

FORRESTER RESEARCH, INC.  
Form PRE 14A  
March 22, 2017

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:

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Forrester Research, Inc.

60 Acorn Park Drive

Cambridge, Massachusetts 02140

George F. Colony

Chairman of the Board

and Chief Executive Officer

April \_\_, 2017

To Our Stockholders:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders of Forrester Research, Inc., which will be held on Tuesday, May 23, 2017, 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 I Directors, to approve amendments to the our Restated Certificate of Incorporation and Amended and Restated By-Laws to declassify the Board of Directors, to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017, to approve by non-binding vote our executive compensation, and to cast a non-binding vote on the frequency of non-binding executive compensation votes.

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 23, 2017

Notice is hereby given that the 2017 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 23, 2017 for the following purposes:

1. To elect the two Class I directors named in the accompanying proxy statement to serve until the 2020 Annual Meeting of Stockholders; however, if Proposal Two is approved, the terms of all directors will expire immediately prior to the election of directors at the 2018 Annual Meeting of Stockholders and all directors will stand for election annually beginning in 2018;
2. To approve amendments to our Restated Certificate of Incorporation and Amended and Restated By-Laws to declassify the Board of Directors;
3. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;
4. To approve by non-binding vote our executive compensation; and
5. To cast a non-binding vote on the frequency of non-binding executive compensation votes.

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 March 27, 2017 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 12, 2017 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

Ryan D. Darrah

Secretary

Cambridge, Massachusetts

April \_\_, 2017

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 23, 2017

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 2017 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 23, 2017 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 \_\_, 2017.

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, 2016 and ended on December 31, 2016 as “fiscal 2016,” and refer to our fiscal year ending December 31, 2017 as “fiscal 2017”. 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 March 27, 2017 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 \_\_\_\_\_ 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” approval of the amendments to our Restated Certificate of Incorporation and Amended and Restated By-Laws to declassify the Board of Directors, “FOR” ratifying the appointment of PricewaterhouseCoopers LLP as our independent registered public

accounting firm for fiscal 2017, “FOR” approval of the non-binding vote on our executive compensation, and for holding a non-binding vote on our executive compensation at the annual meeting of stockholders every year.

#### 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 I directors identified in Proposal One, FOR approval of the amendments to our Restated Certificate of Incorporation and Amended and Restated By-Laws to declassify the Board of Directors as described in Proposal Two, FOR ratifying the appointment of PricewaterhouseCoopers LLP as our independent

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registered public accounting firm as described in Proposal Three, FOR approval by non-binding vote of our executive compensation as provided in Proposal Four, and, on Proposal Five, for holding a non-binding vote on executive compensation every year.

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 Three but does not have the authority, without your specific instructions, to vote on the election of directors or on Proposals Two, Four, or Five, 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 I 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 Three), and to approve the non-binding vote on our executive compensation (Proposal Four). The affirmative vote of the holders of at least seventy-five percent (75%) of the shares of common stock issued and outstanding and entitled to vote generally in the election of directors is required to approve the amendments to our Restated Certificate of Incorporation and Amended and Restated By-Laws to declassify the Board of Directors (Proposal Two).

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 Three and Four) by reducing the total number of shares from which the majority is calculated, while having the same effect as voting against Proposal Two. 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?



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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 23, 2017

This proxy statement and our Annual Report to Stockholders are available on-line at [www.edocumentview.com/forr](http://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, 2016 is available on our website at [www.forrester.com/aboutus](http://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, 2016, 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 March 6, 2017 (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 March 6, 2017 and shares underlying restricted stock units scheduled to vest within 60 days of March 6, 2017.

Name of Beneficial Owner	Common Stock Beneficially Owned			Percentage of Outstanding Shares
	Shares Owned	Vesting Restricted Stock Units	Shares Subject to Exercisable Options and	
George F. Colony c/o Forrester Research, Inc. 60 Acorn Park Drive Cambridge, MA 02140(1)	7,934,198	—		43.9 %
Wellington Management Group LLP c/o Wellington Management Company LLP 280 Congress Street Boston, MA 02210(2)	1,970,362	—		10.9 %
BlackRock, Inc. 55 East 52nd Street New York, NY 10022(3)	1,154,514	—		6.4 %
Henk Broeders	11,421	61,500		*
Robert Galford	14,037	24,000		*
George Hornig	2,765	24,000		*
Gretchen Teichgraber	5,198	49,000		*
Michael Welles	10,864	24,000		*
Mack Brothers	—	—		*
Cliff Condon	6,661	41,937		*

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Michael Doyle	14,461	83,000	*	
Michael Morhardt	8,056	55,625	*	
Directors, named executive officers, and other executive officers as a group (14 persons)(1)	8,013,451	446,123	44.3	%

(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 30, 2016, as reported in a Schedule 13G filed with the SEC on February 9, 2017, stating that Wellington Management Group LLP, Wellington Group Holdings LLP, and Wellington Investment Advisors Holdings LLP each has shared voting power with respect to 1,515,046 shares and shared dispositive power with respect to 1,970,362 shares, and Wellington Management Company, LLP has shared voting power with respect to 1,505,626 shares and shared dispositive power with respect to 1,960,942 shares.

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(3) Beneficial ownership as of December 31, 2016, as reported in a Schedule 13G filed with the SEC on January 24, 2017, stating that BlackRock, Inc. has sole voting power with respect to 1,129,876 shares and sole dispositive power with respect to 1,154,514 shares.

\*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. George F. Colony and Michael H. Welles are the Class I directors whose terms expire at this annual meeting. The Board of Directors has nominated them to serve as Class I directors until the 2020 annual meeting. If Proposal Two concerning the declassification of the board is approved by the stockholders, then the terms of all of our directors, including the nominees for election at this annual meeting, will expire immediately prior to the election of directors at our 2018 annual meeting. Proposal Two is described on page 26 of this proxy statement.

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 I 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. Colony and Welles 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 2017 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 I DIRECTORS — TERM EXPIRING 2020

George F. Colony, age 63, 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 62, 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.

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

CLASS III DIRECTORS CONTINUING IN OFFICE UNTIL 2018

Robert M. Galford, age 64, 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 63, 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.

#### CLASS II DIRECTORS CONTINUING IN OFFICE UNTIL 2019

Henk W. Broeders, age 64, a Class II director, became a director of Forrester in May 1998. From October 2013 until April 2016, Mr. Broeders served as the chief executive officer of Jaarbeurs, an events and conferences company located in the Netherlands. 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 62, a Class II director, became a director of Forrester in November 1996. Mr. Hornig is the Chief Executive Officer of Transatlantic Financial Holdings, a private financial services-focused investment company. From November 2010 until October 2016, Mr. Hornig was Senior Managing Director and Chief Operating Officer 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.

#### 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](http://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 eleven meetings during fiscal 2016. 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 2016 annual meeting of stockholders, as did Mr. Galford. 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 2016. The responsibilities of our Audit Committee and its activities during fiscal 2016 are described in the committee’s amended and restated charter, which is available on our website at [www.forrester.com/aboutus](http://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. Teichgraeber, and Michael H. Welles. The Compensation and Nominating Committee held seven meetings during fiscal 2016. 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](http://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 44% 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 restricted stock units 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 2018 Annual Meeting will be held on May 8, 2018.

#### 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.

#### 2016 Business Results

In 2016, 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 4% to \$326.1 million and net income increasing by 48% to \$17.7 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 achieved 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 2016, 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, 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, although 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. In 2016, our adjusted operating profit again exceeded our targeted level, but our bookings were approximately 94% 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 2016, all RSUs and stock options granted to executive officers vest over time, with 25% to vest annually over four years (except in the case of one RSU grant to a newly hired executive officer that will vest fully after one year). 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 2016 to George Colony, our Chairman and Chief Executive Officer, who is the beneficial owner of approximately 44% of our common stock.

#### Compensation Program Changes in 2016

**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 2015, during its annual executive compensation review our Compensation and Nominating Committee (the “Committee”) increased the base salaries of the named executive officers then in office by an average of 3.75% over 2015, while increasing the target cash incentive bonus amount of these named executive officers by an average of 9.2% over 2015, as discussed further below.

**Long-Term Equity Incentive Compensation.** In recent years, the Committee has approved annual equity awards to our executive officers consisting of a combination of stock options and RSUs. In 2016, with the exception of one stock option grant made in connection with the hiring of a new executive officer, the Committee determined that all equity awards made to our executive officers would consist solely of RSUs, based on a review of competitive data concerning equity-based awards and taking into consideration historical dilution and burn rates under our equity incentive plan.

Say on Pay Stockholder Vote. As we have done each year since 2011, in 2016 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 this feedback when setting our executive cash compensation program and granting equity awards to executives in 2016, 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 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 2016 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 2016, 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 2016 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 that 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, principally in the form of 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 2016, as illustrated below, base salaries for our named executive officers other than Mr. Colony represented an average of approximately 34.8% 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 equity-based awards to him, resulting in a higher ratio of base salary to total target compensation than that of the other named executive officers.

**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.

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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 2016, taking into account the market data discussed above, the respective tenures, experience and performance of the named executive officers and our financial performance in 2015, the Committee decided to increase the base salaries of the named executive officers then in office by an average of 3.75% over 2015. Mack Brothers joined as our Chief Consulting Officer in May of 2016 with an annual base salary of \$325,000, and was not eligible for a compensation adjustment until 2017.

**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, 2016, as part of its executive compensation reviews, the Committee increased the target cash incentive bonus amounts for each of the named executive officers eligible for compensation adjustments in 2016 by an average of approximately 9.2%, taking into account the Company's financial performance in 2015, the market data discussed above, and the respective tenures, experience and performance of our named executive officers. After giving effect to these increases, and including Mr. Brother's annualized target amount of \$200,000, the average annual target cash incentive bonus amount for our named executive officers, other than Mr. Morhardt, was approximately 69.3% of that person's base salary. Mr. Morhardt's 2016 target cash incentive bonus amount under our Executive Cash Incentive Plan was \$130,000, or 41.3% 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 2016 commission-based target cash incentive amount was set at \$200,000, or 63.5% of his base salary.

For purposes of the Executive Cash Incentive Plan, the financial performance of our Company for 2016 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 2015. 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.



The Executive Cash Incentive Plan was structured as follows in 2016:

A matrix for 2016 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 2016 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	\$307,213	\$29,887
Target	\$341,348	\$37,359
Maximum	\$375,483	\$44,831

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.

The Company's actual bookings and operating profit for 2016 were \$320.3 million and \$39.4 million (after giving effect to a non-recurring downward adjustment), 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 2016 operating profit exceeded our target level and our 2016 bookings were approximately 94% of our target level. In addition, the total cash incentive plan compensation paid to Mr. Morhardt for 2016 included commissions of \$146,361, or 73% of his targeted commissions for 2016.

**Long-term Equity Incentive Compensation.** Our equity awards to executive officers historically have consisted of stock options and RSUs granted under our equity incentive plan. In July 2016, after reviewing competitive data concerning executive equity-based awards, and taking into consideration historical dilution and burn rates under our equity incentive plan, the Committee revised the Company's stock-based compensation program for executive officers to consist solely of RSUs, with the number of RSUs awarded to be calculated with reference to a specific compensation value divided by the share price of our common stock on the award date.

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 timed-based equity-based awards serve to encourage retention while further aligning the interests of executives and stockholders, as the awards have value only if the recipient continues to provide service to the Company through the vesting date, and, while the RSUs have immediate compensatory value to recipient upon vesting, increases in our share price provide significant additional compensatory value to the recipient, and decreases in the share price reduce the original compensation value of the award. 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 2016, 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 July 26, 2016, the Committee reviewed and approved the grant of time-based RSUs to each of Messrs. Condon, Doyle and Morhardt, effective August 1, 2016, as part of a grant of equity-based compensation to key employees across the Company. The Committee determined that the RSUs would vest 25% annually over four years.

On June 1, 2016, pursuant to our employment offer letter dated March 23, 2016 with Mr. Brothers that was approved by the Committee, Mr. Brothers received awards of 20,000 stock options and 7,000 RSUs that would vest 25% annually over four years, as well as 5,430 RSUs that would vest in full on the first anniversary of the grant date. The stock options were granted at an exercise price of \$36.83, which was equal to the closing market price of our common stock on the grant date of June 1, 2016.

Given Mr. Colony's significant ownership of our common stock, the Committee did not grant stock options or RSUs to Mr. Colony in 2016.

**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 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.

#### 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.

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## SUMMARY COMPENSATION TABLE

The following table shows the compensation earned by our Chief Executive Officer, our Chief Financial Officer and each of our three other most highly compensated executive officers as of December 31, 2016. 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 Incentive Plan Compensation (\$)	All Other Compensation (\$)(3)	Total (\$)
George F. Colony Chairman of the Board and Chief Executive Officer	2016	400,000	—	—	—	360,000	12,702	772,702
	2015	375,000	—	—	—	337,500	12,702	725,202
	2014	367,500	147,000	—	—	—	12,552	527,052
Mack Brothers(4) Chief Consulting Officer	2016	216,667	25,000	435,672	124,972	120,000	6,469	928,779
Cliff Condon Chief Research and Product Officer	2016	380,000	—	372,780	—	198,000	9,606	960,386
	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
Michael A. Doyle Chief Financial Officer and Treasurer	2016	380,000	—	358,455	—	198,000	12,702	949,157
	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
Michael Morhardt Chief Sales Officer	2016	315,000	—	358,455	—	263,361	9,551	946,367
	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

(1) Amounts for 2014 represent a discretionary bonus approved by the Committee for each of the named executive officers. Amount for 2016 represents a one-time bonus for Mr. Brothers in connection with his hiring as Chief Consulting 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 2016 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 the options or restricted stock units actually vest.

- (3) 2016 amounts include the following amounts of Company matching contributions under our 401(k) plan:  
Mr. Colony, \$7,950; Mr. Brothers, \$5,365; Mr. Condon, \$7,950; Mr. Doyle, \$7,950; and Mr. Morhardt,  
\$7,950. Other amounts consist of group term life insurance premiums and miscellaneous other items.
- (4) Mr. Brothers became our Chief Consulting Officer on May 2, 2016.

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## GRANTS OF PLAN-BASED AWARDS FOR 2016

The following table sets forth information with respect to plan-based awards granted to named executive officers in 2016.

Name	Grant Date	Committee Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(2)
			Threshold (\$)	Target (\$)	Maximum (\$)				
George F. Colony	—	—	100,000	400,000	700,000	—	—	—	—
Mack Brothers	—	—	33,333	133,333	233,333	—	—	—	—
	06/01/16	03/31/16	—	—	—	—	20,000	36.83	124,972
	06/01/16	03/31/16	—	—	—	12,430	—	—	435,672
Cliff Condon	—	—	55,000	220,000	385,000	—	—	—	—
	08/01/16	07/26/16	—	—	—	9,655	—	—	372,780
Michael A. Doyle	—	—	55,000	220,000	385,000	—	—	—	—
	08/01/16	07/26/16	—	—	—	9,284	—	—	358,455
Michael Morhardt	—	—	32,500	330,000	N/A	—	—	—	—
	08/01/16	07/26/16	—	—	—	9,284	—	—	358,455

(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 \$130,000 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 2016 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.

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OUTSTANDING EQUITY AWARDS AT 2016 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, 2016.