

GARTNER, INC. - SUMMARY FINANCIAL STATEMENTS (QUARTERLY)

(In thousands, except per share data)

SUMMARY INCOME STATEMENT ⁽¹⁾

	Quarter ending March '14	Quarter ending June '14	Quarter ending September '14	Quarter ending December '14	Quarter ending March '15	Quarter ending June '15	Quarter ending September '15	Quarter ending December '15	Quarter ending March '16	Quarter ending June '16	Quarter ending September '16	Quarter ending December '16
Revenues:												
Research	\$348,114	\$358,495	\$365,334	\$373,395	\$381,090	\$385,718	\$396,179	\$420,499	\$440,271	\$449,170	\$461,502	
Consulting	84,271	93,488	82,300	88,337	76,792	88,336	74,686	87,921	84,940	94,068	79,082	
Events	14,317	67,837	23,306	122,247	13,304	73,882	29,301	135,348	32,055	66,760	33,475	
Total revenues	\$446,702	\$519,820	\$470,940	\$583,979	\$471,186	\$547,936	\$500,166	\$643,768	\$557,266	\$609,998	\$574,059	
Costs and expenses:												
Cost of services and product development	170,821	203,178	188,059	235,875	177,762	210,495	193,602	257,217	212,041	231,422	223,122	
Selling, general and administrative	204,617	218,537	217,025	235,888	229,522	237,991	236,355	258,809	257,411	272,009	269,902	
Depreciation	7,459	7,721	7,945	8,061	7,989	8,440	8,510	8,850	8,834	9,025	9,531	
Amortization of intangibles	1,279	1,979	2,505	2,463	2,139	2,107	2,737	6,359	6,183	6,210	6,221	
Acquisition and integration charges	3,356	6,644	6,015	5,852	5,092	3,683	6,488	10,912	8,368	8,033	16,557	
Total costs and expenses	387,532	438,059	421,549	488,139	422,504	462,716	447,692	542,147	492,837	526,699	525,333	
Operating income	59,170	81,761	49,391	95,840	48,682	85,220	52,474	101,621	64,429	83,299	48,726	
Interest expense, net	(2,250)	(2,680)	(2,656)	(3,301)	(3,480)	(5,240)	(6,049)	(6,013)	(6,006)	(7,356)	(5,932)	
Other income (expense), net	(229)	175	(287)	(251)	(962)	(468)	5,367	1,059	1,884	1,248	1,954	
Income before income taxes	56,691	79,256	46,448	92,288	44,240	79,512	51,792	96,667	60,307	77,191	44,748	
Provision for income taxes	18,955	26,216	12,602	33,144	15,889	28,357	21,426	30,904	15,320	25,565	14,264	
Net income	\$37,736	\$53,040	\$33,846	\$59,144	\$28,351	\$51,155	\$30,366	\$65,763	\$44,987	\$51,626	\$30,484	
Diluted income per share	\$0.40	\$0.58	\$0.38	\$0.66	\$0.32	\$0.61	\$0.36	\$0.78	\$0.54	\$0.62	\$0.36	
Income (loss) per share (diluted)	\$0.40	\$0.58	\$0.38	\$0.66	\$0.32	\$0.61	\$0.36	\$0.78	\$0.54	\$0.62	\$0.36	
Weighted average shares outstanding												
Basic	91,669	89,521	88,513	87,647	86,539	83,203	82,989	82,677	82,451	82,559	82,638	
Diluted	93,209	90,744	89,708	88,956	87,773	84,271	84,113	83,890	83,644	83,676	83,803	

SEGMENT RESULTS ⁽²⁾

Research Revenue	\$348,114	\$358,495	\$365,334	\$373,395	\$381,090	\$385,718	\$396,179	\$420,499	\$440,271	\$449,170	\$461,502	
Research Gross Contribution	\$246,101	\$248,263	\$251,113	\$256,438	\$267,065	\$269,846	\$274,967	\$285,005	\$308,186	\$313,688	\$319,239	
Contribution Margin	70.7%	69.3%	68.7%	68.7%	70.1%	70.0%	69.4%	67.8%	70.0%	69.8%	69.2%	
Consulting Revenue	\$84,271	\$93,488	\$82,300	\$88,337	\$76,792	\$88,336	\$74,686	\$87,921	\$84,940	\$94,068	\$79,082	
Consulting Gross Contribution	\$30,338	\$36,235	\$24,774	\$28,584	\$26,327	\$33,255	\$21,593	\$26,018	\$29,378	\$33,274	\$21,622	
Contribution Margin	36.0%	38.8%	30.1%	32.4%	34.3%	37.6%	28.9%	29.6%	34.6%	35.4%	27.3%	
Events Revenue	\$14,317	\$67,837	\$23,306	\$122,247	\$13,304	\$73,882	\$29,301	\$135,348	\$32,055	\$66,760	\$33,475	
Events Gross Contribution	\$2,963	\$34,232	\$6,946	\$68,243	\$2,442	\$39,442	\$11,543	\$77,100	\$12,983	\$36,062	\$14,529	
Contribution Margin	20.7%	50.5%	29.8%	55.8%	18.4%	53.4%	39.4%	57.0%	40.5%	54.0%	43.4%	

(1) The Company early adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-09, Improvements to Employee Share-Based Payment Accounting ("FASB ASU No. 2016-09"), which changes the accounting for stock-based awards, in the third quarter of 2016. Among the changes in FASB ASU No. 2016-09 that impact Gartner is the requirement to recognize certain tax benefits that arise from the settlement/exercise of stock-based awards in the income statement whereas previously these benefits were recorded in stockholders' equity. In addition, these benefits are required to be classified in the cash flow statement as an operating cash flow whereas previously they were classified as financing cash flows. These changes were applied to the beginning of the Company's fiscal year, January 1, 2016, and as a result our diluted earnings per share for the three and nine months ended September 30, 2016 increased by \$0.01 and \$0.11 per share, respectively, and increased our operating cash flow for the nine months ended September 30, 2016 by approximately \$9.0 million.

(2) The Company evaluates reportable segment performance and allocates resources based on gross contribution margin. Gross contribution is defined as operating income excluding certain cost of services and product development expenses, selling, general and administrative expenses, depreciation, acquisition and integration charges, and amortization of intangibles. Gross contribution margin is defined as gross contribution as a percentage of revenues.

GARTNER, INC. - SUMMARY FINANCIAL STATEMENTS (QUARTERLY)

(In thousands)

SUMMARY BALANCE SHEET
ASSETS
Current assets:

	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
Cash and cash equivalents	\$283,284	\$317,925	\$341,220	\$365,302	\$281,653	\$357,581	\$371,244	\$372,976	\$403,943	\$445,053	\$465,734	
Fees receivable, net	496,997	493,216	449,923	552,107	526,384	527,615	482,302	580,763	602,877	613,795	560,202	
Deferred commissions	97,610	88,689	80,599	115,381	104,405	98,211	93,792	124,831	118,125	111,083	112,697	
Prepaid expenses and other current assets	67,777	71,939	87,492	63,868	88,206	82,661	114,061	62,427	54,332	63,725	107,316	
Total current assets	945,668	971,769	959,234	1,096,658	1,000,648	1,066,068	1,061,399	1,140,997	1,179,277	1,233,656	1,245,949	
Property, equipment and leasehold improvements, net	94,208	95,831	93,625	97,990	104,374	107,112	109,557	108,733	108,628	117,255	118,789	
Goodwill	589,786	598,731	593,212	586,665	579,910	583,002	723,950	715,359	718,034	742,752	742,926	
Intangible assets, net	34,537	36,415	33,515	30,689	28,456	27,110	96,174	96,544	90,553	99,267	81,769	
Other assets	93,514	94,062	89,367	92,349	75,982	77,747	100,462	113,053	115,886	112,460	88,307	
Total assets	\$1,757,713	\$1,796,808	\$1,768,953	\$1,904,351	\$1,789,370	\$1,861,039	\$2,091,542	\$2,174,686	\$2,212,378	\$2,305,390	\$2,277,740	

LIABILITIES AND STOCKHOLDERS' EQUITY
Current liabilities:

Accounts payable and accrued liabilities	\$211,566	\$251,421	\$266,545	\$353,761	\$240,301	\$262,293	\$290,044	\$387,691	\$247,495	\$287,548	\$348,429	
Deferred revenues	832,555	847,877	847,327	841,457	895,430	922,227	925,056	900,801	986,301	1,029,765	1,028,995	
Current portion of long term debt	222,500	246,250	245,000	20,000	285,000	20,000	20,000	35,000	57,500	70,000	40,000	
Total current liabilities	1,266,621	1,345,548	1,358,872	1,215,218	1,420,731	1,204,520	1,235,100	1,323,492	1,291,296	1,387,313	1,417,424	
Other liabilities	121,869	125,001	132,558	142,962	128,152	131,674	196,031	193,594	200,455	214,093	174,409	
Long term debt	132,500	128,750	125,000	385,000	380,000	695,000	820,000	790,000	832,500	756,015	696,405	
Total liabilities	1,520,990	1,599,299	1,616,430	1,743,180	1,928,883	2,031,194	2,251,131	2,307,086	2,324,251	2,357,421	2,288,238	
Total stockholders' equity (deficit)	236,723	197,509	152,523	161,171	(139,513)	(170,155)	(159,589)	(132,400)	(111,873)	(52,031)	(10,498)	
Total liabilities and stockholders' equity	\$1,757,713	\$1,796,808	\$1,768,953	\$1,904,351	\$1,789,370	\$1,861,039	\$2,091,542	\$2,174,686	\$2,212,378	\$2,305,390	\$2,277,740	

SUMMARY CASH FLOW STATEMENT ⁽¹⁾
Operating activities:

	Three months ended 03/31/14	Six months ended 6/30/14	Nine months ended 9/30/14	Twelve months ended 12/31/14	Three months ended 03/31/15	Six months ended 6/30/15	Nine months ended 9/30/15	Twelve months ended 12/31/15	Three months ended 03/31/16	Six months ended 6/30/16	Nine months ended 6/30/16	Twelve months ended 12/31/16
Net income	\$37,736	\$90,776	\$124,622	\$183,766	\$28,351	\$79,506	\$109,872	\$175,635	\$44,987	\$96,614	\$127,097	
Adjustments to reconcile net income (loss) to net cash provided by operating activities:												
Depreciation and amortization of intangibles	8,738	18,438	28,888	39,412	10,128	19,734	31,922	47,131	15,017	30,252	46,004	
Stock based compensation expense	13,752	20,617	29,425	38,861	16,729	27,392	36,980	46,149	15,495	26,607	36,128	
Excess tax benefits from stock-based compensation	(11,146)	(14,275)	(19,275)	(20,193)	(7,556)	(11,117)	(11,222)	(13,860)	-	-	-	
Deferred taxes	7,351	4,450	(1,299)	(719)	(3,358)	2,298	(5,724)	344	(2,191)	(845)	(13,415)	
Other adjustments, net	581	1,100	1,572	2,350	837	1,595	2,392	1,512	411	2,158	2,611	
Changes in assets and liabilities, excluding the effects of acquisitions	(40,542)	31,652	111,676	103,302	(39,468)	29,995	102,087	88,650	(60,388)	6,997	83,838	
Cash provided by operating activities	16,470	152,758	275,609	346,779	5,663	149,403	266,307	345,561	13,331	161,783	282,263	

Investing activities:

Additions to property, equipment and leasehold improvements	(9,185)	(19,151)	(25,516)	(38,486)	(11,632)	(23,614)	(36,067)	(46,128)	(6,560)	(25,337)	(36,877)	
Other investing activities, net	(115,270)	(121,891)	(121,891)	(124,291)	0	0	(195,478)	(196,229)	(800)	(29,896)	(29,363)	
Cash used in investing activities	(124,455)	(141,042)	(147,407)	(162,777)	(11,632)	(23,614)	(231,545)	(242,357)	(7,360)	(55,233)	(66,240)	

Financing activities:

Net issuance (payment) of debt	150,000	170,000	165,000	200,000	260,000	310,000	435,000	420,000	65,000	10,000	(80,000)	
Proceeds from stock issued for stock plans	2,428	5,064	6,365	7,767	2,076	3,824	5,583	7,499	2,580	4,702	6,931	
Purchases of treasury stock	(195,850)	(307,448)	(387,126)	(432,006)	(324,042)	(441,442)	(453,000)	(509,049)	(45,487)	(51,967)	(52,889)	
Excess tax benefit from stock compensation	11,146	14,275	19,275	20,193	7,556	11,117	11,222	13,860	-	-	-	
Payments for debt issuance and debt conversion costs	-	-	-	(4,624)	-	-	-	-	-	(4,975)	(4,975)	
Cash used in financing activities	(32,276)	(118,109)	(196,486)	(208,670)	(54,410)	(116,501)	(1,195)	(67,690)	22,093	(42,240)	(130,933)	
Net increase (decrease) in cash and cash equivalents	(140,261)	(106,393)	(68,284)	(24,668)	(60,379)	9,288	33,567	35,514	28,064	64,310	85,090	
Cash used by discontinued operation												
Effects of exchange rates on cash and cash equivalents	(445)	328	(14,486)	(34,020)	(23,270)	(17,009)	(27,625)	(27,840)	\$2,903	7,767	7,668	
Cash and cash equivalents, beginning of period	\$423,990	\$423,990	\$423,990	\$423,990	\$365,302	\$365,302	\$372,976	\$365,302	\$372,976	\$372,976	\$372,976	
Cash and cash equivalents, end of period	\$283,284	\$317,925	\$341,220	\$365,302	\$281,653	\$357,581	\$371,244	\$372,976	\$403,943	\$445,053	\$465,734	

GARTNER, INC. - SUMMARY FINANCIAL STATEMENTS (ANNUAL)

	Year ending December '10	Year ending December '11	Year ending December '12	Year ending December '13	Year ending December '14	Year ending December '15
<u>SUMMARY INCOME STATEMENT</u>						
Revenues:						
Research	\$865,000	\$1,012,062	\$1,137,147	\$1,271,011	\$1,445,338	\$1,583,486
Consulting	302,117	308,047	304,893	314,257	348,396	327,735
Events	121,337	148,479	173,768	198,945	227,707	251,835
Total revenues	\$1,288,454	\$1,468,588	\$1,615,808	\$1,784,213	\$2,021,441	\$2,163,056
Costs and expenses:						
Cost of services and product development	552,238	608,755	659,067	713,484	797,933	839,076
Selling, general and administrative	543,174	613,707	678,843	760,458	876,067	962,677
Depreciation	25,349	25,539	25,369	28,996	31,186	33,789
Amortization of intangibles	10,525	6,525	4,402	5,446	8,226	13,342
Acquisition and integration charges	7,903	0	2,420	337	21,867	26,175
Other charges	0	0	-	-	-	-
Total costs and expenses	\$1,139,189	\$1,254,526	\$1,370,101	\$1,508,721	\$1,735,279	\$1,875,059
Operating income	\$149,265	\$214,062	\$245,707	\$275,492	\$286,162	\$287,997
Interest expense, net	(15,616)	(9,967)	(8,859)	(8,837)	(10,887)	(20,782)
Other income (expense), net	436	(1,911)	(1,252)	(216)	(592)	4,996
Income (loss) before income taxes	134,085	202,184	235,596	266,439	274,683	272,211
Provision for income taxes	37,800	65,282	69,693	83,638	90,917	96,576
Income from continuing operations	96,285	136,902	165,903	182,801	183,766	175,635
Income from discontinued operations, net of taxes	0	0	0	0	0	0
Net income	\$96,285	\$136,902	\$165,903	\$182,801	\$183,766	\$175,635
Diluted - from continuing operations	\$0.96	\$1.39	\$1.73	\$1.93	\$2.03	\$2.06
Gain on disposal of discontinued operations	-	-	-	-	-	-
Income from discontinued operations	-	-	-	-	-	-
Weighted average shares outstanding:						
Basic	95,747	96,019	93,444	93,015	89,337	83,852
Diluted	99,834	98,846	95,842	94,830	90,719	85,056
<u>SEGMENT RESULTS</u>						
Research Revenue	\$752,505	\$1,012,062	\$1,137,147	\$1,271,011	\$1,445,338	\$1,583,486
Research Gross Contribution ⁽¹⁾	\$489,862	682,136	\$774,342	\$879,384	\$1,001,914	\$1,096,827
Contribution Margin	65.1%	67.4%	68.1%	69.2%	69.3%	69.3%
Consulting Revenue	\$302,117	\$308,047	\$304,893	\$314,257	\$348,396	\$327,735
Consulting Gross Contribution ⁽¹⁾	\$112,099	114,838	\$109,253	\$107,565	\$119,931	\$107,193
Contribution Margin	39.1%	37.3%	35.8%	34.2%	34.4%	32.7%
Events Revenue	\$121,337	148,479	\$173,768	\$198,945	\$227,707	\$251,835
Events Gross Contribution ⁽¹⁾	\$40,946	55,884	\$80,119	\$91,216	\$112,384	\$130,527
Contribution Margin	40.8%	46.1%	46.1%	45.8%	49.4%	51.8%

(1) The Company evaluates reportable segment performance and allocates resources based on gross contribution margin. Gross contribution is defined as operating income excluding certain cost of services and product development expenses, selling, general and administrative expenses, depreciation, acquisition and integration charges, and amortization of intangibles. Gross contribution margin is defined as gross contribution as a percentage of revenues.

GARTNER, INC. - SUMMARY FINANCIAL STATEMENTS (ANNUAL)

(In thousands, except per share data)

SUMMARY BALANCE SHEET

	Year ending December '10	Year ending December '11	Year ending December '12	Year ending December '13	Year ending December '14	Year ending December '15
ASSETS						
Current assets:						
Cash and cash equivalents	\$120,181	\$142,739	\$299,852	\$423,990	\$365,302	\$372,976
Fees receivable, net of allowances	364,818	421,033	463,968	490,923	552,107	580,763
Deferred commissions	71,955	78,492	87,933	106,287	115,381	124,831
Prepaid expenses and other current assets	64,148	63,521	75,713	63,682	63,868	62,427
Total current assets	621,102	705,785	927,466	1,084,882	1,096,658	1,140,997
Property, equipment and leasehold improvements, net	47,614	68,132	89,089	91,759	97,990	108,733
Goodwill	510,265	508,550	519,506	519,203	586,665	715,359
Intangible assets, net	13,584	7,060	11,821	6,107	30,689	96,544
Other assets	93,093	90,345	73,395	81,631	92,349	113,053
Total assets	<u>\$1,285,658</u>	<u>\$1,379,872</u>	<u>\$1,621,277</u>	<u>\$1,783,582</u>	<u>\$1,904,351</u>	<u>\$2,174,686</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:						
Accounts payable and accrued liabilities	\$247,733	\$259,490	\$287,763	\$325,059	\$353,761	\$387,691
Deferred revenues	523,263	611,647	692,237	766,114	841,457	900,801
Current portion of long term debt	40,156	50,000	90,000	68,750	20,000	35,000
Total current liabilities	811,152	921,137	1,070,000	1,159,923	1,215,218	1,323,492
Other liabilities	107,450	126,951	129,604	126,093	142,962	193,594
Convertible debt				0	0	0
				0	0	0
Long term debt	180,000	150,000	115,000	136,250	385,000	790,000
Total liabilities	1,098,602	1,198,088	1,314,604	1,422,266	1,743,180	2,307,086
Total stockholders' equity (deficit)	187,056	181,784	306,673	361,316	161,171	(132,400)
Total liabilities and stockholders' equity	<u>\$1,285,658</u>	<u>\$1,379,872</u>	<u>\$1,621,277</u>	<u>\$1,783,582</u>	<u>\$1,904,351</u>	<u>\$2,174,686</u>

SUMMARY CASH FLOW STATEMENT

	Year ending December '10	Year ending December '11	Year ending December '12	Year ending December '13	Year ending December '14	Year ending December '15
Operating activities:						
Net income	\$96,285	\$136,902	\$165,903	\$182,801	\$183,766	\$175,635
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	35,874	32,064	29,771	34,442	39,412	47,131
Stock-based compensation expense	32,634	32,865	36,378	34,735	38,861	46,149
Excess tax benefits from stock-based compensation	(18,364)	(25,572)	(21,304)	(25,392)	(20,193)	(13,860)
Deferred taxes	(2,609)	(965)	973	16,663	(759)	344
(Gain) loss from investments and sales of assets, net				0		
Charge for stock option buy back				(18,608)		
Accretion of interest and amortization of debt issue costs				(1,187)		1,512
Non-cash charges associated with impairment of long-lived assets				(5,268)		
Other adjustments, net	1,567	2,288	2,008	13,825	9,079	
Changes in assets and liabilities, excluding the effects of acquisitions	60,112	77,984	66,084	41,917	96,573	88,650
Cash provided by operating activities	205,499	255,566	279,813	315,654	346,779	345,561
Investing activities:						
Additions to property, equipment and leasehold improvements	(21,694)	(41,954)	(44,337)	(36,498)	(38,486)	(46,128)
Cash used in investing activities	(33,845)	(41,954)	(54,673)	(36,498)	(162,777)	(242,357)
Financing activities:						
Net issuance (payment) of debt	(113,627)	(20,156)	5,000	0	200,000	420,000
Proceeds from stock issued for stock plans	23,527	20,011	12,430	6,042	7,767	7,499
Purchases of treasury stock	(99,820)	(211,986)	(111,304)	(181,736)	(432,006)	(509,049)
Excess tax benefits from stock-based compensation	18,364	25,572	21,304	25,392	20,193	13,860
Cash used in financing activities	(171,556)	(186,559)	(72,570)	(153,855)	(4,624)	(67,690)
Net increase (decrease) in cash and cash equivalents	98	27,053	152,571	125,301	(24,668)	35,514
Effects of exchange rates on cash and cash equivalents	3,509	(4,495)	4,543	(1,163)	(34,020)	(27,840)
Cash and cash equivalents, beginning of period	116,574	120,181	142,739	299,853	\$423,990	\$365,302
Cash and cash equivalents, end of period	<u>\$120,181</u>	<u>\$142,739</u>	<u>\$299,853</u>	<u>\$423,990</u>	<u>\$365,302</u>	<u>\$372,976</u>