 2008.

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
George F. Colony				
Michael A. Doyle	12,500	37,500(1)	\$ 25.20	09/30/2017
Julie Meringer	8,000		\$ 25.16	03/15/2011
	5,000		\$ 15.96	10/31/2011
	2,397		\$ 17.38	10/31/2011
	1,000		\$ 14.73	03/30/2013
	4,500		\$ 18.42	03/30/2014
	4,412		\$ 14.06	03/30/2015
	15,000		\$ 22.19	04/03/2016
	5,000	15,000(2)	\$ 27.34	01/01/2017
		20,000(3)	\$ 27.11	03/31/2018
Charles Rutstein	4,646		\$ 28.47	01/16/2010
	7,500		\$ 61.25	07/31/2010
	8,000		\$ 25.16	03/15/2011
	5,000		\$ 14.73	03/30/2013
	7,500		\$ 18.42	03/30/2014
	7,500		\$ 14.06	03/30/2015
	20,000	20,000(4)	\$ 21.87	02/14/2016
	10,000	20,000(5)	\$ 28.62	04/01/2017
		30,000(6)	\$ 27.11	03/31/2018
Dennis van Lingen	5,000		\$ 61.25	07/31/2010
	5,000		\$ 25.16	03/15/2011
	1,250		\$ 14.73	03/30/2013
	4,000		\$ 18.42	03/30/2014
	2,500		\$ 14.06	03/30/2015
	7,500	7,500(7)	\$ 26.08	05/14/2016
	7,500	7,500(8)	\$ 27.35	09/06/2016
	5,000	10,000(9)	\$ 26.93	04/01/2017
		20,000(10)	\$ 27.11	3/31/2018

(1)

Stock options become exercisable in equal installments on each of October 1, 2009, October 1, 2010 and October 1, 2011.

- (2) Stock options became exercisable as to 5,000 shares on January 2, 2009, and the remainder become exercisable in equal installments on each of January 2, 2010 and January 2, 2011.
- (3) Stock options became exercisable as to 10,000 shares on April 1, 2009, and the remainder become exercisable on April 1, 2010.
- (4) Stock options became exercisable as to 10,000 shares on February 15, 2009, and the remainder become exercisable on February 15, 2010.
- (5) Stock options became exercisable as to 10,000 shares on April 2, 2009, and the remainder become exercisable on April 2, 2010.
- (6) Stock options became exercisable as to 15,000 shares on April 1, 2009, and the remainder become exercisable on April 1, 2010.

Table of Contents

- (7) Stock options become exercisable in equal installments on each of May 15, 2009 and May 15, 2010.
- (8) Stock options become exercisable in equal installments on each of May 15, 2009 and May 15, 2010.
- (9) Stock options became exercisable as to 5,000 shares on April 2, 2009, and the remainder become exercisable on April 2, 2010.
- (10) Stock options became exercisable as to 10,000 shares on April 1, 2009, and the remainder become exercisable on April 1, 2010.

OPTION EXERCISES AND STOCK VESTED TABLE FOR 2008

The following table sets forth information for the named executive officers regarding the value realized during 2008 by such executives pursuant to option exercises. None of the named executive officers acquired shares upon the vesting of stock awards during 2008.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)
George F. Colony		
Michael A. Doyle		
Julie Meringer	10,000	\$ 128,147
Charles Rutstein	5,271	\$ 53,812
Dennis van Lingen		

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

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. We have not entered into agreements providing for severance benefits with any of the other named executive officers. Each of our named executive officers has entered into stock option grant agreements that provide for full acceleration

of vesting upon a change of control of the Company. The following table shows what the benefit of such acceleration would have been assuming a change of control had occurred on December 31, 2008, and also shows the severance amounts that would have been payable to Mr. Doyle if we had terminated his employment without Cause on December 31, 2008.

Name	Early Vesting of Stock Options Upon a Change of Control(1)	Severance Amount Upon Termination Without Cause
George F. Colony		
Michael A. Doyle	\$ 112,875	\$ 154,000
Julie Meringer	\$ 35,050	
Charles Rutstein	\$ 159,800	
Dennis van Lingen	\$ 57,225	

Table of Contents

- (1) This amount equals the difference between the exercise price of each option and \$28.21, the closing price of our common stock on NASDAQ on December 31, 2008, multiplied by the number of unvested shares of our common stock underlying stock options on December 31, 2008, the assumed date of the change of control.

Director Compensation**DIRECTOR COMPENSATION TABLE FOR 2008**

The following table shows the compensation that we paid during the year ended December 31, 2008 to each of our directors, other than Mr. Colony, whose compensation is reflected in Executive Compensation above.

Name	Fees Earned or		Total (\$)
	Paid in Cash (\$)	Option Awards (\$)(1)(2)(3)	
Henk W. Broeders	14,500	134,218	148,718
Robert M. Galford	10,000	134,218	144,218
George R. Hornig	21,000	134,218	155,218
Gretchen G. Teichgraeber	10,000	119,730	129,730
Michael H. Welles	16,000	134,218	150,218

- (1) The amounts in this column reflect the dollar amount recognized for financial statement reporting purposes for 2008 in accordance with SFAS No. 123R and thus include amounts from awards granted in and prior to 2008. Assumptions used in the calculation of these amounts are included in footnote 12 to the consolidated financial statements included in our 2008 Annual Report on Form 10-K, except that the amounts set forth in this column exclude the impact of estimated forfeitures of equity awards. 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 our common stock at the time of vesting or exercise of the options and whether such options actually vest.
- (2) On May 13, 2008, each of the directors other than Mr. Colony received an option to purchase 12,500 shares with a grant date fair value of \$110,592.
- (3) At December 31, 2008, the directors held options to purchase the number of shares listed next to their name below:

Director	Number of Shares
Henk W. Broeders	117,834
Robert W. Galford	112,500
George R. Hornig	65,625
Gretchen G. Teichgraeber	