

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

	December 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 156,368	\$ 538,908
Fees receivable, net of allowances of \$7,700 and \$12,700, respectively	1,255,118	1,176,843
Deferred commissions	235,016	205,260
Prepaid expenses and other current assets	165,237	124,632
Assets held-for-sale	—	542,965
Total current assets	1,811,739	2,588,608
Property, equipment and leasehold improvements, net	267,665	221,507
Goodwill	2,923,136	2,987,294
Intangible assets, net	1,042,565	1,292,022
Other assets	156,369	193,742
Total Assets	\$ 6,201,474	\$ 7,283,173
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 710,113	\$ 666,821
Deferred revenues	1,745,244	1,630,198
Current portion of long-term debt	165,578	379,721
Liabilities held-for-sale	—	145,845
Total current liabilities	2,620,935	2,822,585
Long-term debt, net of deferred financing fees	2,116,109	2,899,124
Other liabilities	613,673	577,999
Total Liabilities	5,350,717	6,299,708
Stockholders' Equity:		
Preferred stock:		
\$.01 par value, authorized 5,000,000 shares; none issued or outstanding	—	—
Common stock:		
\$.0005 par value, 250,000,000 shares authorized; 163,602,067 shares issued for both periods	82	82
Additional paid-in capital	1,823,710	1,761,383
Accumulated other comprehensive (loss) income, net	(39,867)	1,508
Accumulated earnings	1,755,432	1,647,284
Treasury stock, at cost, 73,899,977 and 72,779,205 common shares, respectively	(2,688,600)	(2,426,792)
Total Stockholders' Equity	850,757	983,465
Total Liabilities and Stockholders' Equity	\$ 6,201,474	\$ 7,283,173

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2018	2017	2016
Revenues:			
Research	\$ 3,105,764	\$ 2,471,280	\$ 1,857,001
Conferences	410,461	337,903	268,605
Consulting	353,667	327,661	318,934
Other	105,562	174,650	—
Total revenues	3,975,454	3,311,494	2,444,540
Costs and expenses:			
Cost of services and product development	1,468,800	1,320,198	945,648
Selling, general and administrative	1,884,141	1,599,004	1,089,184
Depreciation	68,592	63,897	37,172
Amortization of intangibles	187,009	176,274	24,797
Acquisition and integration charges	107,197	158,450	42,598
Total costs and expenses	3,715,739	3,317,823	2,139,399
Operating income (loss)	259,715	(6,329)	305,141
Interest income	2,566	3,011	2,449
Interest expense	(126,774)	(127,947)	(27,565)
Gain from divested operations	45,447	—	—
Other income, net	167	3,448	8,406
Income (loss) before income taxes	181,121	(127,817)	288,431
Provision (benefit) for income taxes	58,665	(131,096)	94,849
Net income	<u>\$ 122,456</u>	<u>\$ 3,279</u>	<u>\$ 193,582</u>
Net income per share:			
Basic	<u>\$ 1.35</u>	<u>\$ 0.04</u>	<u>\$ 2.34</u>
Diluted	<u>\$ 1.33</u>	<u>\$ 0.04</u>	<u>\$ 2.31</u>
Weighted average shares outstanding:			
Basic	<u>90,827</u>	<u>88,466</u>	<u>82,571</u>
Diluted	<u>92,122</u>	<u>89,790</u>	<u>83,820</u>

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2018	2017	2016
Operating activities:			
Net income	\$ 122,456	\$ 3,279	\$ 193,582
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	255,601	240,171	61,969
Stock-based compensation expense	66,172	78,943	46,661
Deferred taxes	1,524	(217,414)	(2,648)
Gain on extinguishment of debt	—	—	(2,500)
Gain from divested operations	(45,447)	—	—
Amortization and write-off of deferred financing fees	13,815	15,062	3,082
Changes in assets and liabilities, net of acquisitions and divestitures:			
Fees receivable, net	(115,003)	(368,516)	(68,661)
Deferred commissions	(31,247)	(61,393)	(18,673)
Prepaid expenses and other current assets	(50,551)	13,251	(21,604)
Other assets	11,456	(18,529)	20,005
Deferred revenues	187,147	382,852	97,979
Accounts payable, accrued, and other liabilities	55,235	186,811	56,440
Cash provided by operating activities	471,158	254,517	365,632
Investing activities:			
Additions to property, equipment and leasehold improvements	(126,873)	(110,765)	(49,863)
Acquisitions - cash paid (net of cash acquired)	(15,855)	(2,641,780)	(48,196)
Divestitures - cash received (net of cash transferred)	526,779	—	—
Cash provided by (used in) in investing activities	384,051	(2,752,545)	(98,059)
Financing activities:			
Proceeds from employee stock purchase plan	14,689	11,711	9,250
Proceeds from borrowings	—	3,025,000	715,000
Payments for deferred financing fees	—	(51,171)	(4,975)
Payments on borrowings	(1,010,972)	(404,438)	(835,000)
Purchases of treasury stock	(260,832)	(41,272)	(58,961)
Cash (used in) provided by financing activities	(1,257,115)	2,539,830	(174,686)
Net (decrease) increase in cash and cash equivalents and restricted cash	(401,906)	41,802	92,887
Effects of exchange rates on cash and cash equivalents and restricted cash	(6,489)	25,902	(5,640)
Cash and cash equivalents and restricted cash, beginning of period	567,058	499,354	412,107
Cash and cash equivalents and restricted cash, end of period	\$ 158,663	\$ 567,058	\$ 499,354
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	\$ 117,500	\$ 98,500	\$ 23,400
Income taxes, net of refunds received	\$ 95,800	\$ 76,100	\$ 86,300

See Notes to Consolidated Financial Statements.