

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

	December 31,	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 538,908	\$ 474,233
Fees receivable, net of allowances of \$12,700 and \$7,400 respectively	1,176,843	643,013
Deferred commissions	205,260	141,410
Prepaid expenses and other current assets	124,632	84,540
Assets held-for-sale	542,965	—
Total current assets	2,588,608	1,343,196
Property, equipment and leasehold improvements, net	221,507	121,606
Goodwill	2,987,294	738,453
Intangible assets, net	1,292,022	76,801
Other assets	193,742	87,279
Total Assets	\$ 7,283,173	\$ 2,367,335
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 666,821	\$ 440,771
Deferred revenues	1,630,198	989,478
Current portion of long-term debt	379,721	30,000
Liabilities held-for-sale	145,845	—
Total current liabilities	2,822,585	1,460,249
Long-term debt, net of deferred financing fees	2,899,124	664,391
Other liabilities	577,999	181,817
Total Liabilities	6,299,708	2,306,457
Stockholders' Equity:		
Preferred stock:		
\$.01 par value, authorized 5,000,000 shares; none issued or outstanding	—	—
Common stock:		
\$.0005 par value, authorized 250,000,000 shares for both periods; 163,602,067 shares issued at December 31, 2017 and 156,234,415 shares issued at December 31, 2016	82	78
Additional paid-in capital	1,761,383	863,127
Accumulated other comprehensive income (loss), net	1,508	(49,683)
Accumulated earnings	1,647,284	1,644,005
Treasury stock, at cost, 72,779,205 and 73,583,172 common shares, respectively	(2,426,792)	(2,396,649)
Total Stockholders' Equity	983,465	60,878
Total Liabilities and Stockholders' Equity	\$ 7,283,173	\$ 2,367,335

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2017	2016	2015
Revenues:			
Research	\$ 2,471,280	\$ 1,857,001	\$ 1,614,904
Consulting	327,661	318,934	296,317
Events	337,903	268,605	251,835
Talent Assessment & Other	174,650	—	—
Total revenues	3,311,494	2,444,540	2,163,056
Costs and expenses:			
Cost of services and product development	1,320,198	945,648	839,076
Selling, general and administrative	1,599,004	1,089,184	962,677
Depreciation	63,897	37,172	33,789
Amortization of intangibles	176,274	24,797	13,342
Acquisition and integration charges	158,450	42,598	26,175
Total costs and expenses	3,317,823	2,139,399	1,875,059
Operating (loss) income	(6,329)	305,141	287,997
Interest income	3,011	2,449	1,766
Interest expense	(127,947)	(27,565)	(22,548)
Other income, net	3,448	8,406	4,996
(Loss) income before income taxes	(127,817)	288,431	272,211
(Benefit) provision for income taxes	(131,096)	94,849	96,576
Net income	\$ 3,279	\$ 193,582	\$ 175,635
Net income per share:			
Basic	\$ 0.04	\$ 2.34	\$ 2.09
Diluted	\$ 0.04	\$ 2.31	\$ 2.06
Weighted average shares outstanding:			
Basic	88,466	82,571	83,852
Diluted	89,790	83,820	85,056

See Notes to Consolidated Financial Statements.

GARTNER, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(IN THOUSANDS)

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss), Net	Accumulated Earnings	Treasury Stock	Total Stockholders' Equity (Deficit)
Balance at December 31, 2014	\$ 78	\$ 764,433	\$ (21,170)	\$ 1,275,049	\$(1,857,219)	\$ 161,171
Net income	—	—	—	175,635	—	175,635
Other comprehensive loss	—	—	(23,232)	—	—	(23,232)
Issuances under stock plans	—	(5,964)	—	—	13,495	7,531
Stock compensation tax benefits	—	13,928	—	—	—	13,928
Common share repurchases	—	—	—	—	(513,582)	(513,582)
Stock compensation expense	—	46,149	—	—	—	46,149
Balance at December 31, 2015	\$ 78	\$ 818,546	\$ (44,402)	\$ 1,450,684	\$(2,357,306)	\$ (132,400)
Adoption of ASU No. 2016-09	—	—	—	(261)	—	(261)
Net income	—	—	—	193,582	—	193,582
Other comprehensive loss	—	—	(5,281)	—	—	(5,281)
Issuances under stock plans	—	(2,080)	—	—	12,419	10,339
Common share repurchases	—	—	—	—	(51,762)	(51,762)
Stock compensation expense	—	46,661	—	—	—	46,661
Balance at December 31, 2016	\$ 78	\$ 863,127	\$ (49,683)	\$ 1,644,005	\$(2,396,649)	\$ 60,878
Net income	—	—	—	3,279	—	3,279
Other comprehensive income	—	—	51,191	—	—	51,191
Issuances under stock plans and for acquisition	4	819,313	—	—	11,129	830,446
Common share repurchases	—	—	—	—	(41,272)	(41,272)
Stock compensation expense	—	78,943	—	—	—	78,943
Balance at December 31, 2017	\$ 82	\$ 1,761,383	\$ 1,508	\$ 1,647,284	\$(2,426,792)	\$ 983,465

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2017	2016	2015
Operating activities:			
Net income	\$ 3,279	\$ 193,582	\$ 175,635
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	240,171	61,969	47,131
Stock-based compensation expense	78,943	46,661	46,149
Excess tax benefits from stock-based compensation exercises	—	—	(13,860)
Deferred taxes	(217,414)	(2,648)	344
Gain on extinguishment of debt	—	(2,500)	—
Amortization and write-off of deferred financing fees	15,062	3,082	1,512
Changes in assets and liabilities, net of acquisitions:			
Fees receivable, net	(368,516)	(68,661)	(44,476)
Deferred commissions	(61,393)	(18,673)	(13,236)
Prepaid expenses and other current assets	13,251	(21,604)	(13,268)
Other assets	(18,529)	20,005	(14,733)
Deferred revenues	382,852	97,979	91,840
Accounts payable, accrued, and other liabilities	186,811	56,440	82,523
Cash provided by operating activities	254,517	365,632	345,561
Investing activities:			
Additions to property, equipment and leasehold improvements	(110,765)	(49,863)	(46,128)
Acquisitions - cash paid (net of cash acquired)	(2,634,809)	(34,186)	(196,229)
Cash used in investing activities	(2,745,574)	(84,049)	(242,357)
Financing activities:			
Proceeds from employee stock purchase plan	11,711	9,250	7,499
Proceeds from borrowings	3,025,000	715,000	440,000
Payments for deferred financing fees	(51,171)	(4,975)	—
Payments on borrowings	(404,438)	(835,000)	(20,000)
Purchases of treasury stock	(41,272)	(58,961)	(509,049)
Excess tax benefits from stock-based compensation exercises	—	—	13,860
Cash provided by (used in) financing activities	2,539,830	(174,686)	(67,690)
Net increase in cash and cash equivalents	48,773	106,897	35,514
Effects of exchange rates on cash and cash equivalents	25,902	(5,640)	(27,840)
Cash and cash equivalents, beginning of period	474,233	372,976	365,302
Cash and cash equivalents, end of period	\$ 548,908	\$ 474,233	\$ 372,976
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	\$ 98,500	\$ 23,400	\$ 21,200
Income taxes, net of refunds received	\$ 76,100	\$ 86,300	\$ 83,500

See Notes to Consolidated Financial Statements.