

GARTNER, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	December 31,	
	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 280,836	\$ 156,368
Fees receivable, net of allowances of \$8,000 and \$7,700, respectively	1,326,012	1,255,118
Deferred commissions	265,867	235,016
Prepaid expenses and other current assets	146,026	165,237
Total current assets	2,018,741	1,811,739
Property, equipment and leasehold improvements, net	344,579	267,665
Operating lease right-of-use assets	702,916	—
Goodwill	2,937,726	2,923,136
Intangible assets, net	925,087	1,042,565
Other assets	222,245	156,369
Total Assets	<u>\$ 7,151,294</u>	<u>\$ 6,201,474</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 788,796	\$ 710,113
Deferred revenues	1,928,020	1,745,244
Current portion of long-term debt	139,718	165,578
Total current liabilities	2,856,534	2,620,935
Long-term debt, net of deferred financing fees	2,043,888	2,116,109
Operating lease liabilities	832,533	—
Other liabilities	479,746	613,673
Total Liabilities	6,212,701	5,350,717
Stockholders' Equity:		
Preferred stock:		
\$0.01 par value, authorized 5,000,000 shares; none issued or outstanding	—	—
Common stock:		
\$0.0005 par value, 250,000,000 shares authorized; 163,602,067 shares issued for both periods	82	82
Additional paid-in capital	1,899,273	1,823,710
Accumulated other comprehensive loss, net	(77,938)	(39,867)
Accumulated earnings	1,988,722	1,755,432
Treasury stock, at cost, 74,444,288 and 73,899,977 common shares, respectively	(2,871,546)	(2,688,600)
Total Stockholders' Equity	938,593	850,757
Total Liabilities and Stockholders' Equity	<u>\$ 7,151,294</u>	<u>\$ 6,201,474</u>

See Notes to Consolidated Financial Statements.

GARTNER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Year Ended December 31,		
	2019	2018	2017
Revenues:			
Research	\$ 3,374,548	\$ 3,105,764	\$ 2,471,280
Conferences	476,869	410,461	337,903
Consulting	393,904	353,667	327,661
Other	—	105,562	174,650
Total revenues	4,245,321	3,975,454	3,311,494
Costs and expenses:			
Cost of services and product development	1,550,568	1,468,800	1,320,198
Selling, general and administrative	2,103,424	1,884,141	1,599,004
Depreciation	82,066	68,592	63,897
Amortization of intangibles	129,713	187,009	176,274
Acquisition and integration charges	9,463	107,197	158,450
Total costs and expenses	3,875,234	3,715,739	3,317,823
Operating income (loss)	370,087	259,715	(6,329)
Interest income	3,026	2,566	3,011
Interest expense	(102,831)	(126,774)	(127,947)
(Loss) gain from divested operations	(2,075)	45,447	—
Other income, net	7,532	167	3,448
Income (loss) before income taxes	275,739	181,121	(127,817)
Provision (benefit) for income taxes	42,449	58,665	(131,096)
Net income	\$ 233,290	\$ 122,456	\$ 3,279
Net income per share:			
Basic	\$ 2.60	\$ 1.35	\$ 0.04
Diluted	\$ 2.56	\$ 1.33	\$ 0.04
Weighted average shares outstanding:			
Basic	89,817	90,827	88,466
Diluted	90,971	92,122	89,790

See Notes to Consolidated Financial Statements.

GARTNER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Year Ended December 31,		
	2019	2018	2017
Operating activities:			
Net income	\$ 233,290	\$ 122,456	\$ 3,279
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	211,779	255,601	240,171
Stock-based compensation expense	69,008	66,172	78,943
Deferred taxes	(55,787)	1,524	(217,414)
Loss (gain) from divested operations	2,075	(45,447)	—
Gain on sale of an equity security	(9,120)	—	—
Reduction in the carrying amount of operating lease right-of-use assets	86,466	—	—
Amortization and write-off of deferred financing fees	6,497	13,815	15,062
Changes in assets and liabilities, net of acquisitions and divestitures:			
Fees receivable, net	(66,729)	(115,003)	(368,516)
Deferred commissions	(30,315)	(31,247)	(61,393)
Prepaid expenses and other current assets	18,985	(50,551)	13,251
Other assets	(27,303)	11,456	(18,529)
Deferred revenues	181,203	187,147	382,852
Accounts payable and accrued and other liabilities	(54,613)	55,235	186,811
Cash provided by operating activities	565,436	471,158	254,517
Investing activities:			
Additions to property, equipment and leasehold improvements	(149,016)	(126,873)	(110,765)
Acquisitions - cash paid (net of cash acquired)	(25,989)	(15,855)	(2,641,780)
Divestitures - cash received (net of cash transferred)	—	526,779	—
Proceeds from the sale of an equity security	14,120	—	—
Cash (used in) provided by investing activities	(160,885)	384,051	(2,752,545)
Financing activities:			
Proceeds from employee stock purchase plan	17,629	14,689	11,711
Proceeds from borrowings	5,000	—	3,025,000
Payments for deferred financing fees	—	—	(51,171)
Payments on borrowings	(109,579)	(1,010,972)	(404,438)
Purchases of treasury stock	(199,042)	(260,832)	(41,272)
Cash (used in) provided by financing activities	(285,992)	(1,257,115)	2,539,830
Net increase (decrease) in cash and cash equivalents and restricted cash	118,559	(401,906)	41,802
Effects of exchange rates on cash and cash equivalents and restricted cash	3,614	(6,489)	25,902
Cash and cash equivalents and restricted cash, beginning of year	158,663	567,058	499,354
Cash and cash equivalents and restricted cash, end of year	\$ 280,836	\$ 158,663	\$ 567,058
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 102,298	\$ 117,500	\$ 98,500
Income taxes, net of refunds received	\$ 119,156	\$ 95,800	\$ 76,100

See Notes to Consolidated Financial Statements.